

DRIVING CHANGE ACCELERATING GROWTH

ANNUAL REPORT 2016



SABIC'S BUSINESSES

PETROCHEMICALS

The Petrochemicals strategic business unit is SABIC's largest operating unit. It manufactures the essential building blocks for a wide range of chemicals, plastics, foams, and other materials used in industries from automotive to healthcare, from construction to household goods. The business' products include olefins, oxygenates, aromatics, glycols, ethanolamines, linear alpha olefins, polyethylene, polypropylene, polyethylene terephthalate, polyvinyl chloride, polystyrene, and polycarbonate and its blends.

SPECIALTIES

The Specialties business provides a wide range of functional offerings, from engineering thermoplastic resins and compounds to composites, functional surfaces substrates, ethylene oxide derivatives, and additive manufacturing solutions. Specialties also offers extensive materials processing expertise, with a broad portfolio including specialty compounds, film and sheet, and a range of branded products such as NORYL™, ULTEM™, EXTEM™, and LNP™ products.



AGRI-NUTRIENTS

SABIC is a significant player in the fertilizers industry. Through its Agri-Nutrients strategic business, it supplies customers throughout the Middle East, Far East, Africa, and the US with a wide variety of fertilizers, from general to highly specific, helping address the world's ever growing demand for food. The business' product range includes urea, ammonia, and a comprehensive portfolio of nitrogen-based inorganic products.

METALS

As a leader in the Gulf region for steel production and manufacturing, SABIC produces high-quality metals, and has played a vital role in the construction and industrialization of some of the world's fastest growing economies. SABIC's Saudi Iron and Steel Company (Hadeed) is one of the world's biggest fully integrated steel producers, manufacturing a range of Long and Flat products.

SABIC AT A GLANCE



NET INCOME US\$

4.8_{bn}

SALES US\$

35.4_{bn}

ASSETS US\$

84.5_{bn}

At SABIC we are helping our customers make the modern world a better place. From planes that are more fuel-efficient to the first 3D-printed car, our ingenuity, expertise, and can-do attitude are helping us become the preferred world leader in chemicals.

At SABIC, we combine a rich track record of doing what others said couldn't be done with a deep understanding of our customers. But our true impact is as a partner who can help our customers achieve their ambitions by finding solutions to their challenges. We call this 'Chemistry that Matters™'.

OVERVIEW



SABIC Global Headquarters in Riyadh





35,000+
EMPLOYEES


1,400
SCIENTISTS


50
COUNTRIES

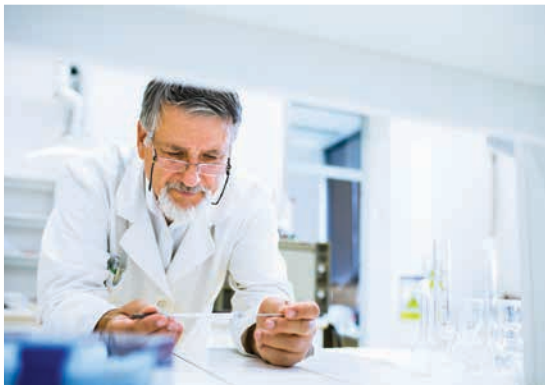




72.7 m metric tons
PRODUCTION

SABIC Plastics Application Development Center (SPADC) in Riyadh




5
KEY GEOGRAPHIES WITH
INNOVATION HUBS
– Middle East, USA, Europe,
South East Asia, North East Asia




12,191
PATENT PORTFOLIO
FILINGS

DRIVING CHANGE, ACCELERATING GROWTH



In times of change, organizations have two options: be driven, or drive. React, or act. See threat in a volatile environment, or opportunity – a springboard for the future.

2015 saw the launch of SABIC's Transformation agenda: a coordinated set of actions designed to help us seize the initiative, and drive ahead on our vision. We had come a very long way over four decades, but we knew that major change would be required to equip us for what lay ahead. A year on, our pace of change has increased: the organization has restructured to get closer to customers; integrated through new technology, to become more united than ever before; reaching out to forge new global alliances, collaborating with like-minded peers, and combining complementary capabilities to create global powerhouses that can reach out to the customers of the future.

It's about vision. It's about efficiency. It's about agility. It's about optimizing how we do what we do today, while building the new capabilities we will need to seize the opportunities of tomorrow. It's about addressing shortcomings, leveraging strengths, building on the best of the past, nurturing the people of the present. It's about getting in shape to drive bigger, faster, stronger than ever before into the future.

Volatile change is our challenge; quickening growth is our opportunity; 'Chemistry that Matters™' is our passion, our inspiration, our guiding light.

TRANSFORMATION

The world is changing. Its center of gravity is shifting from west to east, with China now consuming more chemicals than Europe and America combined. At the same time, China and other emerging economies are developing their own industries at a rapid pace: customers are becoming competitors. And as those competitors rapidly transform their capabilities with the latest and best technology, those customers are changing

too. Ever greater numbers are seeking keener prices that will help them access the day-to-day necessities of life, while wealthier elites dig deep for specialties that work better, faster, smarter. Total transformation, the reorientation of the organization around the customer and the customer's needs, is the key to the future: the hallmark of the way we live now, and how we will live from here on in. The world is changing. And SABIC is changing too.



INNOVATION

SABIC® PP PCGR40™ resin enabled innovative Belgian medical device maker Novosanis to create a vaccination device whose short, thin, almost invisible needle penetrates just a millimeter under the skin, for effective injections with only 10 percent of the dose needing to be injected compared to regular flu shots. Innovation in action. But it's not just the resin and the device that are new. It takes new kinds of collaboration: two organizations across continents pooling extraordinary

brainpower to do something special, working together to address a common need. It takes clear-sighted prescience – to see which way the market is going, and reorganize to be ready when it gets there. It takes vision, investment and real dedication to come together to attempt something that needs doing, and do it successfully. So that, to give just one example, whatever antigen is available, ten times as many people can be protected from disease.



AGILITY

We need to change faster, innovate more, on more fronts, to take SABIC to the next level. And we're doing it, right now. In 2016 we set up our Specialties business unit to address emerging demands for high end, high tech, high value-added materials which enable new products to do new things and do things better. At the same time, we streamlined our commodities business, to help meet rapidly growing demand from a new generation of customers, particularly in the emerging

economies. We introduced a single unified FANAR+ operating system to empower and unite our company as one. We developed new partnerships, in Saudi Arabia, in the US, and in China: looking to invest in immense projects to make new products, to meet new needs in new markets. New forms of collaboration, internal and external, to enable the ever closer relationships that will drive our rapid, sustainable growth in the years ahead.



CONTENTS



OVERVIEW AND STRATEGY

- 14 Chairman's Statement
- 16 Vice Chairman and CEO's Statement
- 19 SABIC: Fully committed to Saudi Vision 2030
- 20 Board of Directors
- 22 Our Global Operations



OUR CORE MARKETS

- 26 Transportation
- 27 Agri-Nutrients
- 28 Construction
- 29 Medical Devices
- 30 Packaging
- 31 Clean Energy
- 32 Electrical and Electronics

OUR COMMITMENT

- 36 Corporate Social Responsibility
- 38 Human Capital
- 40 Innovation
- 42 Compliance and Risk Management
- 44 Environment, Health, Safety, and Security
- 46 Manufacturing
- 48 Supply Chain



SUSTAINABILITY

- 52 Sustainability
- 56 Resource and Energy Efficiency
- 60 Innovation and Sustainability Solutions
- 63 Working Responsibly



OUR BUSINESSES

- 70 Petrochemicals
- 71 Specialties
- 72 Agri-Nutrients
- 73 Metals
- 74 Manufacturing Companies
- 78 Global Directory

CONSOLIDATED FINANCIAL STATEMENTS

- 90 Auditor's Report
- 91 Consolidated Balance Sheet
- 93 Consolidated Statement of Income
- 94 Consolidated Statement of Cash Flows
- 96 Consolidated Statement of Changes in Shareholders' Equity
- 98 Notes to the Consolidated Financial Statements



OVERVIEW AND STRATEGY

CHAIRMAN'S STATEMENT 14

VICE CHAIRMAN AND CEO'S STATEMENT 16

SABIC: FULLY COMMITTED
TO SAUDI VISION 2030 19

BOARD OF DIRECTORS 20

OUR GLOBAL OPERATIONS 22



CHAIRMAN'S STATEMENT



PRINCE SAUD BIN
ABDULLAH BIN
THENAYAN AL-SAUD

Chairman

In an unpredictable world, there are some things of which we can be certain. The world's needs will continue to grow, along with its population; and if those needs are to be met while sustaining our planet, it can only be through human vision, expertise, and sheer hard work. SABIC is prepared and ready for the challenges that lie ahead.

In years to come, 2016 will I believe be looked back on as a pivotal year in the growth of SABIC – a watershed in progress toward our 2025 vision, and a clear signal of our commitment to supporting Saudi Arabia's Vision 2030 program, as a crucial link between oil and industry, helping the country to be a successful global leader.

We continue to make innovative and high-quality products, selling them to customers who are using them to build the future. We have invested in new plant and technologies, to do what we do better, more efficiently, with less waste and environmental impact. And we have continued to nurture and empower our people – building the skills and capabilities to play our part in Saudi Arabia's future as a knowledge economy, strengthening our competitive position and laying the foundations for future commercial success.

But three major initiatives have made the past year genuinely transformational.

The first is the launch of our new Specialties and Petrochemicals businesses – the single most striking illustration of how we are reorienting our entire organization around the most important of all SABIC's people: our customers. Customers for our high-tech, high-value, highly specialized products have different needs and priorities from those seeking commodity products. So we have restructured our organization to ensure that we can deliver to all our customers – commodity and specialty – precisely the products and services they want, just as they want them.

The second is the introduction of our new FANAR+ operating system, replacing dozens of legacy systems with a single, flexible and resilient network that means anyone in SABIC can communicate with anyone else in SABIC and with our customers – easily, seamlessly, and quickly. From here on in, more than ever before, we have the technology to underpin the single most important fact about SABIC for the road ahead: we are one.

Third, our efforts on possible huge joint ventures with peers like Saudi Aramco, China's Shenhua Ningxia Coal Industry Group, and ExxonMobil in the US. Together, we aim to build world-leading, state-of-the-art facilities that will create product from emerging raw materials, such as feedstocks from the US's fracking revolution and China's immense coal reserves. These will be constructed from the ground up, addressing the dominant demand of the decades ahead.

Internally and externally, in short, 2016 was the year SABIC restructured, re-empowered, and refocused its immense resources on the future of global demand.

Now, it is up to our people. They have the will. They have the technology. They know what needs to be done and they are building their skills, with the help of the SABIC Academy, to do it. They are working together more efficiently and more effectively – both with colleagues and with external partners and other stakeholders – to add more value, meet customer needs ever better, find new markets, and help more people through delivering 'Chemistry that Matters'.

The world needs shelter; we supply to those who build it. The world needs transportation; we equip those who provide it. The world needs food and healthcare, clothing and electronics, comfort, and warmth, and safety for its children. Most of all, it needs a viable planet for them to live on, and to leave to them; one in which resources are valued, the natural world protected, the future assured.

“2016 will I believe be looked back on as a pivotal year in the evolution of SABIC – a watershed in progress toward our 2025 vision, and a clear signal of our commitment to supporting Saudi Arabia's Vision 2030 program”

Only one thing can deliver all this: people. People who thrive on change, rise to a challenge, view the future as a world of opportunity. SABIC people.

VICE CHAIRMAN AND CEO'S STATEMENT



YUSEF ABDULLAH
AL-BENYAN

Vice-Chairman and
Chief Executive Officer

I am pleased to report a year of strong performance, a year in which SABIC has responded to challenging market conditions with exemplary energy, enthusiasm and determination, turning in a commendable set of results.

With financial strength underpinning a clear vision and a robust strategy, we have taken advantage of the opportunities that times of economic uncertainty present. We continue optimizing our existing portfolio, transforming our structure to serve customers ever better, and investing intelligently in the innovations essential to our future growth.

SABIC maintained its financial performance in 2016 and strengthened our ambitions for growth. It recorded a net profit of US\$4.76 billion. Sales revenues for the year totaled US\$35.42 billion, while total assets stood at US\$84.5 billion.

We recognize the efforts and dedication of our Board, led by HH Prince Saud bin Abdullah bin Thenayan Al-Saud, and the company's management group and employees. We credit them with increasing production and sales quantities year-on-year, even as margins came under pressure.

The transformation of SABIC's structure to increase business focus and customer intimacy will offer further cost advantages as the company leverages its strategic planning, supply-chain management and functional best practices across the global enterprise, to become ever more competitive in all that it does.

THRIVING IN A VOLATILE MARKETPLACE

We live in challenging times – times that demand flexibility and adaptability in order to survive and thrive.

Consider just some of the changes to which our company has had to adapt over the last couple of years: crude oil prices down by more than half, a slowdown in China, major financial challenges in Europe and Asia, higher feedstock prices in Saudi Arabia.

Yet due to strong strategic planning, we have coped with the buffeting of uncertainty and an unpredictable environment, maintaining strong “business as usual” despite a climate that was anything but usual. Indeed, we have continued with radical changes of our own, in pursuit of our well established global 2025 strategy: to be the preferred world leader in chemicals by delivering “Chemistry that Matters™”.

We are determined to continue building SABIC into an ever more agile and flexible organization that becomes truly competitive in everything it does. We will continue to accelerate growth, deliver on innovation, ensure all our businesses are profitable, develop the next generation of leaders, and outperform our peers.

We will become a stronger, more nimble and customer-focused company, one that delivers a breakthrough improvement in performance.

“The transformation of SABIC's structure to increase business focus and customer intimacy will offer further cost advantages as the company leverages its strategic planning, supply-chain management and functional best practices across the global enterprise, to become ever more competitive in all that it does.”

SABIC'S TRANSFORMATION AGENDA

Our strategy aims to make us more effective, more integrated, and more customer focused. This will demand thoughtful change in the most critical areas. We will:

- Accelerate our strategic pricing initiative. This is the most powerful lever we possess to positively impact SABIC's P&L.
- Sharpen our focus on operational effectiveness and efficiency; particularly by bearing down on unplanned shutdowns – the most effective way to improve our bottom line without additional capital expenditure.
- Extend our competitive advantage through innovation, enhanced services to customers and optimizing utilization of feedstock in our manufacturing.
- Take cost out of our supply chain.
- Review our service relationships to maximize the value we receive for our money.

SAUDI VISION 2030

Our new structure is designed to boost the company's performance and competitiveness, supporting our emergence as the world's preferred supplier of chemicals and helping Saudi Arabia to deliver the ambitious and pioneering Vision 2030.

Under the Saudi Vision 2030, petrochemicals will play a major role in enhancing the economy and embracing the changes that are happening in the downstream industry. As a global leader in the industry, SABIC is committed to support the Vision by driving the localization mission, exploring available opportunities for collaboration in localizing content in specialized areas.

OPTIMIZE WHAT WE HAVE, INVEST IN WHAT WE NEED

We must address two factors, key to our success: optimizing our existing portfolio, and making smart investments in the innovations we need for future growth.

A major first step in our transformation this year was the January launch of our new Specialties business. As a company committed to succeeding by deepening customer relationships, we are guided by one basic fact: that our commodity customers' needs differ from those of our specialty customers.

VICE CHAIRMAN AND CEO'S STATEMENT continued

This year, we restructured our Innovative Plastics and Performance Chemicals businesses. Their activities have been divided into commodities – which have been transitioned into our new, expanded, Petrochemicals business – and specialties which have been transitioned into our new Specialties business, with a dedicated focus on specialty products and customer-related services.

Along with the specialty units from Performance Chemicals, Specialties has also taken on Technology & Innovation's Future business, along with its technology and equity acquisitions.

Specialties is a clear example of a successfully restructured business growing from strength to strength in operational efficiency and profitability. Addressing customer needs through unique or diversified offerings, it has now been tasked with moving aggressively and energetically to establish SABIC as a premier player in its sector, with the prospect of further acquisitions to enhance its capabilities.

Our cost structure continues to be an advantage. The transformation of SABIC's structure will provide increased business focus and customer intimacy. It will offer further cost advantages as the company leverages its strategic planning, supply chain management, and functional best practice across the global enterprise, to enhance our competitiveness.

While restructuring our organization internally, we have also launched a number of external initiatives to expand our global footprint and better equip us to “think global, act local” in serving our customers’ needs, wherever they may be. The last 12 months have witnessed the potential for new joint projects with leading companies, including Saudi Aramco in Saudi Arabia, ExxonMobil in the USA, and Shenhua Ningxia Coal Industry Group in China.

These changes are making SABIC a steadily more flexible, adaptable and resilient organization, better matched to the varying profiles and needs of our customers. They are equipping us to deliver increased value both to them and all our stakeholders worldwide, through “Chemistry that Matters”.

CLEAR STRATEGY, RESOLUTE ACTION

No matter how much the world – and the world of business – changes, the fundamentals of any organization's success remain much as they have always been. One is a clear strategy, clearly implemented. Another is how rapidly and intelligently you adopt and effectively leverage new technology. A third is how well you recruit, retain and empower your people, and inspire them to give of their best.

Other factors enter the mix, of course – particularly in a company as large as ours, in a business with such vast potential impact on people, communities, and the world we live in. Even if SABIC had not always been underpinned by a strong ethical code, the immense importance of reputation would assure a very careful approach to protecting the environment, treating people fairly, and ensuring that we do everything with an eye to sustainability.

SABIC has always maintained a clear focus and a strong drive. These are the essentials. And these we will always maintain – no matter what the future holds.

TO MAKE THE WORLD A BETTER PLACE

We have had a successful year, and we are equipping ourselves for greater successes to come.

We will continue to be a global leader by playing a pivotal role as a link between oil and industry – right in the middle of the value chain.

We will continue helping our customers serve their customers ever better, with solutions that add more value and help protect the planet, by enabling us all to do more with less.

We will continue applying our financial strength and expertise with the respect and responsibility they merit, ensuring that future generations can realize their potential and improve their quality of life.

We will do all this through the coordinated effort, energy and enthusiasm of our people, all around the world: their spirit, their commitment, and their belief in the transformative power of all that we do to make the world a better place.

SABIC: FULLY COMMITTED TO SAUDI VISION 2030



SABIC is fully committed to the Kingdom of Saudi Arabia's Vision 2030 and National Transformation Program, announced by the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, Crown Prince Mohammed bin Nayef, and Deputy Crown Prince Mohammed bin Salman.

Saudi Vision 2030 represents the most significant shift in the Kingdom's economic development policy in decades. Designed to reduce Saudi Arabia's dependence on hydrocarbon exports, it aims to promote diverse economic development and sustainable job creation that will benefit Saudi Arabia and its people for generations to come.

SABIC is ideally placed and is committed fully to helping lead the way to the realization of Vision 2030.

Success requires innovation, technology and a skilled and motivated workforce – all of which SABIC is well-positioned to provide. Our downstream strategy aims at driving the creation of small- and medium-sized enterprises (SMEs) focused on producing products and jobs in the Saudi Arabia petrochemicals conversion sector.

Driving SABIC's role in the national initiative is a dedicated Local Content Unit (LCU) within our Innovation and Business Development (I&BD) function. Building on our existing Local Content Strategy, the LCU is aligning SABIC's efforts to promote local content and business development with the Council of Economic and Development Affairs, chaired by Deputy Crown Prince Mohammed bin Salman.

This will enable SABIC to establish key performance indicators for our SBUs and other functions allowing us to revise and extend our existing programs and create new ones in line with an overall strategy for contributing to Vision 2030.

SABIC can leverage existing resources in this effort, including our breakthrough Home of Innovation, advanced SABIC Technology Centers, the SABIC Academy, our collaborative relationships with universities and technical institutes in Saudi Arabia and around the world, our library of over 11,000 patents, and much more.

Vision 2030 opens up broad vistas of possibilities for strengthening Saudi Arabia's local economy and business capabilities across every sector. SABIC's Local Content program will be key to attracting internal investments in innovation, technology, manufacturing, procurement and in creating thousands of high-skilled and specialized jobs for Saudis. It will also help create a culture of entrepreneurship and a more vibrant business climate overall.

SABIC is a global enterprise, but we have never lost sight of our roots in Saudi Arabia and our debt to the country that gave us birth. The goals set by Vision 2030 are ambitious – but they can be met through the efforts of creative and driven people. The kind of people we have in Saudi Arabia. SABIC is proud to help lead the way.

BOARD OF DIRECTORS



PRINCE SAUD BIN
ABDULLAH BIN
THENAYAN AL-SAUD
Chairman



YOUSSEF ABDULLAH
AL-BENYAN
Vice Chairman and
Chief Executive Officer



DR. ABDULRAHMAN
ABDULLAH
AL-HUMAIIDI
Board Member



BANDAR
ABDULAZIZ
AL-WAILY
Board Member



DR. SAAD BIN
OTHMAN
AL-KASABI
Board Member



ABDULLAH
MOHAMED
AL-ISSA
Board Member



DR. KHALED
HAMZA
AHMED NAHAS
Board Member



ABDULAZIZ
HADDAN
AL-HADDAN
Board Member

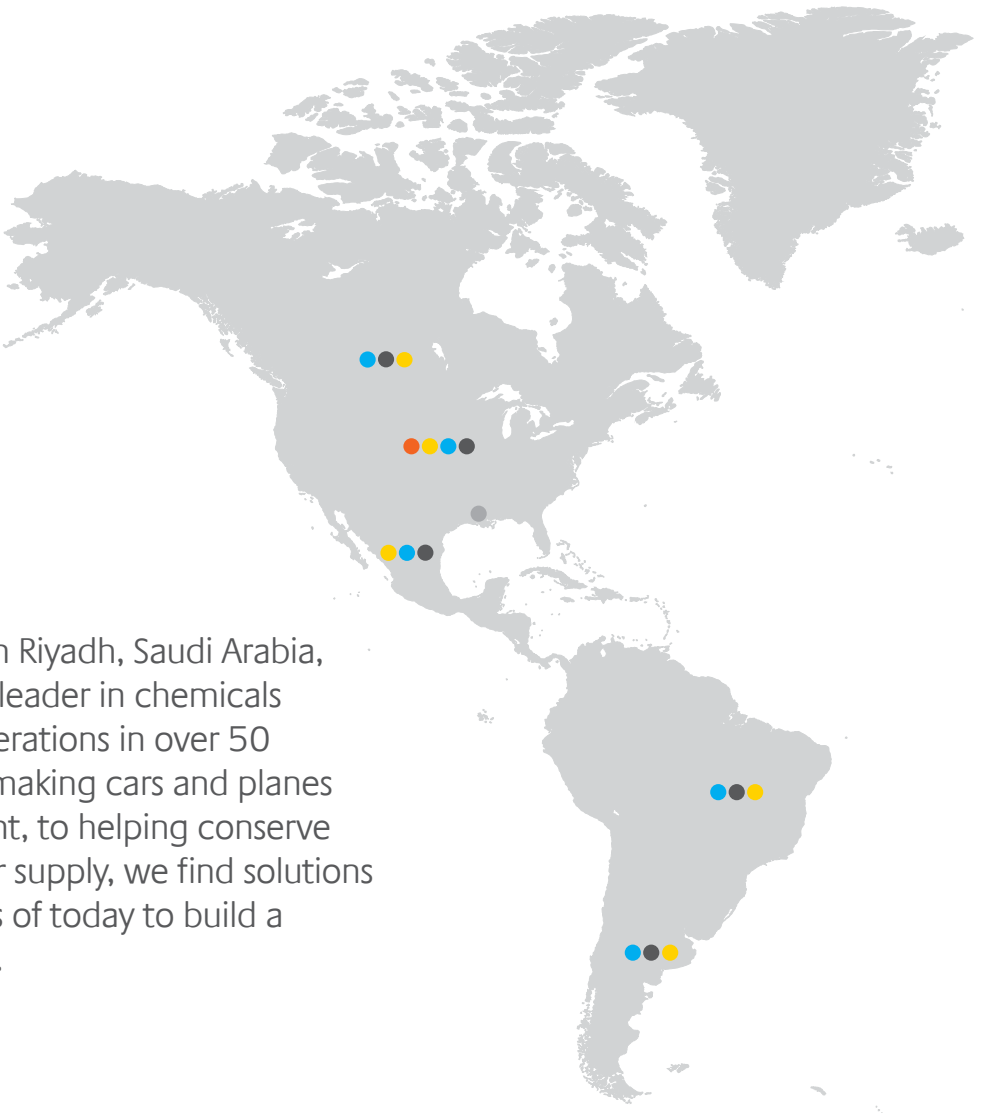


MOHAMMED
TALAL AL-NAHAS
Board Member

“Our new structure is designed to boost the company’s performance and competitiveness, supporting our emergence as the world’s preferred supplier of chemicals and helping Saudi Arabia to deliver the ambitious and pioneering Vision 2030.”

OUR GLOBAL OPERATIONS

Headquartered in Riyadh, Saudi Arabia, SABIC is a global leader in chemicals with business operations in over 50 countries. From making cars and planes more fuel efficient, to helping conserve the world’s water supply, we find solutions to the challenges of today to build a better tomorrow.



■

GLOBAL HEADQUARTERS

Saudi Arabia

■

SABIC CORPORATE RESEARCH AND INNOVATION CENTER

Saudi Arabia

●

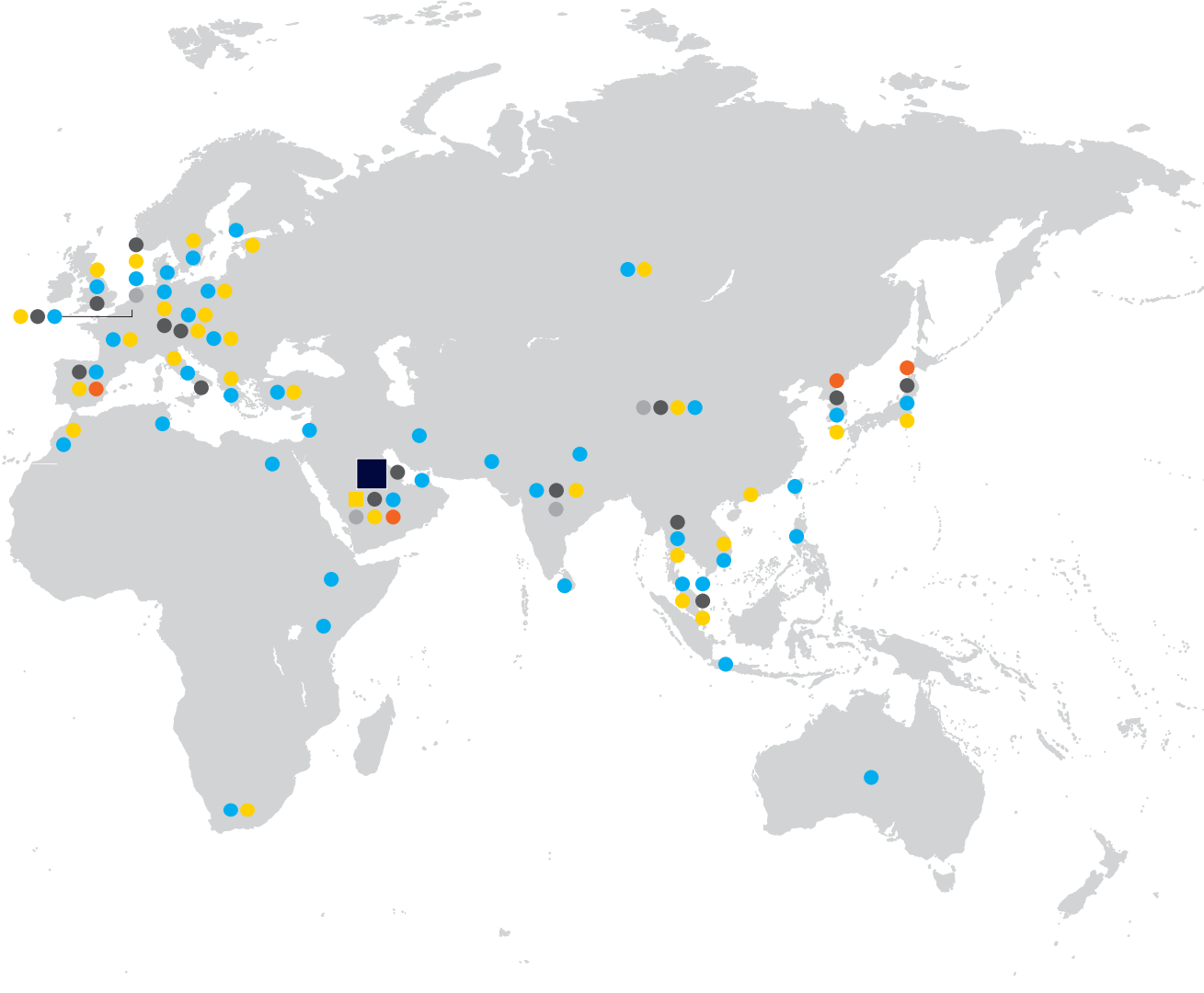
TECHNOLOGY CENTERS

China, India, The Netherlands, Saudi Arabia, United States of America

●

APPLICATION CENTERS

Japan, Saudi Arabia, South Korea, Spain, United States of America



●

MANUFACTURING AND COMPOUNDING COMPANIES

Argentina, Austria, Bahrain, Belgium, Brazil, Canada, China, Germany, India, Italy, Japan, Mexico, The Netherlands, Saudi Arabia, Singapore, South Korea, Spain, Thailand, United Kingdom, United States of America

●

INTERNATIONAL SUBSIDIARIES AND SALES OFFICES

Argentina, Australia, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Egypt, Ethiopia, Finland, France, Germany, Greece, Hungary, India, Indonesia, Iran, Italy, Japan, Kenya, Lebanon, Malaysia, Mexico, Morocco, Nepal, The Netherlands, Pakistan, Philippines, Poland, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sri Lanka, Sweden, Taiwan, Thailand, Tunisia, Turkey, United Arab Emirates, United Kingdom, United States of America, Vietnam

●

DISTRIBUTION, STORAGE FACILITIES & LOGISTICAL HUBS

Argentina, Austria, Belgium, Brazil, Canada, China, Czech Republic, Estonia, France, Germany, Greece, Hong Kong, Hungary, India, Italy, Japan, Malaysia, Mexico, Morocco, The Netherlands, Poland, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Thailand, Turkey, United Kingdom, United States of America, Vietnam

OUR CORE MARKETS

TRANSPORTATION	26
AGRI-NUTRIENTS	27
CONSTRUCTION	28
MEDICAL DEVICES	29
PACKAGING	30
CLEAN ENERGY	31
ELECTRICAL AND ELECTRONICS	32



TRANSPORTATION

HELPING THE WORLD TO TRAVEL LIGHT

Transportation is at the very heart of a better tomorrow. Breaking down barriers, enabling prosperity through trade, bringing ever closer the eternal dream of a world so interconnected and interdependent that the prospect of disharmony and conflict is greatly diminished. However, if not managed properly, transportation can have an adverse impact on the environment. Materials that save weight without compromising safety or performance can help.

While addressing the world's – and regulators' – demands to reduce environmental impact, companies producing the machinery of transportation also face the challenges of competition. Again, SABIC expertise can help, providing not only innovative materials that enable new and distinctive design solutions, but flexible and creative expertise to help exploit their full potential.

REDUCING THE IMPACT OF TRANSPORT

MORE SPACE, MORE LIGHT, LESS WEIGHT

Aircraft interior designers know their airline customers want new designs that not only give them an aesthetic edge but also save weight – hence fuel. If they help accommodate more travelers and luggage too, that's a very welcome bonus.

SABIC's award-winning CLEAR LEXAN™ XHR2000 resin is an industry-first transparent material that ticks all the boxes. With 80 percent light transmission – highest of any OSU-compliant sheet material – LEXAN™ XHR2000 resin lends itself to multiple applications, from large components like security partitions and oversized windows to dust covers, instrument displays, entertainment screen partitions, and divider panels. Designers at leading-supplier Zodiac Aerospace used it to create new storage bins with a space-efficient floor-to-ceiling divider panel, enabling an extra row of seats and expanded bin space.

CLEARLY INNOVATIVE – AND 40 PERCENT LIGHTER

A vehicle's rear quarter window may seem ordinary, but the one in Buick's new-generation GL8 multi-purpose vehicle is anything but. Instead of glass, this part uses LEXAN™ resin, a polycarbonate (PC) material from SABIC. Molding the window out of PC material not only saves 40 percent in weight, but also allows for unique styling not possible in glass. This rear quarter window is the world's largest in LEXAN™ resin.

This application also marks the arrival of the first mass-production facility for PC windows in China, run by automotive supplier Ningbo Shentong Auto Decorations. SABIC collaborated closely with this supplier and the automaker, SAIC General Motors, to develop the window part.

This landmark PC window on a popular vehicle in China – the world's largest automotive market – highlights the strong potential for SABIC to meet critical industry needs while also realizing substantial growth by taking advantage of its differentiated expertise and solutions in plastic-window technology.

MINIMIZING THE IMPACT OF MASS-TRANSPORTATION

The world is on the move – increasingly by taking the bus. Increasingly, also, regulators are bearing down on buses' contributions to air pollution, particularly in the inner city. SABIC innovation and expertise are helping solve the conundrum, developing smarter, stronger, lighter materials to take the place of metal and glass.

SABIC's full-plastic bus hatch offers the stiffness, temperature-tolerance, paint-adhesion, and corrosion-resistance properties the world's bus-manufacturers need, while giving their designers scope for the bold aesthetic statements that bring a competitive edge. Major reductions in weight reduce overall system cost, with ongoing environmental benefits for the road ahead.

AGRI-NUTRIENTS

BECAUSE WE NEED TO GROW MORE WITH LESS

Too many of the world's people are hungry. And with populations rising fast – particularly in the most at-risk areas – the challenges of growing enough food are set to become more demanding by the year. The world needs better yields. With land under relentless pressure from urbanization, there is only one solution: grow more with less.

New agri-nutrients are key. Laboratory expertise can help develop new variants that help crops survive challenging environments, resist pests and diseases, and produce more valuable food from given resources of land, water, and labor. But SABIC's contribution does not end with innovative chemicals. SABIC specialists also go out into the field, working with local people to help them put this new technology to work efficiently and effectively.

GROWING EXPERTISE FOR BIGGER YIELDS

MORE UREA TO MORE MARKETS

2016 saw an increase in SABIC's urea production of over half a million tons year on year, with market share up over 10 percent, mainly from new commercial output from SAFCO-V. Production at the Al-Jubail Fertilizer Company (Al-Bayroni) reached the full plant capacity this year, in response to growing world demand.

Urea products continued to perform well in markets around the world, from Australia to India, Pakistan, and Korea. In February 2016, the Bangladesh Chemical Industries Corporation (BCIC) signed a deal for 200,000 tons of granular urea and 105,000 tons of prilled (pelleted) urea.

SABIC is a major producer of prilled and granular urea.

SPREADING KNOWLEDGE ON PALM NUTRITION

On November 13, 2016, an Agricultural Awareness Caravan – a collaboration between SABIC, the Ministry of Environment, Water, and Agriculture and the Arab Fertilizer Association – hit the road in Riyadh.

The five specially-equipped vehicles toured Saudi Arabia's palm-growing regions holding open meetings for farmers, advising on palm nutrition, growing and caring for trees and the control of plant diseases and pests – particularly the red palm weevil – providing the latest information to aid palm farming productivity, and answering questions.

As part of the caravan initiative, a workshop on nutrients and agricultural economics was also held at the SABIC Academy in Riyadh.

NEW PRODUCTS TO BOOST YIELDS

Following up from the previous year's release of SABIC Date Palm NPK fertilizer, 2016 saw the launch of two new crop-specific fertilizer grades to meet the needs of farmers in Saudi Arabia and throughout the Middle East region.

18-18-5+9S is a balanced nutrient suited to a wide range of leafy and other vegetables, combining primary and secondary nutrients in a single granular formulation to nourish plants, support healthy growth and boost harvests.

11-29-19+6S, a homogeneous granular urea already proven and popular among farmers of crops such as tubers, onions, and watermelons, was enhanced through the addition of a secondary nutrient to offer an optimum balance of primary and secondary nutrients in a single treatment.

CONSTRUCTION

NEW MATERIALS TO BUILD
A BETTER FUTURE

The world is on a building boom. Rising populations, rapidly growing economies, and ever-increasing urbanization are driving a surge. Yet the challenges facing that industry are not merely ones of growth. The world does not just need more buildings; it needs better buildings. Buildings that are easier and cheaper to create, more economical to run and maintain, safer and more sustainable, with ever-shrinking carbon footprints. Smarter materials have a big role to play in this area.

From metals to foams, from paints to coatings, from panels to windows to energy-efficient lighting, SABIC expertise is helping equip architects and builders with the materials they need to build a better future.

BUILDING BETTER,
BUILDING SMARTER

SMARTER STEEL – VERY COOL

Not all construction is about skyscrapers. Most of the buildings needed to house the world's fast-growing population will be low-level and relatively simple, and mostly in countries where the climate poses some of the biggest challenges. Air-conditioning? Too energy-hungry; too reliant on electrical infrastructure; too emission-producing.

Fortunately brainpower can deliver what electricity cannot. SABIC has developed pre-painted steel products that enable heat-resistant roofing. Integrated ceramic pigments absorb visible light energy and reflect infrared, reducing the effective transfer of heat through the roof, keeping the interior comparatively cooler. Less energy, less pollution, and significantly lower costs. With no compromise on comfort.

ANTI-BACTERIAL CLADDING FOR
A SAFER ENVIRONMENT

As pathogens get tougher and public safety regulations ever more stringent, those designing and maintaining public infrastructure face ever-greater challenges ensuring the safety of the people in their care, from children to patients to the elderly. Whether in hospitals and clinics, homes for the elderly, schools, airports, or sport centers, SABIC anti-bacterial materials can help keep infection at bay.

Prepainted steel coils with smooth, hard surfaces and minimal porosity, infused with antibacterial ingredients, ensure an environment inhospitable to bacteria and other microorganisms. The coatings used are registered and approved even for food-contact applications by EU and US authorities.

NEW BUTANOL PLANT: REGION'S FIRST,
WORLD'S BIGGEST

With the global construction forecast to continue growing strongly, the world is going to need a significant amount of butanol. Butanol, a versatile solvent essential to the production of a wide range of paints and coatings, is a new arrival in SABIC's product portfolio, and made its appearance four months ahead of schedule in March 2016 with the start of production at SABIC's brand new 330 KTA plant – the first in the region, and the largest in the world.

The plant's production – both regular and isobutanol – has multiple applications, in commodities from inks to adhesives, packaging to perfumes, cleaning fluids to solution polymers, waxes, and pharmaceuticals. As a gasoline and diesel additive it even helps the environment by reducing emissions. But a key use is helping coat the buildings of the future, keeping them smart and safe for good.

MEDICAL DEVICES

HELPING PEOPLE LIVE HEALTHIER,
LONGER LIVES

As more of us live longer, the already thriving global healthcare industry seems set for limitless growth. Whether in hospital environments facing the challenges of ever-increasing demand and the encroachment of "super-bugs," or in the home, with increasing moves towards self-diagnostics, the industry is constantly on the lookout for new, versatile materials, able to do more things – and do them cheaper, more easily, for longer.

From sophisticated drug-delivery systems to simple DIY-diagnosis devices, reusable surgical instruments to patient transport and device housings, innovative SABIC materials are playing a key role in bringing medical care to millions, whether in state-of-the-art, hi-tech hospitals or modest clinics serving local communities throughout the developing world.

PLAYING OUR PART IN
PROTECTING THE PATIENT

MEETING DEMAND FOR DIAGNOSTIC DEVICES

As people live longer and healthcare shifts from cure to prevention, from hospital to home, from doctor to DIY, the market in diagnostics is growing fast. SABIC has developed a new grade of PET which is an excellent candidate for use in multiple device applications.

Working closely with device manufacturers, SABIC has this year produced material for blood-collecting tubes, meeting the demanding technical requirements for pre-analytics. Feasibility studies are at an advanced stage, preparing for the imminent start of mass production. Our customers will soon be in a position to capitalize on the ever-growing demands of the diagnostic markets.

ENABLING TOUGH, DURABLE
DEVICE ENCLOSURES

With a heightened emphasis on infection control in healthcare environments, medical devices regularly come into contact with hospital-grade disinfectants. Prevention of environmental stress cracking makes material and disinfectant compatibility a critical issue.

A joint study between SABIC and PDI, a leading infection-prevention products supplier, has confirmed the improved compatibility of multiple SABIC materials, including LEXAN™ EXL (PC) resin, XYLEX™ (PC/polyester blend) resin and VALOX™ (PBT) resin, with PDI's leading hospital-grade disinfectant, giving manufacturers the information they need to evaluate and select materials to meet challenging chemical-resistance requirements for their devices.

LIGHTER, MORE COST EFFICIENT,
EASIER TO USE

As medical device and equipment designs emphasize the need for lighter weight, cost effectiveness, ease of use, and the ability to withstand sterilization while meeting rigorous regulatory requirements, metals are giving way to high-modulus carbon fiber reinforced thermoplastics.

SABIC's high-modulus carbon fiber reinforced compounds can enable part-consolidation, helping to reduce both material and manufacturing costs. THERMOCOMP™ compounds for disposable or reusable surgical instruments, fixation devices, patient-transport devices, and medical-device housings can provide design flexibility and enhance device compatibility with image-guided surgeries. LUBRICOMP™ compounds used for complex part designs can help customers reduce waste and improve cycle times in applications such as disposable surgical instruments, medical-device housings, and drug-delivery device components.

PACKAGING

PROTECTING PRODUCTS, PROTECTING THE PLANET

More and more people want more and more products in more and more places, and that means packaging, to get them there safe, secure, and contamination-free. Manufacturers are keen to meet the need, but they also want high performance, low cost, easy processing, and technical characteristics that equip their designers to give them a display-shelf edge over competitors. And everyone wants to look after the environment.

SABIC technical teams apply their expertise to balance the demands and come up with the solutions, in the form of new formulations that meet existing needs better and at lower cost, and new ones even before they emerge. Working closely with industry partners, we devise solutions that protect the product, help our customers better serve theirs, and safeguard the environment for us all.

QUALITY, ECONOMY, AND RECYCLABILITY

ENABLING HIGH-PERFORMING THIN-WALL PACKAGING

Thin-wall packaging is ubiquitous in today's world, particularly for food – from ready meals to butter, cream, and cheese – but also in applications like houseware, appliances, caps and closures. In response to major industry challenges and to better meet customers' needs, SABIC has introduced a new non-phthalate range of polypropylene (PP) grades with excellent organoleptic properties.

513MK46 and 512MK46 are PP impact copolymer grades that combine excellent impact resistance and stiffness with very low smell and taste. Easy mold filling and very short cycle times thanks to high crystallization temperatures and excellent flow behavior minimize manufacturing times and costs.

UPGRADING GRADES TO ENHANCE RECYCLABILITY

As more and more communities around the world implement infrastructures to enable comprehensive recycling to reduce the environmental impact of our increasingly prepackaged lives, SABIC technical teams have been developing new materials to meet the emerging need.

Upgrading the additive package for all injection molding and caps and closure HDPE grades by increasing antioxidants, SABIC scientists have achieved enhanced quality and thermal stability, bringing improved recyclability for more environmental-friendly packaging materials.

OUT-PERFORMING GLASS FOR PACKAGING PHARMA

Responding to the needs of a global pharma industry growing at an average 6.5 percent a year – with drug packaging alone worth around US\$74 billion – SABIC this year introduced two new grades, PCG PET 80 and PCG PET 84, to mould bottles for pharmaceutical liquids and syrups.

10 percent lighter than glass and with characteristics that give manufacturers' designers scope to add value in the form of eye-catching designs, the new materials also offer easy, low-cost manufacturing, with final products that display excellent performance and durability. Hygienic, pure and reliable, the grades comply with all relevant pharmacopeia and GMP standards.

CLEAN ENERGY

FROM PIPE-DREAM TO REALITY

It seems only yesterday that clean energy was widely regarded as little more than a marginal nice idea. Yet in just a few years, clean energy has taken center stage, with predictions that it will meet more than half of our energy needs well before we are half way through the century.

Clever materials take much of the credit; and the materials are getting smarter by the day. SABIC technical teams, working closely with manufacturers, are developing new materials that give new options to a new breed of designers, enabling them to create infrastructure and equipment that promises to make a real difference in the decades ahead.

MORE EXPERTISE IN, LESS POLLUTION OUT

USING BRAINPOWER TO CUT CO₂

Vehicle manufacturers everywhere face immense pressure from consumers to reduce the damage their vehicles cause to the environment – and unyielding demands from regulators. The technology is largely new, technically challenging, and very often it is relatively small amounts of very clever materials that play a major role.

Facing 2021 targets of around 95g CO₂/km, manufacturers all over the world are turning to electrification. For film capacitors, innovative SABIC high-temperature dielectric films provide higher energy density than the polypropylene films in common use, allowing converter and inverter manufacturers to design for higher temperatures of up to 140–150°C, while eliminating cooling systems and accommodating higher-efficiency semiconductor-chip technology.

PIPING IN SIGNIFICANT ENERGY SAVINGS

An old industrial city area in Zurich, Switzerland, has been reborn as Green City – a hybrid city-center district with housing, offices, and retail with best-in-class green solutions. Part of those solutions is that all energy comes from renewable sources such as photovoltaic. Critical to reducing energy consumption are heating and cooling done solely with groundwater and geothermal heat-recovery systems.

Pipe extruder Jansen used SABIC Vestolen A RELY 5922R to produce the geothermal probes for the project, a material whose rheological and morphological properties offer considerable energy savings, which can be installed in trenchless systems, and which, overall, can reduce pipe infrastructure lifetime CO₂ by as much as 70 percent.

REDUCING EMISSIONS, ELIMINATING LEAD

Methyl tertiary-butyl ether, better known as MTBE, has a wide variety of applications in industry and medicine, but is primarily used as an oxygenate gasoline additive, enhancing engine efficiency, reducing emissions and preventing engine-knocking, thereby eliminating the need to add lead. The MTBE market has grown rapidly in Asia and Europe, with new markets opening up in Australia.

In 2016, SABIC maintained its position as the world's #1 in MTBE, with annual production of some 3.12 million metric tons. With global demand continuing to grow strongly, SABIC has an active program of new projects aimed at increasing production, improving plant reliability, and boosting profitability.

ELECTRICAL AND ELECTRONICS

AT THE HEART OF A BETTER TOMORROW

As companies all over the world work ever harder and smarter to satisfy our desire for better, faster, lighter, cheaper – and above all, more – SABIC scientists are hard at work developing new materials to give them an edge. Innovation not only invests materials with new properties that allow them to function better, they can also help strip cost out of the supply chain, empower designers to explore new aesthetic possibilities, and help protect the planet for future generations.

From the humblest disposable razor to the most sophisticated smartphone, new electrical and electronics devices are transforming the ways we live. Many a child in the developing world now takes for granted technology which as recently as a couple of generations ago, the wealthiest in the West would have regarded beyond reach. It's a brave new world: SABIC expertise is helping make it a cleaner, safer, smarter, and more sustainable one too.

SMARTER, FASTER, CHEAPER, LIGHTER

FOCUSING ON HIGH PERFORMANCE

In the highly competitive cell phone market, imaging performance is becoming a key competitive factor. SABIC technology incorporated into the lens that lies at the heart of the autofocus system is helping enable accurate and near-instantaneous focusing.

In addition to excellent performance thanks to its high infrared transmission, SABIC's unique EXTEM™ thermoplastic resin also combines the ability to withstand the high soldering temperatures involved in assembly with recyclability, to offer low system cost in manufacturing, in a fully sustainable solution.

LIGHTING THE WAY AHEAD, SUSTAINABLY

LED based lighting systems are fast replacing incandescent light bulbs as the world's default lighting technology. Our LEXAN™ polycarbonates offer the technical characteristics and adaptability to lend themselves to the widely differing needs of lighting in the automotive, home and business environments.

Low yellowness and high optical transmittance lie at the heart of highly efficient automotive headlights; optimization of both the polymer and additives helps produce domestic lighting that's both diffuse and consistent in hue; special formulations in white luminaires deliver the super-bright directional lighting needed in many working environments. Excellent energy-efficiency always comes as standard.

MAKING A DIFFERENCE IN MAKING... ALMOST ANYTHING

SABIC's CYCOLAC™ ABS resin, a terpolymer blending acrylonitrile, polybutadiene and styrene, offers near-infinite adaptability, enabling it to be formulated in specialist grades offering outstanding aesthetics, flow, toughness, dimensional stability and high temperature resistance, to meet a wide range of applications across the full spectrum of consumer and commercial electrical and electronics devices – as well as in many other product sectors.

2016 saw completion of the first phase of qualification of a major new plant in Saudi Arabia, combining state-of-the-art innovative process and product technologies to enable production of a wide range of CYCOLAC™ grades, to meet fast-growing demand from manufacturers not just in electrical and electronics, but in everything from home appliances to automotive, construction to healthcare.



OUR COMMITMENT

CORPORATE SOCIAL RESPONSIBILITY	36
HUMAN CAPITAL	38
INNOVATION	40
COMPLIANCE AND RISK MANAGEMENT	42
ENVIRONMENT, HEALTH, SAFETY AND SECURITY	44
MANUFACTURING	46
SUPPLY CHAIN	48



CORPORATE SOCIAL RESPONSIBILITY

The focus of SABIC's social-responsibility programs is sustainability and long-term impact.

SABIC's global Corporate Social Responsibility (CSR) strategy, RAISE (Reputation, Audience, Innovation, Strategy, Endurance), provides a clear and coherent framework for our numerous social-responsibility programs, all around the world, uniting and engaging all our employees in our social-responsibility efforts, and coordinating initiatives to optimize synergies and overall benefits.

2016 saw the global implementation of RAISE, with the CSR function tasked to streamline its implementation across its four priority focus areas. The key objective was to strengthen relationships with the communities in which SABIC operates.

RAISE promotes supporting the communities where SABIC operates and in which its employees live. It is designed to optimize SABIC's CSR impact by developing and implementing innovative CSR initiatives, and encouraging employee participation and volunteerism. RAISE CSR programs and volunteer opportunities support SABIC's designated CSR priority focus areas.

DONATION AND INVESTMENT

In 2016, SABIC donated US\$46.4 million in community giving. All in all, SABIC has invested more than US\$800 million in socially responsible projects and programs over the past 15 years.

SERVING COMMUNITIES

As part of our strategy for serving communities, we focus on specific, strategic, timely issues, looking to achieve clear and tangible impact which will prove of lasting value, changing things for the better, for good. Our people have enthusiastically engaged in a culture of volunteerism throughout our operations, all over the world – often with the active participation of employees' families.

Most SABIC global CSR initiatives are volunteer-driven. In 2016, 2,193 SABIC employees registered as volunteers for the company's programs in Saudi Arabia and abroad.

SABIC motivates and encourages employees to participate in volunteer work, to come up with new initiatives, and to engage in projects which promise to deliver enduring sustainable benefits to the communities in which we operate. Our volunteer policy was also rolled out SABIC-wide in 2016, allowing employees to take eight hours of paid leave per year to volunteer for a cause or charity of their choice.

SCIENCE AND TECHNOLOGY EDUCATION

SABIC not only believes in education for the benefits it brings to society, but also has a clear vested interest in trying to engage the citizens of the future in learning which will help produce the kind of skills and capabilities we will need to sustain our success into the future. Our educational efforts include, but are not limited to, the following:

- **Back to School program** – launched this year in China, India, Singapore, South Africa, and the United States, the program is now running in 16 countries altogether. More than 64,000 under-privileged students were reached providing them with essentials such as school bags. The program also involves renovating schools and conducting workshops. The initiative benefited 21,000 students in four cities in Saudi Arabia.
- **The SABIC Science Caravan** – an outreach of advanced educational programs which aims to motivate young people and encourage interest in science and innovation.
- **Discover Science program** – employees from the Mt. Vernon site held a Discover Science program at two local elementary schools where students watched and participated in science demonstrations conducted by volunteers, while also learning about the importance of STEM education (science, technology, engineering, and mathematics).

ENVIRONMENTAL PROTECTION

Lights of our Future, SABIC's signature global CSR program, kicked off its 2016 pilot edition in Shanghai, China, receiving a strong positive response from employee volunteers at an inaugural train-the-trainers session.

Waste-Free Environment highlights the significance of waste recycling, operating in several cities in Saudi Arabia as well as in the Netherlands, South Africa, and UAE.

HEALTH AND WELLNESS

SABIC National Program for Drug Prevention (NEBRAS) is a US\$13.33 million anti-drug initiative. Undertaken in cooperation with the National Committee for Combating Drugs, it has become an umbrella project under which all similar initiatives operate in Saudi Arabia.

SABIC is also working on providing hospital-based specialized health services for mental-health and addiction treatment through a project costing US\$80 million to construct a hospital.

In the US, SABIC employees participated in the BP MS-150 bike ride from Houston to Austin, organized by the National MS Society South Central Region to raise funds to support the search for a cure for multiple sclerosis.

In India, SABIC's **'They See, They Learn'** eye-care initiative reached the milestone of touching the lives of over 15,000 school children in Gurgaon. The initiative focuses on education by vision screening of school children, providing spectacles free to those found with correctible vision.

WATER AND SUSTAINABLE AGRICULTURE

SABIC constructed the Estidamah center in Riyadh Techno Valley, King Saud University, with the Ministry of Environment, Water, and Agriculture. The center aims to promote sustainable agriculture and undertakes research on innovative technologies for rationalization of irrigation water.

We also ran an Agricultural Awareness Caravan, educating the farming community on specialized agricultural methods.



\$46.4m

IN COMMUNITY GIVING



2,000+

SABIC EMPLOYEES
VOLUNTEERING



\$13.3m

THE SABIC NATIONAL
PROGRAM FOR
DRUG PREVENTION



15,000+

SCHOOL CHILDREN
BENEFIT FROM SABIC
'THEY SEE, THEY LEARN'
EYE CARE INITIATIVE

HUMAN CAPITAL

Investing in people is key. Our priority for 2016 was to boost talent-management efforts in support of SABIC's 2025 strategy.

We know that everything we achieve, for our company and for the benefit of the world at large, is thanks to the dedication, skills, and hard work of our 35,000+ employees around the world. We also know that our future depends above all on the caliber of the people we can attract, empower, and inspire to share our mission of becoming the preferred world leader in chemicals, while helping to make the world a better place.

Investing in people is key. Our priority for 2016 was to boost talent-management efforts in support of SABIC's 2025 strategy. We focused on three main areas:

- Attracting and retaining passionate employees who share our commitment to delivering the highest quality to our customers
- Developing talent, equipping our people with the capabilities they need to respond to the challenges facing our industry and our society
- Improving overall workforce performance by identifying skills, enabling more effective and efficient teamwork, and exploiting synergies

We want to become an employer of choice for the best new candidates. We take pride in the fact that Saudi Arabian graduates have constantly shown a marked preference for SABIC as an employer.

To maintain a culture of continuous learning, we provide exceptional training and career-development opportunities, and we reward those who take advantage of opportunities and turn them into high performance. From SABIC Academy to our clear system for career-path progress, our talent-development programs look to reach all employees at every stage of their careers, helping them make the most of their potential and become as skilled and productive as possible.

Another crucial area of focus is diversity. Diverse organizations benefit from differing perspectives and complementary cultural characteristics, making them stronger, more flexible and adaptable, better able to innovate and to grow. That is why we continue to focus on promoting diversity among our people: by gender, by age, and by nationality.

To maintain a culture of continuous learning, we provide exceptional training and career-development opportunities, and we reward those who take advantage of opportunities, and turn them into high performance.

HIGHLIGHTS OF OUR YEAR

- Corporate Human Resources established a cross-functional project management office to manage the first phase of SABIC's transformation project. The office worked with the various businesses and functions to design the organizations, and managed ongoing change management and communications. HR will continue supporting SABIC's transformation agenda even after its launch on January 1, 2017 to improve the way we work and create 'Chemistry that Matters'™.
- Sixty public-sector leaders participated in SABIC Academy's inaugural Leadership Program for Ministries, where participants learned from experience building and developing leaders.
- Learning and Development programs reached over 30,000 participants, with more than 1,800 joining our Executive Leadership Development Program and a number of people globally participating in our Early Career Programs.
- An encouraging response of 76 percent to our 2016 employee survey, representing 26,000 people, reflecting the importance our employees attach to dialogue and progress.
- SABIC's fourth consecutive year achieving Top Employers certification in Asia Pacific, India, Japan, South Korea, and Singapore from the Top Employers Institute.
- The percentage of female employees remained about the same, with 9 percent of leadership positions occupied by women.

In 2016, we took a number of steps to help employees advance in their careers in strategic ways for our organization:

- We launched the 'My SABIC Journey' portal and another new HR portal bringing together all our talent development tools, resources, and systems for employees to access easily online.
- We completed the pilot of our formal competency assessment process, which evaluates employees based on the required competencies for their current role.
- We put into action 12 career lines that complement SABIC's core business objectives and work. These career lines have helped employees advance to senior roles where they have significant opportunity to boost SABIC's performance.
- More than 100 leaders graduated from our Global Leadership Challenge, which helped strengthen our leaders' business and financial acumen, market focus, strategy execution, and global awareness.
- We developed Young SABIC Professionals hubs in each region to ensure future leaders have a network of support within the organization. Not only does this provide a formal mechanism to support one another, but they are able to impact the broader SABIC community as well.
- Throughout the year, we continued to run our SABIC Scholarship Program, with the total number of graduates reaching more than 800.
- We supported SABIC's cultural transformation effort, which retains elements of our existing culture that continue to serve us well, such as our focus on continual learning, and seeks to reduce those elements that are less useful.



30,000

L&D PARTICIPANTS



76%

RESPONSE TO
EMPLOYEE SURVEY



100

LEADERS GRADUATE
FROM GLOBAL
LEADERSHIP
CHALLENGE



800

SCHOLARSHIP
PROGRAM
GRADUATES

INNOVATION

Technology and Innovation (T&I), under the Innovation and Business Development function, was a key factor in SABIC's success in 2016; we anticipate it playing a lead role in SABIC's push for sustainable growth in the years ahead.

T&I, both business and corporate, are working on over 640 research projects that are expected to add substantial value to our business and make a significant contribution to the SABIC 2025 strategy. In terms of corporate research programs, four major projects were graduated to business at the development stage for scale-up, with 86 new patent applications submitted. This year, we achieved our ambitious targets, with total patents and patent applications increasing to 12,191. Looking ahead, we will focus on developing in-house technologies, perfecting technologies with partners, and acquiring complementary proven and non-proven technologies from third parties.

T&I, both business and corporate, are working on over 640 research projects which are expected to add substantial value to our business and make a significant contribution to the SABIC 2025 strategy.

Innovations this year included C4/C5 valorization for butadiene extraction and design of a new isoprene-and-DCPD-extraction plant. SABIC filed patents for a new technology for extracting crackers downstream, with Pygas C5+ hydrogenated and recycled back as cracker feedstock. We continue to explore the scope for turning DCPD byproducts into marketable products.

A unique new technology to optimize cracking operations was developed and validated on plant scale, offering robustness and relative immunity from temporary instrumentation-reliability issues. Integration of the side streams of different crackers and cracker-tweaking to maximize value-add are expected to enhance cracker productivity by 1–2 percent. SABIC also developed, tested, and deployed optimized methods of incorporating high-emissivity coating in its furnaces, increasing feedstock intake, and reducing energy consumption by 5.4 MJ/year.

Several new catalytic technologies are being piloted, with a view to enhancing process efficiency and enabling use of a wider range of feedstocks, and for CO₂ capture and utilization to boost product value and improve sustainability. Adoption of HSC catalysts promises to improve olefins feedstock by around 5 percent while cutting glycol-plant CO₂ emissions by some 30 percent. These are already installed in 50 percent of our plants and 100 percent implementation is scheduled for 2020.

Optimization and anti-coking technology implemented in over 60 percent of SABIC crackers in Saudi Arabia has this year boosted olefins production by around 100,000 tons while unlocking 65,000 tons of feedstock. SABIC's vision of developing the industry's first "smart olefin plant" with minimal waste, higher efficiency, and improved sustainability has become reality.

Mixed fractions of C14–C18 internal olefins found generic application as lubricants, including as drilling fluids – an increasingly important market with the global growth in fracking technologies.

STC-Riyadh looked into the viability of removing fraction-process additives from C10, which reduce its value by around US\$500/ton. In lab conditions, a SABIC T&I team, building on experience gained in an earlier α-SABLIN commercial process, boosted acid extraction from 100 ml to three tons/hr.

SABIC circuit-solutions portfolio combines technologies to tune thermoplastics' dielectric properties with others responsive to laser direct structuring, enabling the creation of 3D MID conductive pathways. Over-molding allows for the integrated design of miniaturized low-power embedded antennas for the device needs of the connected world, and have found ready customers among manufacturers of smart phones, watches, fitness trackers, and headphones, enabling slim, lightweight, aesthetically appealing designs with the Internet of Things (IoT) functionalities the market increasingly seeks.

Collaboration with customers has delivered innovative plastics solutions to coffee-maker and capsule manufacturers, working with 3D printing and cutting cost and time to market.

SABIC continues to see growth in network-server applications utilizing Polyphenylene Oxide™ specialty additives in printed circuit boards. Teams started production on new assets for increased capacity, alongside continued product development efforts to help meet the industry's increasing demands for improved dielectric performance.

In 2016, SABIC also introduced for the first time new SUPEER™ and COHERE™ – metallocene-octene based polyolefin copolymer and plastomer grades. A special thermoplastic solution developed for bus hatches delivers the quality, durability, stiffness, and lower system costs customers want, along with 35 percent weight savings over metal. More generally, SABIC metal-plastic hybrids have found ready markets in the automotive industry, delivering 45 percent weight reduction over steel in structural components.

This year SABIC set up a Harsh Weathering Competency Center to support the development of new automotive lens grade resin, packaging, and other materials for external applications.

In compounding, SABIC commissioned two new state-of-the art compounders and redesigned lab blend rooms, primarily to support the development of anti-lock braking systems. The two new lines are versatile by design and will support future development in a wide range of markets and materials. Beyond ABS resin and blends, the lines commissioned will be able to support other compounding developments for a wide range of product lines including engineering thermoplastic and polyolefin.

A new polypropylene pilot-plant in Geleen incorporating innovative technology is under construction. The pilot plant, combining two polymerization reactors and a finishing line, will be shipped to Geleen and ready for production by February 2017, with a capacity of 1000 kg/day of homo-polymers, random copolymers, impact copolymers, and all kinds of ter-polymers.

In our Agri-Nutrients core market, SABIC this year introduced two new NPK grades – Date Palm NPK and NPK 18-18-5-SOP – with a third tuber-specific grade due for launch in early 2017. SABIC affiliate (Al-Bayroni) successfully reduced energy consumption at its ammonia plant by 20 percent, while maintaining the same production level.

We also co-developed a new red palm weevil pesticide solution to help Saudi Arabian date farmers who have been plagued by the pest since the mid 1980s. Real field-trials have produced successful results within a year of application. Another initiative in Saudi Arabia raised US\$2 million to fund algae technology targeted to the pharmaceutical/beauty industry.

SABIC also completed building the Sustainable Agriculture Research Center (Estidamah) for the Ministry of Environment, Water, and Agriculture, and signed an agreement to operate it for five years. Research will focus on ways to reduce water use while increasing production and food quality in protected horticulture climates.

In metals, SABIC focused on several innovation initiatives including black steel and new sub-1.5mm hot-rolled steel to meet growing demand for thinner-gauge hot-rolled flat steel; pre-painted heat-resistant roofing steel-products; and anti-bacterial and preprinted steel coils for wall cladding.

As well as new products, SABIC achieved significant process improvements in metals. Installing a new oxide screen mesh at our affiliate Hadeed enabled use of undersize iron-ore pellets, improving yields and reducing ore wastage by 50,000 tons a year. SABIC also successfully began converting wasted refractories from steelmaking to valuable materials for use as additives in the steelmaking processes, substituting for dolomite injection.

Earlier this year, we opened the SABIC Home of Innovation™ in Riyadh, a growth initiative designed to showcase sustainable solutions. It is designed to promote economic growth and technical innovation in Saudi Arabia and foster collaboration with other leading companies that address regional and local challenges. The program's 3,100-square-meter campus of three buildings, including a Demonstration Home, achieves significant energy and water efficiency, in support of SABIC's climate-change goals. If all homes in Saudi Arabia were as efficient as the Demonstration House, it would reduce CO₂ emissions by the equivalent of six coal-fired power plants. The Home of Innovation™ will leverage our sustainability agenda by showcasing ideas, products and solutions that use natural resources more efficiently and allow us to do more with less.

COMPLIANCE AND RISK MANAGEMENT

SABIC has maintained world-class compliance and risk-management processes. Its Legal Affairs, Enterprise Risk Management and Internal Audit departments are designed to safeguard the interests of all SABIC stakeholders, including customers, employees, and shareholders, and to manage SABIC's risks in a way that promotes our 2025 goal of becoming the world's preferred leader in chemicals. The SABIC Board of Directors Risk and Compliance Committee, formed in 2014, oversees management of key risks for the company.

LEGAL AFFAIRS

Legal Affairs provides day-to-day support to manage legal risk for the business, while promoting growth in areas that include commercial transactions, mergers and acquisitions, and strategic counsel. The team also supports SABIC's 2025 goals in two key areas: it builds and maintains robust compliance processes and a strong compliance culture to foster the highest ethical standards; and it works closely with our leaders, strategically protecting intellectual property to maximize value from our innovation activities.

In the 2016 Compliance Program, SABIC employees achieved a 99 percent completion rate for compliance-training modules. Other highlights in this area included completing compliance and risk mitigation reviews for 27 executive leaders and their business or functional units, and conducting Executive Compliance Leadership workshops.

SABIC also maintained its commitment to fighting corruption. Internally, SABIC launched a supplier-due-diligence program, designed to ensure integrity and ethical practices throughout its global supply chain. Externally, leadership efforts included a role at the B20 Anti-Corruption Forum in Beijing under the Chinese Presidency of the G20, and participation in the United Nations Global Compact and the World Economic Forum's Partnering Against Corruption Initiative. We also continued to provide Saudi and Gulf leadership at events sponsored by the Saudi National Anti-Corruption Commission (Nazaha) and the Pearl Initiative.

In intellectual property, innovation efforts led to about 500 new original patent applications. SABIC's overall patent estate continues to exceed 11,000 global dockets, even with increased scrutiny on existing patents to ensure they still serve SABIC's growth objectives. We also extended our intellectual property awareness training program to include many of SABIC's affiliated companies in Saudi Arabia.

SABIC also maintained its commitment to fighting corruption. Internally, SABIC launched a supplier-due-diligence program, designed to ensure integrity and ethical practices throughout its global supply chain. Externally, leadership efforts included a role at the B20 Anti-Corruption Forum in Beijing under the Chinese Presidency of the G20, and participation in the United Nations Global Compact and the World Economic Forum's Partnering Against Corruption Initiative. We also continued to provide Saudi and Gulf leadership at events sponsored by the Saudi National Anti-Corruption Commission (Nazaha) and the Pearl Initiative.

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (ERM) continued the productive collaboration and support efforts towards SABIC's business goals with the following priorities in 2016: promoting a world-class culture of risk mindfulness, developing decision-making processes that incorporate risk calculations, and helping to assure business continuity during the implementation of major projects and transformation initiatives. We also remain focused on driving operational excellence in our global controls on process and access rights, and our insurance and credit risk programs.

In 2016, we continued to build and deploy quantitative risk-assessment capability throughout the company, with the aim of supporting the realization of SABIC's strategic initiatives. ERM rolled-out SABIC's Risk Management Framework to three affiliates, and will continue the rollout for the remaining affiliates in the coming years. Additionally, ERM finalized SABIC's Risk Management Policy revision, which was approved by SABIC's board.

In SABIC, we endeavor to work to the highest compliance standards, using a best-in-class controls environment. With the FANAR+ SAP® globalization project, we have been able to consolidate and manage our internal controls through a global platform. During 2016, we made good progress in the deployment of our global approach to access authorization to structurally govern access rights across the SAP system.

Business Continuity Management and the ability to mitigate the adverse impacts of disruptive events remains a critical focus of the organization. Business Continuity Management has been an integral part of key transformation projects such as the global deployment of the SAP system and restructuring projects. As part of a long-term plan to embed Business Continuity Management in the organization, eight affiliates in Saudi Arabia have so far been certified to BCM ISO 22301, with certification for the remaining affiliates planned for 2017–18.

We are using insurance solutions as a risk-transfer mechanism through highly reputable insurance companies, and our insurance program is working as designed to protect SABIC's interests worldwide. Our Global Insurance and Credit Management team focuses on creating more value through creative insurance solutions and new practices, leveraging SABIC's global presence and networks.

INTERNAL AUDIT

The Internal Audit department audited the company's operations in 2016, in accordance with the SABIC Audit Committee Approved Annual Audit Plan. Ernst & Young, the company's external auditor, also conducted periodic audits and reviewed the closing financial statements of the company.

The Audit Committee, external auditors, and internal auditors met frequently to discuss internal-control, emerging risks, and changes to the internal control environment affected by the 2016 ERP system implementations. The company continues to maintain a strong internal-control environment through the collaborative engagement by the Legal, Enterprise Risk Management, and Internal Audit departments.

In 2016, we continued to build and deploy quantitative risk-assessment capability throughout the company, with the aim of supporting the realization of SABIC's strategic initiatives. ERM rolled-out SABIC's Risk Management Framework to three affiliates, and will continue the rollout for the remaining affiliates in the coming years. Additionally, ERM finalized SABIC's Risk Management Policy revision, which was approved by SABIC's board.

The Internal Audit department completed all planned audits for 2016 and included reviews within some of the company's affiliates. The department also committed resources to its multi-year strategic plan to enhance its operations in the areas of risk assessment, data analytics, auditor development and audit methodology. Adherence to international auditing standards is maintained through the department's expertise center for quality-assurance and improvement programs.

ENVIRONMENT, HEALTH, SAFETY, AND SECURITY

The protection of human health, safety, and the environment, and the security of our people and assets, are fundamental to SABIC.

For SABIC, environment, health, safety, and security (EHSS) is more than just a priority; it is a core value – a deeply held belief which is a fundamental force driving actions and behaviors, and one never to be compromised in pursuit of short-term commercial goals. We are committed not only to meeting regulatory requirements, but to maintaining a culture that goes beyond mere compliance to encompass continuous improvement.

In line with this commitment, we have improved our EHSS programs, reviewing and realigning our EHSS expert resources at regional and global levels to better support manufacturing operations at SABIC and its affiliates. We have also created an EHSS Council of senior leadership to ensure rigorous oversight of EHSS performance and improvements at SABIC and its affiliates.

KEY PERFORMANCE INDICATORS

To gauge and guide ongoing EHSS continuous improvement, we monitor a set of specific key performance indicators across our facilities. A key measure is the SHER (Safety, Security, Health and Environmental Incident Rate). Since 2005, this measure has improved by 83 percent, and SABIC's overall injury rate by 67 percent. However, due to some incidents during 2016, both SHER and injury rates increased over 2015.

One key driver for EHSS improvement is our implementation of a company-wide Life-Saving Rules Project. The project rules are mandatory precautions that ensure safety in the performance of specific high-hazard activities, such as confined-space entry, energy isolations, and vehicle operation. These rules have been developed from benchmarking efforts with other organizations in the chemical industry and SABIC affiliates, as well as by reviewing company incident data. The goal is to raise awareness of the serious nature of high-hazard tasks carried out in SABIC and its affiliates' operations to prevent incidents and save lives. Life-Saving Rules sets clear expectations for all employees and contractors working for SABIC and its affiliates, and looks to ensure consistency in conducting high-hazard work across facilities.

RESPONSIBLE CARE®

Our efforts to go beyond compliance include SABIC's adoption of Responsible Care® – an industry-wide initiative to promote continuous EHSS improvement across the value chain. All SABIC-affiliated chemical-manufacturing sites globally maintain Responsible Care® RC14001:2013 certification. In the coming year, SABIC and its affiliates will undergo transition audits to become certified to the new RC 14001:2015 standard. Through the Gulf Petrochemicals and Chemicals Association, SABIC leads the Responsible Care® initiative in the Middle East region.

PROCESS SAFETY

Process safety is a strategic priority and core value for SABIC and aims to ensure that our facilities are properly designed, safely operated, and well maintained for the protection of our employees, visitors, and the communities in which we live and operate. In 2016, SABIC restructured the EHSS organization to have a more global focus, including creation of a process risk-management group staffed by experienced subject matter experts committed to supporting all facilities globally. A mechanical-integrity-assessment initiative was implemented to strengthen the focus on mechanical and instrument safety-barrier systems, by identifying system and program risks and risk-mitigation measures.

In December 2016, SABIC was honored to host the 3rd CCPS Global Summit on Process Safety in Dammam, Saudi Arabia. This two-day event looks to define, through collective industry experience, engineering practices and leadership traits that drive industry to a "zero harm" culture.

EMERGENCY RESPONSE AND CRISIS MANAGEMENT

SABIC's emergency response and crisis management program is designed to promote effective crisis management and emergency response at local, regional and global levels. It includes the creation of crisis-management teams across all regions, and a framework to identify any opportunities for improvement. During 2016, we conducted global and regional crisis-management and emergency-response drills to ensure effective preparedness.

In addition to these drills, all sites conduct a major EHSS local-level emergency drill every year to check readiness for any incident that may arise. Improvements recorded in critique meetings after each drill are incorporated in the revised SABIC Corporate Crisis Management Guidelines. We also generate awareness of crisis management and emergency-response management among employees who are part of the crisis-management team, and we improved the communication facility for command-post centers to convey correct messages without delay.

In 2016 SABIC created the Security Center of Excellence to ensure that security risks are properly identified, assessed, and mitigated.

SECURITY RISK MANAGEMENT

Significant physical and cyber-security threats have emerged across the globe in the past few years. In 2016 SABIC created the Security Center of Excellence to ensure that security risks are properly identified, assessed, and mitigated. The Security Center of Excellence will be responsible for updating and developing global security policies, programs, and tools to ensure robust security risk management around the globe.

In addition, the Security Center of Excellence will be tasked with collaborating with IT Security to achieve synergies in the area of information security. To ensure that SABIC's security-risk-management programs are fully optimized on an ongoing basis, the Security Center of Excellence will also conduct continuous benchmarking with industry peers.

PRODUCT STEWARDSHIP

Product Stewardship completed the implementation of new raw-material and product regulatory systems in the SAP environment, enhancing SABIC's ability to manage supply-chain compliance, further embed risk assessment into product design, and manage evolving hazard-communication expectations. The third phase of the updated Responsible Care Product Safety Code was implemented, meeting the three-year execution plan.

GLOBAL EHSS AWARDS

SABIC received recognition in 2016 at many of its affiliated sites around the world for its positive EHSS performance:

- SABIC was named 2016 Responsible Care® Company of the Year by the American Chemistry Council (ACC) in recognition of its superior EHSS performance. The ACC also presented three of SABIC's US manufacturing facilities with four additional Responsible Care® Awards for energy efficiency and waste minimization.
- SABIC's Rayong, Thailand, plant won Thailand's Ministry of Labor's Best Safety Management Award 2016 – its 11th consecutive such award. The plant also received the Ministry of Industry's Green Industry Certificate 2016, recognizing SABIC as Green Industry Level 3.
- SABIC's Moka, Japan, plant received a Workplace Safety and Improvement Award this year for companies making good improvements to workplace safety.
- The Dutch Chemical Industry Association VNCI awarded SABIC in Bergen op Zoom, the Netherlands, the Responsible Care® Award for the human-resources project "Self scheduling (zelfroosteren)." SABIC in Bergen op Zoom is the first employer in the chemical industry offering their shift-working employees the option of planning their own schedules. Overtime hours and sick leave have fallen by almost 50 percent and 20 percent respectively.
- In the UK, SABIC's Teesside and Thornaby sites both received Better Health at Work Awards: a Continuing Excellence Award for Teesside; the Gold Award for Thornaby. The Teesside site also won the UK Chemical Industry Association's "Company of the Year Award" and "Special Responsible Care Award for Process Safety Leadership."

MANUFACTURING

SABIC aims to achieve best-quartile performance through application of the latest technologies and technical solutions, innovative ideas, and benchmarking to international standards. We also employ proven methodologies to generate effective strategies for our physical assets, which help reduce operational risks, cut costs, and increase revenue.

As part of this program, SABIC has introduced detailed equipment strategies for critical-equipment and operator-care programs, and has implemented advanced process control in 70 percent of SABIC plants. SABIC has become the first Middle East organization to introduce a new alloy for reliability and safety improvement for components such as furnaces, reformers, and other applications at manufacturing sites. SABIC has also developed an innovative repair technique for furnace or reformer refractory linings, reducing shutdown time and maintaining asset sustainability. Maturity assessments were deployed in 2016 for cracking-furnace systems, making performance more systematic and sustainable.

ENERGY MANAGEMENT

SABIC has adopted an energy-management system as a standard platform to help improve asset performance, meet regulatory requirements, and reduce greenhouse-gas emissions. The system provides standard tools to analyze and capture opportunities for continuous improvement and sustainable growth. More than 100 individuals have been trained in its implementation.

SABIC also conducted energy assessments for seven Saudi Arabian assets, with appropriate actions developed to close identified gaps.

SYNERGY

SABIC is engaging with regional utility providers on several platforms to explore synergy opportunities to conserve natural resources and reduce manufacturing costs. Completion of an oxygen-venting-reduction project from Ar-Razi is scheduled for mid-2017, and is expected to add 75 KTA of oxygen capacity in Jubail. A second project, to transfer gas emitted from Petrokemya's benzene unit to Ar-Razi is expected to be completed by the end of 2017, adding 110 KTA of methanol.

SABIC has adopted an energy management system as a standard platform to help improve asset performance, meet regulatory requirements and reduce global warming. The system provides standard tools to analyze and capture opportunities for continuous improvement and sustainable growth. More than 100 individuals have been trained in its implementation.

BUSINESS PLANNING

Our strategic business plan has seen the adoption of new analytical methods to shed light on focus areas with a view to improving performance. Enhancing the processes of collaboration between stakeholders has added agility to the business plan, which seeks to achieve synergy between SABIC assets and process-optimization.

MANUFACTURING ORGANIZATION RESTRUCTURING

As part of our development of a world-class manufacturing organization, a change-management team has been tasked with ensuring smooth deployment of a new organizational structure. Through engagement with stakeholders from manufacturing, affiliates, strategic business units, and other corporate functions, the team has developed a change-management plan which is currently being implemented in phases on a global basis.

TAQNEEN

Our Taqneen initiative aims to drive significant savings in fixed-cash cost and working-capital-manufacturing cost to achieve best-quartile performance for all Saudi Arabian SABIC manufacturing sites. The essence of the initiative is to eliminate waste, exploit economies of scale, and share resources among affiliates.

Taqneen work-streams seek to create sustainable value by optimizing manufacturing-service unit rates and demand; maximizing outsourcing strategies with affiliates; leveraging economies of scale; minimizing urgent purchases by better planning; improving maintainance-workforce efficiency; promoting local business development; minimizing spare-parts inventories; and maximizing value-based bidding prices for high-value contracts. We began identifying opportunities in 2016 and expect to reap the benefits from 2017 onward.

IMTYAZ

Manufacturing's key focus areas are to reduce operational risk, achieve effective cost management, and increase revenues. With this in mind, we have just completed deployment of IMTYAZ: a new manufacturing transformational program. IMTYAZ aims to develop and deploy a new and comprehensive Manufacturing Excellence Management Standard (MEMS) for Global SABIC manufacturing sites, helping achieve our 2025 strategy objectives. MEMS will set clear guidelines for site organizational structures, leadership behaviors, stewardship models, performance management, and manufacturing work processes. During site assessments we have identified areas for improvement, as well as a number where further focus will be required. MEMS deployment began in 2015–16, and active engagement is underway with all sites, to support effective deployment and achieve manufacturing excellence.

SUSTAINABILITY EXCELLENCE

Our capabilities in manufacturing sustainability have been strengthened in 2016 to enhance responsiveness and performance, with ownership of sustainability issues shifted from sites to individual units, bringing significant improvements in performance monitoring and process durations. This increased knowledge and understanding of manufacturing sustainability, both for its own value and as a driver to improve performance, has been shared with all relevant stakeholders.

SABIC REWARD AND RECOGNITION PROGRAM

The SABIC Reward and Recognition Program continued for the sixth cycle to enrich program criteria aiming to help improve and enhance sites' plant reliability, process compliance, and asset-reliability performance. Around 40 percent of sites achieved over 90 percent plant performance, clearly indicating the level of commitment to enhancing reliability.

Manufacturing's key focus areas are to reduce operational risk, achieve effective cost management and increase revenues. With this in mind, we have just completed deployment of IMTYAZ: a new manufacturing transformational program. IMTYAZ aims to develop and deploy a new and comprehensive Manufacturing Excellence Management Standard (MEMS) for Global SABIC Manufacturing sites, helping achieve our 2025 strategy objectives.

SUPPLY CHAIN

As a global leader in the chemicals industry, SABIC's supply chain is complex, with close to 20,000 delivery locations spanning 140 countries. Our Supply Chain and Procurement operations manage the movement of all materials supplied to our manufacturing plants. Once we turn raw materials into SABIC products, the supply-chain operations team and an extended network of logistics service providers execute the planning, scheduling, and delivery of those products to our end-customers.

SABIC has devoted considerable time and attention to improving its supply chain, making it ever more efficient, sustainable, and responsive to the needs of customers. 2016 highlights have come in the areas of sustainability, capability improvements, and organizational refinement.

SUSTAINABILITY

In 2015, SABIC's global Supply Chain organization announced its ambition to be the chemical industry's recognized leader for supply-chain sustainability.

To achieve this, we undertook a number of initiatives to develop standards for good governance in quality, safety, security, efficiency, education, and environmental performance. We are working together with our compliance, governance and enterprise-risk-management functions to strengthen a culture of transparency and accountability across SABIC that will lead us to best practices in global supply-chain governance.

In 2014, we committed to developing new metrics to measure and evaluate the sustainability performance of key processes and materiality areas. In 2015, we launched our first two metrics: the Safety and Quality Assessment System and Respectable Work Conditions. This year we continued developing those metrics and added four more: Carbon Footprint, Supply Chain Incidents, Working Capital Efficiency, and Functional Competency Index.

As part of our extensive change-management campaign, we developed and implemented rigorous data-collection processes and identified and trained the people responsible for validating and reporting our KPI data every quarter. Our Supply Chain Center of Excellence led these and other initiatives to ensure that every SABIC business unit adopts these KPIs and embeds a sustainability mind-set into all of our actions.

We focused on transitioning from definitions to measurement. Going forward, we will prioritize automating metrics-measurement and expanding our initiative implementation to analyze and improve our performance and strengthen our impact.

We launched our Supply Chain Performance Management (SCPM) program to bring our efforts to a higher level. We use SCPM to report on our supply-chain KPIs for both sustainability and other supply-chain metrics. Our focus is on cost management, profitability, delivery reliability, customer satisfaction, planning efficiency, and sustainability performance. The platform provides an effective and descriptive way to visually report supply-chain performance and enable analytics across our value chain.

Through the SCPM program, we can thoroughly validate and measure our supply-chain performance data and quickly prototype new metrics before releasing them widely. The program kicked off with supply-chain cost transparency, and has been able to expand rapidly with maximum leverage of previous programs and FANAR+ global platform implementations. The cost per ton KPI for outbound volumes is live, while various customer-service-related KPIs were at advanced-prototype stage by the end of 2016.

The KPIs are offered in a uniform way across all SABIC. In addition to each key supply-chain KPI, the initiative provides powerful analytics to allow detailed opportunity identification and improvement monitoring, aiding the ongoing drive towards supply-chain excellence. All remaining KPIs are expected to be realized during 2017.

Until recently, it was impossible to monitor "unpowered" transports like rail tank cars and ISO-tank containers. Substitution of low-voltage ATEX-proof satellite communication for GPS now enables supply-chain tracking and monitoring throughout a four-year battery life. SABIC Europe has equipped its 500 leased chemical rail car tankers with this new technology to facilitate emergency response and efficient use of the fleet, highlighting SABIC's supply-chain responsibility in the handling of dangerous goods.

SABIC Americas received a safety award from Union Pacific, America's largest railroad company, and our Agri-Nutrients business' supply-chain management has successfully completed the Responsible Care RC 14001 external audit. To date our Portside Logistics

Facility in Jubail managed to reduce container congestion at Dammam port with close to 230,000 containers; travel distance to port has also been cut by 90 percent, resulting in significant cost and emissions savings.

CAPABILITY

We launched our Supply Chain Academy within the larger SABIC Academy to build strong expertise, develop supply-chain talents and transfer knowledge among our employees as a way to continuously improve our functional-competency performance and develop, attract, and retain top talent in Saudi Arabia.

We offered "Demand planning" as our first Supply Chain Academy course, with SABIC staff training their peers. More than 50 SABIC employees have successfully completed the training, and we expect to expand the offerings to cover all six core supply-chain competencies:

- Environmental, health, safety, and security (EHSS)
- Supply chain execution
- Improvement and optimization
- Demand planning
- Sourcing and contracting
- Customer focus

As part of SABIC's ongoing transformation, an executive team combining representatives from business, Supply Chain management and Corporate Human Resources has been tasked to execute a comprehensive supply-chain-organization design. The team has been assessing and evaluating the current organization, and seeking potential areas of synergy. The new supply-chain structure will take effect at the start of 2017.

PROCESS AND SYSTEMS

The FANAR+ program will ensure a global and uniform platform for standardized planning and operations. The rollout for our Specialties business was completed in 2016, and encompasses all regions in Americas, Europe, and Asia. As part of the project, benzene and derivatives supply-chain staff and processes were incorporated successfully our Petrochemicals business in the Americas.

In the Asia region, SABIC e-commerce portal went live, including in the Chinese language, with Vietnamese to be incorporated in 2017. Investigations are in hand aiming to optimize the documentation process and the management of chartered vessels in SABIC.

INFRASTRUCTURE

Two new eco-ships designed in Germany and built in China will shortly enter service with SABIC. The GasChem Beluga had her maiden voyage in December and GasChem Orca will be delivered in 2017. Both vessels are 187m in length, with a capacity of 36,000 m³ for refrigerated ethane. The vessels are differentiated through three special tri-lobe-shaped cargo tanks and a hydrodynamic design, with the crew accommodation in front, to save fuel and cut CO₂ emissions. Additionally the vessels will run on ethane gas rather than heavy fuel oil, surpassing compliance well ahead of the International Maritime Organization's 2020 0.5 percent sulfur-emission cap on marine fuel. The vessels are expected to save more than 1,200 tons of CO₂ emissions each.

Our new Bahamas hub trialed its first material in August – tangible evidence of what promises to be a great opportunity to expand business in Latin America.

We completed the feasibility and sustainability assessment for the Saudi national rail project to deliver freight between Jubail, Jeddah, and Riyadh. The rail network will allow SABIC to shift 3 million kilometers of truck trips per year to rail, resulting in an 86 percent reduction in greenhouse-gas emissions, 75 percent less fuel consumption, and significantly reduced national road maintenance. We anticipate moving forward with the project in 2017, with completion expected after 2020.

SABIC customers in the UAE used to be exclusively served via road tankers. Leasing a storage tank in Jebel Ali's free trade zone halved our usage of road tankers, cutting costs by 40 percent. This will also reduce emissions by over 1,200 tons a year.

SUSTAINABILITY

SUSTAINABILITY	52
RESOURCE AND ENERGY EFFICIENCY	56
INNOVATION AND SUSTAINABILITY SOLUTIONS	60
WORKING RESPONSIBLY	63



SUSTAINABILITY

STRATEGY

Sustainability is integral to delivering 'Chemistry that Matters™'.

That means embedding sustainability into the business in ways that align with long-term trends and fully take into account economic needs, environmental impacts, and social context. SABIC's sustainability program takes a science-based approach that focuses on the most material business priorities and helps the company analyze global trends, anticipate risks, capture opportunities, and increase our business resilience.

Sustainability is at the heart of our strategy. It guides our allocation of resources to address global trends, to build the processes and programs we need to support change management, to enhance our connections with stakeholders and the communities within which we live and work, to inspire and motivate positive behavioral change among our people, and to report on progress – showcasing our successes and building our brand.

SABIC's operations both depend on and impact multiple capitals – economic, natural, social, and human. We need to meet the challenges of capital availability to build for the future; recognize business risks early and respond swiftly to enhance our business resilience; recognize global challenges, and develop new products and services to turn these challenges into opportunities. Identifying sustainability issues and incorporating them into strategic product decisions has resulted in better nutrients for food growth, packaging for food preservation, and materials for basic needs like shelter, transport, and healthcare.

Our business is energy intensive and relies on natural, mostly non-renewable feedstocks. Availability and pricing are among our main business risks, and sustainability can help both mitigate impact and identify opportunities, such as new feedstocks and energy sources. For example, to address our customers' desire for renewable polymers, teams at our Geleen facility developed ways to produce partially bio-based olefins from waste fats. Embedding sustainability assessments into large capital and technology investments is helping to improve the energy and carbon efficiency of our new plants. Actions to reduce our energy and greenhouse-gas intensities, adopted in 2010 in response to volatile energy prices and the risk of climate pricing, have positively impacted our financial performance.

Sustainability at SABIC focuses on five materiality topics, determined through extensive internal and external research. These help the company set goals to address risks and opportunities and positively impact all key capitals: economic, natural, social, and human.

Our materiality framework, created in 2013, is scheduled for refresh in 2017 to consider external priorities that have emerged in recent years, such as the UN's Sustainable Development Goals and Saudi Arabia's Vision 2030, and to ensure our company priorities continue to be aligned with those of our stakeholders for long-term business success.

We believe that action guided by a sustainability mindset:

- Supports the company's business strategy and ambition
- Informs our thinking on material issues that impact risks and opportunities
- Increases top- and bottom-line growth
- Improves reputation and brand image
- Aids collaboration and advocacy
- Inspires and engages employees, motivating positive behavioral change
- Enhances connections with employees, communities, and customers
- Strengthens our business by building non-financial capital

The business environment in which we operate is more volatile than it was in the past. We believe sustainability can be a catalyst for change: uniting our people in their efforts to address challenges like diversity and inclusion, helping us to understand our financial and environmental impacts, and protecting and enhancing our brand, reputation, and performance – and ultimately the world in which we live.

BUILDING SUSTAINABLE VALUE

(FINANCIAL AND NON-FINANCIAL)



RESOURCE AND ENERGY EFFICIENCY

- Lower bottom-line operating costs
- Resource and carbon efficiency
- More product per unit-feedstock



INNOVATION AND SUSTAINABILITY SOLUTIONS

- Top-line sustainability-solution growth
- Enable customer sustainability goals
- Technologies adapted to future needs



HUMAN CAPITAL DEVELOPMENT

- Positive behavioral change
- Capacity and capability awareness
- Enhanced decision making



EHSS AND PRODUCT SAFETY

- Safe and healthy employees
- Innovative and safer products
- Healthier societies



SUPPLY CHAIN

- Safer, more-efficient transport
- Lower transport costs
- Faster product delivery

SUSTAINABILITY continued

GOVERNANCE

In 2009, the SABIC Executive Committee formalized SABIC’s corporate-sustainability governance structure in order to establish consistent global practices and accelerate the formation of an integrated framework for environmental, social, and economic action.

Accountability for sustainability governance resides with the Sustainability Council, chaired by the CEO and comprised of executives from all of SABIC’s businesses and several corporate functions. The council sets SABIC’s sustainability vision, priorities, and goals; accounts for performance; and approves recommendations.

The council meets twice a year to review our sustainability strategy and discuss progress against key performance indicators and project milestones. The Council Chairman reports on aspects of sustainability to the SABIC Board of Directors.

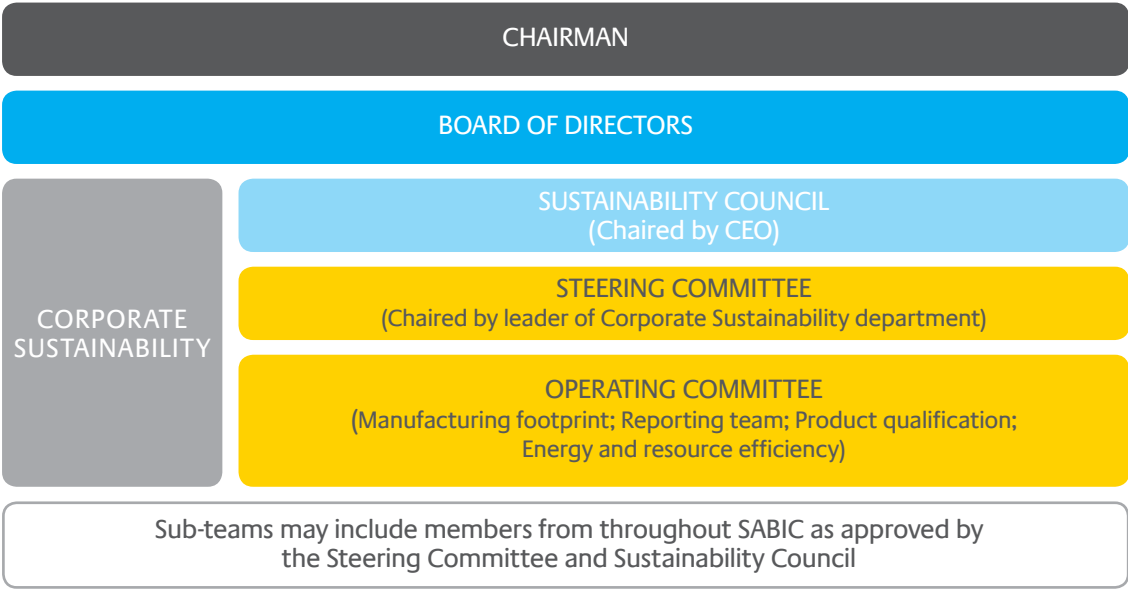
The Steering Committee, led by the leader of the Corporate Sustainability department, is accountable for the execution of strategy and council-defined key initiatives.

Corporate Sustainability connects with all elements of the company: building processes, providing expertise to inform decisions, connecting stakeholders, and inspiring positive change. Originally located within the Technology and Innovation corporate function, Corporate Sustainability has – reflecting its role in enabling engagement, collaboration, and communication between internal and external stakeholders – moved to the new Corporate Affairs function in 2016.

SABIC’s sustainability activities are supported by a network of experts throughout the company – with expert sub-teams set up as needed to empower successful collaboration. For example in 2016, Corporate Sustainability and the Manufacturing corporate function collaborated to develop an Energy Policy, which was reviewed by the committee, accepted by the council, and put into action by the CEO.

SABIC’s businesses and corporate functions are tasked with achieving specific sustainability goals, and a percentage of executive compensation is allocated according to performance against these council-set goals.

SABIC SUSTAINABILITY GOVERNANCE



ETHICS

A CULTURE OF COMPLIANCE

The SABIC Code of Ethics underpins our compliance program and integrates a culture of compliance into every aspect of our daily business.

The code offers clear guidelines governing the behavior of employees in their interactions with colleagues, customers, suppliers, communities, and all other stakeholders.

We ensure that all employees know what is expected of them professionally, and how they can comply, through regular training as well as mechanisms for reporting compliance concerns.

A key component of our compliance program comprises the various channels to raise compliance concerns.

WORKING IN PARTNERSHIP

In 2016, we continued to participate in the Pearl Initiative: the leading independent, not-for-profit institution run by and for Middle East businesses to influence and improve corporate accountability and transparency. A participant since 2013, SABIC collaborates with this organization to bring global best practices to the region.

As a member of the UN Global Compact (UNGC), we have continued to implement the organization’s 10 principles and operate in ways that reflect our fundamental responsibilities in human rights, labor, the environment, and anti-corruption.

2016 saw a major advance in compliance throughout the supply chain with the introduction of our Global Supplier Due Diligence Program, designed to ensure that suppliers comply with our Supplier Code of Conduct; operate to the highest ethical, safety, security, environmental, and labor standards; and adhere to anti-corruption principles.

As a member of the UN Global Compact, we have continued to implement the organization’s 10 principles and operate in ways that reflect our fundamental responsibilities in human rights, labor, the environment, and anti-corruption.

The program includes a rigorous process for the identification, prevention, and mitigation of any human-rights infringements throughout the supply chain. All of our global suppliers are assessed for the risk that they present to SABIC based on the human rights records in their country. Any participant identified as medium- or high-risk through this process (and other risk criteria) receives an additional questionnaire and may be subject to an audit, covering areas such as the use of forced or child labor, hours, wages, and the working and living conditions of workers.

While adherence to the UNGC’s 10 principles will remain a pillar of both our corporate compliance program and our commitment to human rights, we will closely follow any future UNGC initiatives to promote responsible business worldwide. The UN recently launched 17 Sustainable Development Goals – part of the 2030 Agenda for Sustainable Development. One key way of taking our culture of integrity and compliance to the next level is to look at these goals and identify how we can incorporate them into our strategies, policies, and procedures.

RESOURCE AND ENERGY EFFICIENCY

OUR APPROACH

We understand the connection between our business success and global challenges ranging from climate change to resource and freshwater scarcity. By integrating resource and energy efficiency into our strategy, company culture, and operations, SABIC supports the global effort to protect natural capital for future generations in accordance with the expectations of our customers and other stakeholders.

We set four goals for 2025: reduce greenhouse-gas, energy, and water intensities by 25 percent, and material-loss intensity by 50 percent from 2010 levels. Lowering our intensities not only reduces our products' life-cycle impact but also helps us improve operational efficiency and operating costs.

We have continued to make progress on these goals through operational excellence, new technologies, and efficiency projects. SABIC monitors and evaluates the performance of our affiliates, and engages employees across the organization to raise awareness, offer training, share best practices, and inspire new ideas. We invest in immediate, smaller-scale solutions; longer-term actions; and large-scale operational changes for transformational resource and energy-efficiency gains.

OPERATIONAL EXCELLENCE

IMTYAZ (pronounced em-tee-yaz) – the Arabic word for excellence – inspires SABIC's manufacturing culture to ensure that we deliver great value efficiently and effectively. Our multifaceted approach includes the use of global standards and tools, training programs to build staff capabilities, and evaluation of operations and standard-implementation at all SABIC facilities.

Last year, as part of our IMTYAZ program, we developed the Manufacturing Excellence Management Standard (MEMS) to ensure best practices at our operations in organizational effectiveness, work process, and performance management. As part of the IMTYAZ program in 2016, we assessed the data-reporting process and energy-management systems at 20 sites.

Furthermore, as a result of SABIC's new Energy Policy, we will extend this assessment to all significant global sites to identify areas for improvement in our energy-management programs.

We continually monitor existing facilities and evaluate new sites – looking for ways to reduce costs and maximize profits by making more product from the same volume of inputs. When developing new plants, we evaluate sustainability and energy efficiency during design to make sure they are best-in-class.

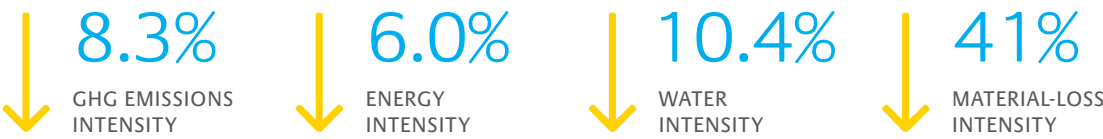
OUR PERFORMANCE

KEY RESULTS

- Established a corporate Energy Policy to ensure the availability of reliable and cost-effective energy, and a commitment to continuous efficiency improvement and best-in-class design
- Achieved a 55 percent reduction in flaring from 2010
- Completed first full year of CO₂-utilization operations for two major projects at our SAFCO and United affiliates, significantly increasing our resource efficiency
- Increased CO₂ purification at our United plant to reach approximately 173 kilotons annually
- Neared the milestone of having zero coal-fired assets in the Americas through start-up of our Mt. Vernon, Indiana, cogeneration plant, with complete commissioning expected in early 2017
- Received the Excellence in Energy Conservation award at our compounding site in Cobourg, Ontario, for a LED-retrofit project, resulting in a one-time lighting rebate of more than US\$80,000 from Hydro One (the largest to be processed through Canada's Save on Energy program)

KEY METRICS AND TRENDS

These metrics provide the reductions in intensity since 2010 for greenhouse-gas emissions, energy use, freshwater use and material loss. The intensities are based on units per metric ton of product sales.



GREENHOUSE GAS

GREENHOUSE-GAS PERFORMANCE AND MANAGEMENT

In recognition of the world's climate challenge, we take action to reduce our greenhouse-gas emissions intensity, support global solutions, and invest in process innovations to reduce our impacts (see the Innovation and Sustainability Solutions section).

We progressed toward our goal to reduce greenhouse-gas emissions intensity, which we measure in metric tons of CO₂ equivalent per metric ton of product sales (tCO₂eq/t product sales), reaching 1.24. We continued our diligence and focused attention on high-impact projects and operational improvements. This was 0.6 percent less than 2015 and 8.3 percent less than our 2010 baseline.

At SABIC's United affiliate, waste CO₂ from the ethylene-glycol plant is purified and transported downstream for use as a feedstock at other affiliates, such as the SAFCO-V urea plant at our SAFCO affiliate, or sold as a product. We significantly improved our energy efficiency and CO₂ utilization, because 2016 was the first full year of operations for both SAFCO-V and the United purification plant. SAFCO-V used more than 699,000 metric tons of CO₂, approximately a 62 percent improvement since 2015, and the United plant reduced CO₂ emissions by purifying 173,000 metric tons. United's positive impact will continue to increase when the plant reaches full capacity.

A new cogeneration plant generating both electricity and steam – replacing coal-fired boilers – neared completion at our site in Mt. Vernon, Indiana. It will reduce the greenhouse-gas emissions intensity by 460,000 metric tons per year.

In order to identify opportunities to reduce greenhouse-gas emissions from olefins crackers, we conducted benchmark studies and opportunity assessments at three SABIC affiliates: Sadaf, Yanpet, and Kemya. The project revealed ways to reduce annual emissions by 350,000 metric tons of CO₂ equivalent.

Another project used high-emissivity, furnace-coating technology in olefins-cracker furnaces at multiple sites to improve heat transfer. At our Sharq affiliate, this reduced energy use by more than 2 percent.

ENERGY

ENERGY PERFORMANCE AND MANAGEMENT

Managing global energy use is a critical way for SABIC to reduce operating costs and environmental impacts. The energy intensity of SABIC, measured in gigajoules of energy used per metric ton of product sales (GJ/t), was 2.3 percent higher than 2015 and 6.0 percent less than our 2010 baseline. Total energy use increased to 771 million gigajoules from 747 million in 2015.

This year, Yousef Al-Benyan, SABIC Vice Chairman and CEO, approved our global Energy Policy, which guides energy management, complements ongoing programs to embed sustainability into our culture and operations, and places a core focus on continuous improvement and innovation.

RESOURCE AND ENERGY EFFICIENCY continued



IMPROVING SUSTAINABILITY PERFORMANCE AT MT. VERNON

We made a major investment at Mt. Vernon, Indiana, our largest manufacturing site in the Americas, in order to improve sustainability performance, increase operational efficiency, integrate world-class technologies, and reduce our products' environmental impact in core SABIC markets.

Scheduled for completion in early 2017, our state-of-the-art cogeneration unit will replace coal with natural gas to produce the majority of the site's steam needs and up to 78 percent of electricity demand. Eliminating the use of coal at Mt. Vernon will reduce the greenhouse-gas footprint by 33 percent from our 2010 baseline – the equivalent of removing roughly 100,000 passenger vehicles from the road annually. We expect this initiative to reduce material losses by 32 percent, primarily because of coal-ash elimination. The project, along with many other SABIC efficiency projects, will significantly reduce the carbon footprint of our materials produced at the site.

Efforts such as these give our customers high-performance and more sustainable products – and they have a positive impact on our communities. To improve our performance, meet our 2025 sustainability targets, and become a world leader in resource and energy efficiency, we are aggressively building our projects pipeline with efficiency upgrades and investments in next-generation technology.

SABIC's Mt. Vernon site will give customers more sustainable products when its cogeneration unit is ready in 2017.

Through this policy, we can ensure our assets are energy efficient, explore traditional energy and renewables, improve the energy efficiency of our products, and pursue cross-site integration.

Under the policy, every employee and contractor has a responsibility towards energy management. To increase our knowledge base, we will execute a new SABIC Energy Expert program for engineers next year. And to complement this work, we are committed to opportunity assessments at our biggest sites.

At most sites, the payoff for energy-efficiency investments is visible, and clearly benefits the bottom line. For instance, reducing steam venting at our SAFCO affiliate lowered the site's fuel consumption and saved 600,000 gigajoules of energy.

We faced challenges from volatile market conditions at some of our affiliates' operations, which had a substantial effect on our energy performance. Low and unpredictable demand for steel required SABIC to interrupt operations, reducing plant efficiency. Despite this, our continued focus on process improvements reduced steel-plant energy consumption. For example, Hadeed's rolling mills are designed to roll previously produced metal pieces (billets) into smaller sections after preheating them to 1,200°C. Prioritizing the use of freshly produced, warm billets before they are fully cooled helped save energy and improve productivity, resulting in savings of US\$430,000 per year with no capital expenditure required.

Our Hadeed affiliate is creating substantial energy savings by implementing a network of chilled water-recirculation piping that spans more than 15 kilometers and replaces stand-alone air-conditioning units serving individual buildings and plants. Hadeed further improved the system by replacing 102 active pumping units with 59 larger, more efficient units equipped with variable-frequency drives. This project saves nine gigawatt hours per year, reduces greenhouse-gas emissions by 7,000 metric tons of CO₂ equivalent per metric ton, and saves the facility more than US\$400,000 annually.

WATER

WATER PERFORMANCE AND MANAGEMENT

Water is an essential natural resource; we focus water-reduction efforts in areas where water costs are high or supplies are stressed.

SABIC's freshwater intensity performance, measured

in cubic meters per metric ton of product sales (m³/t), was 0.4 percent higher than 2015 and 10.4 percent less than our 2010 baseline. Absolute freshwater use by SABIC increased to 119 million cubic meters from 117 million in 2015.

Several of our sites took water-reduction steps, such as less steam venting at our SAFCO affiliate, which reduced freshwater consumption by 180,000 million cubic meters. Our site at Baroda, India, reduced freshwater consumption by 22 percent – or 16,500 cubic meters – from 2015, by identifying new opportunities to recycle water in compounding operations and improving recycled-water quality. Our Sharq affiliate replaced part of the freshwater consumed for steam generation with condensate recycled from manufacturing facilities, reducing freshwater volume by 320,000 cubic meters, improving water intensity by 4 percent, and saving more than US\$1 million.

As noted in the Innovation section of this report, our Hadeed affiliate conducted successful pilots for recycling water with large quantities of dissolved gases – this is expected to reduce water intensity at the plant by 2 percent with no adverse environmental health-and-safety impact. This program requires significantly less capital than an initial plan to fully treat and reuse the water.

MATERIAL LOSS

MATERIAL LOSS PERFORMANCE AND MANAGEMENT

We measure material loss in operations so that we can minimize total process material-losses to flaring, process vents, fugitive losses, hazardous and non-hazardous wastes, and wastewater.

SABIC saw a 17 percent improvement in material intensity from 2015, measured in metric tons per metric ton of product sales (t/t). This was 41 percent less than in 2010. Absolute material loss decreased to 3.2 million metric tons from 3.9 million in 2015.

To address material loss, we focus on flaring and venting reduction: the lowest-cost mitigation opportunities. We emphasize operational excellence by improving reliability, managing shutdowns and turnarounds, and adjusting operations frequently.

We have a special focus on cross-site integration. An

excellent example is the use of waste coke from our Saudi-based affiliates to increase carbon content in our steel products – reducing the use of imported coke. Last year, our affiliates used 140 metric tons of waste coke, and we expect this to grow.

In our 2015 report, we highlighted our Hadeed affiliate's project to capture unused spent gas for use as fuel in burners, lowering the site's consumption of natural gas and electrical power. After more than a year, this initiative has delivered greater-than-expected benefits, reducing flaring by 83 percent and natural gas consumption by 8 percent from 2014 at the steel direct-reduction plant. Overall, gas-flaring and material-loss actions have tremendously improved performance with a 29 percent reduction in waste since 2010.

LOOKING FORWARD

To achieve the goals of our 2025 vision, we will maintain a strong focus on our four core key performance indicators: greenhouse-gas, energy, water, and material-loss intensities, in addition to flaring reduction and the expansion of solutions to utilize CO₂ emissions.

Our plans include the following:

- Implementing high-emissivity furnace coating in additional affiliates to reduce energy consumption and greenhouse-gas emissions
- Commissioning the state-of-the-art, natural-gas-powered cogeneration unit at Mt. Vernon, Indiana, in early 2017
- Returning a mechanical vapor-recompression system to service at the Selkirk site in New York. This system, which has not been used since 2010 due to utility costs, compresses hot vapor from a large distillation column to replace steam as the column's heating source. The project is expected to reduce the site's energy use by about six percent, saving nearly US\$1 million annually
- Conducting sustainability opportunity assessments during the design phase of large-capital projects to ensure that new SABIC plants are highly efficient
- Studying renewable-energy opportunities, especially solar power, to increase the share of clean energy in SABIC's overall portfolio, in line with the objectives of our global Energy Policy

INNOVATION AND SUSTAINABILITY SOLUTIONS

Our investments in innovation secure SABIC's competitive edge today while laying the foundations for future success by creating products and solutions for our core markets: Transportation, Packaging, Agri-Nutrients, Electrical and Electronics, Clean Energy, Construction, and Medical Devices. These are competitive markets, and we must maintain agility to respond to the changing needs of our customers, and take advantage of opportunities in this dynamic environment.

SABIC's investments in process improvements, sustainable products and solutions, and collaborations with leading institutions reduce environmental impact and help the world achieve its sustainable-development goals. We aim to integrate sustainability into all of our products and projects. Our technologists use SABIC's unique sustainability assessment process to evaluate the sustainability impact of every project in its innovation portfolio.

2016 HIGHLIGHTS

- Qualified 10 new sustainability solutions
- Verified more than 170 innovation projects for sustainability benefits and risks, establishing that around 40 percent of the net present value of our innovation portfolio delivers significant sustainability benefits
- Expanded total patent portfolio filings to 12,191 with around 500 new applications
- Signed agreement with Saudi Aramco to conduct a feasibility study on a fully integrated crude-oil-to-chemicals complex, to be located in Saudi Arabia, that would increase economy diversification and job creation
- Collaborated with Toyota in the first use of EXATEC™ plasma-coated polycarbonate glazing on a production-vehicle, rear-quarter window that reduces weight and energy consumption, while significantly improving weatherability and abrasion resistance
- Introduced several new materials with sustainability benefits:
 - Resin portfolio, including SABIC® SUPEER™, SABIC® COHERE™ and SABIC® FORTIFY™, used in flexible food packaging and wrapping materials. These high-performance materials can reduce energy and material use, while offering weight savings of up to 35 percent

- SABIC®POM (unfilled polyoxymethylene or polyacetal) and SABITAL™ glass-fiber-reinforced polyacetal, which are used in molded parts requiring high strength, stiffness, hardness, and resistance to high temperatures
- SABIC® PMMA (polymethyl methacrylate), which can replace glass, providing better performance and weight reduction
- UDMAX™ GPP45-70 tape, a patented HPFIT™ direct-melt impregnation technology using glass fibers and polypropylene resin, enabling higher fiber-content, excellent fiber-spreading and outstanding resin impregnation

Greater collaboration is steadily creating new opportunities, as teams from different companies, industries, and institutions pool their expertise to build more effective solutions faster, and share in the sustainability benefits. At SABIC, we are constantly working to enhance our relationships with key third parties all around the world.

In 2016, the benefits emerging from such collaborations included improvements in oil processing, agricultural harvests, and medical equipment. For example, SABIC and PDI, a leader in healthcare infection-prevention, announced the results of a joint study into how SABIC materials could reduce environmental stress cracking in medical-device enclosures. The study evaluated how SABIC's thermoplastics can withstand repeated exposure to PDI's Super Sani-Cloth® wipes: surface disinfectants widely used to combat infections.

These and other SABIC products give manufacturers new options for more effective and long-lasting medical equipment.

DEVELOPING NEW SUSTAINABILITY TECHNOLOGY

Officially opened in 2016, SABIC's Home of Innovation™ initiative promotes the latest technology in sustainable home construction to help stimulate interest and demand, and grow business locally and regionally. The Riyadh-based center brings together SABIC, our partners, customers, markets, and new materials in an engaging environment featuring a Demonstration Home and a Collaboration Center that inspire visitors to imagine and create a better future.

SUSTAINABILITY SOLUTIONS

TRANSPORTATION

Enabling a safer, smarter, and more efficient world of transportation, our products for cars, trucks, and aircraft can increase safety and fuel efficiency while reducing weight.

For Sweden-based Scania AB's latest-generation truck, SABIC supplied thermoplastic materials for 30 applications, saving about 140 kilograms per vehicle, cutting production costs. This advance, combined with improved power-train efficiency, reduces fuel consumption by 5 percent

In China, we collaborated with Yanfeng, the country's largest supplier of tier-1 automotive exteriors on the design, development, manufacture and sale of exterior and interior parts. Our STAMAX™ material has enabled Yanfeng to reduce the weight of key tailgate components – one of its core products – by about 30 percent.

PACKAGING

Innovative plastics protect food and other products with less materials and packaging weight – conserving natural resources and helping our customers to achieve efficiencies in production, warehousing, transportation, and product use.

Highlights of the year include:

- Qualified eight polymer solutions, including polypropylene foam cups, stretch hoods, and retort pouches
- Substituted dedicated polyethylene-terephthalate grades for glass in packaging pharmaceutical fluids, saving energy and resources
- Reformulated several grades of linear low-density polyethylene and low-density polyethylene to meet the emerging requirements of sensitive applications in healthcare and food packaging
- Worked closely with the Saudi company Takween Advanced Industries – for the 25th year – reducing materials, boosting packaging speeds, replacing metal and paper food packaging, and enhancing its expansive product line

AGRI-NUTRIENTS

We develop solutions in agri-nutrients that not only address food security by increasing crop production, but also reduce environmental impact and promote farmer safety.

We face the challenges of volatilizing and leaching during the application of fertilizers, which can cause the loss of 40 to 60 percent of their nutrients, and impact the atmosphere and groundwater. Our technology teams are working on a novel, organic-based coating for standard urea to improve fertilizer efficiency and minimize nitrogen losses along with the associated environmental impact. We are also evaluating the use of biodegradable-polymer coatings to create controlled-release fertilizers with the same nitrogen content as standard urea.

Knowledge can also benefit farms and the environment. Our Agricultural Awareness Caravan, a campaign for date farmers launched in partnership with the Ministry of Environment, Water, and Agriculture and the Arab Fertilizer Association, helps farmers increase yield, care for trees, manage diseases and pests, and analyze soil and water.

ELECTRICAL AND ELECTRONICS

In electrical and electronics, we provide our customers with the solutions they need while reducing environmental impact and satisfying regulations.

For instance, our portfolio of flame-retardant compounds, made with up to 50 percent recycled material, combines specialty LEXAN™ polycarbonate resin and new flame-retardant additives to produce an excellent high-performance, thin-wall, flame-retardant solution with reduced greenhouse-gas emissions and energy consumption.

Our LEXAN™ and ULTEM™ films enable customers to integrate electronics with plastic parts, reducing space and weight, with enhanced aesthetics. Their uses include automotive center stacks, capacitive switches, LED lighting, wearable devices, and sensors. In one case, films developed in cooperation with TACTOTEK™ helped reduce typical part-weight by 70 percent and thickness by 90 percent compared to traditional electronics devices.

CONSTRUCTION

Our innovative materials help the construction industry meet growing consumer and regulatory demands for energy- and resource-efficient homes and buildings.

INNOVATION AND SUSTAINABILITY SOLUTIONS

Our polyethylene with raised temperature (PE-RT), for example, used for under-floor heating in high-efficiency homes, helps cut energy use and greenhouse-gas emissions. Pipes made from SABIC's new Nexlene PE product line reduces greenhouse-gas emissions and primary energy demand compared to traditional solutions such as copper or cross-linked PE pipes.

Another SABIC construction product, four-meter scaffolding planks made from SABIC STAMAX™ long-glass-fiber-reinforced polypropylene, are lighter weight and longer lasting than traditional wood planks.

SABIC NORYL™ resins, substituted for die-cast brass in water-meter bodies, can reduce part costs by around 30 percent, comply with relevant US and EU regulations, and better resist environmental hazards such as lawn chemicals and chlorinated water.

MEDICAL DEVICES

Our products for the healthcare industry support the needs of a changing market that demands high performance and affordability. Resistance to damage and degradation reduces material consumption over time.

As a leader in materials, SABIC aims to provide solutions that can help manage costs while being highly durable, easy to clean, resistant to chemicals, lightweight, and more sustainable.

Medical electronics maker, Nihon Kohden, selected SABIC's CYCOLOY™ resin to make the enclosure for its Cardiolife automated external defibrillator. CYCOLOY™ resin is flame retardant and offers a balance of impact and flow, improved hydrolysis stability, less residual stress, and good impact and chemical resistance for reduced cracking, which is vital for effective disinfecting, with excellent durability.

As a leader in materials, SABIC aims to provide solutions that can help manage costs while being highly durable, easy to clean, resistant to chemicals, lightweight, and more sustainable.

Novosanis selected SABIC® PP PCGR40 resin as the housing material for a short, thin, almost invisible needle that can be used to administer vaccinations that penetrate only 1mm under the skin, lessening the stress of receiving a shot. The ultra-clear material with enhanced flow provides an extra level of patient safety due to its transparency. The easy-to-use device is dose-sparing, with only 10 percent of the dose needing to be injected compared to regular flu shots in the muscle, which means more people can be vaccinated using the same amount of antigen.

CLEAN ENERGY

With global car ownership rising fast, manufacturers are responding to challenging pollution-reduction targets by turning to electric vehicles. SABIC's high-temperature dielectric films provide high-energy density for film capacitors, accommodating efficient semiconductor chip technology and enabling high-temperature performance, doing away with the need for energy-hungry cooling systems.

Green City, a hybrid city-center district in Zurich, Switzerland, is a flagship development for residential, offices, and retail with best-in-class green solutions and all energy from renewable sources. Pipe-extruder Jansen used SABIC's Vestolen™ A RELY™ 5922R grade to produce the geothermal probes for the groundwater and geothermal heat-recovery systems. The material offers substantial energy savings which can reduce pipe-infrastructure lifetime CO₂.

WORKING RESPONSIBLY

SABIC is committed to maintaining a safe and clean environment, building strong relationships for supply chain success, investing in communities wherever we operate, and ensuring the well-being of employees.

SAFE, SECURE, HEALTHY

EHSS – environment, health, safety, and security – is a top business priority for SABIC because it impacts all four capitals: economic, social, human, and natural.

SABIC thrives in a complex global business environment by committing to continuous improvement in EHSS, quality, and sustainability. This focus keeps our people, customers, and communities safe and enables us to meet a constantly changing global-regulatory environment and customer demands.

We have designed our global EHSS organization in a way that enables us to share expertise and best practices and drive continuous improvement. In 2016, we used “Global EHSS Bulletins” and Global EHSS Town Halls to increase communication with every SABIC employee. Together, we can create an ever-safer work culture and prevent accidental releases to the environment.

Along with our stakeholders, we share high expectations for product safety and performance. We adhere to strict internal and external programs that maintain and improve these standards, respond to global environmental changes, strengthen our foundation of compliance, and set goals that exceed regulatory requirements to continually improve our EHSS performance and increase our overall transparency.

One of our core EHSS commitments is the reduction of environmental emissions. Our goal is to eliminate all accidental releases and minimize other emissions. 2016 is the third consecutive year in which we reduced both the number and volume of accidental releases.

Product safety is a key pillar of SABIC's sustainability strategy. We strive to understand the environmental, health, and safety risks associated with our product portfolio so that we can minimize risks by creating comprehensive chemicals-management strategies throughout our value chain. In 2016, we developed four new product-stewardship themes to guide us in our progress:

- Enhance product safety in the value chain
- Support SABIC growth and compliance initiatives
- Establish fully developed product-safety systems and tools
- Ensure organizational excellence

We have steadily increased our ability to manage compliance in our supply chain, implementing new uniform raw-material and product-regulatory systems, which further embed our risk assessments into product design and help us better manage evolving expectations for hazard communications.

In 2016, our Product Stewardship organization formalized a process to comprehensively characterize product risks based on the information we collect about potential hazards, intended uses, and potential exposures throughout each product's life cycle. To date, SABIC has completed these comprehensive characterizations for 10 of our 50 high-priority chemicals, and we plan to extend this to all 50 chemicals within five years.

Safety and performance are not only key priorities for SABIC; they are also top concerns among customers. Customer product-safety inquiries increase every year, and we use the information submitted through our customer-declarations portal to better understand the trends and meet our customers' needs.

WORKING RESPONSIBLY continued

SUPPLY CHAIN EFFICIENCY

As a global leader in the chemical industry, we have a highly complex supply chain. Our Supply Chain and Global Procurement organizations manage the movement of all materials supplied to and from our plants around the world. Once transformed into SABIC products, the supply-chain operations team and an extended network of logistics service providers execute the planning, scheduling, and delivery of those products to our end-customers.

Supply chain is one of SABIC's top-five materiality categories: improved performance adds value by reducing transportation costs, contributing to our communities, and minimizing our environmental impact. Embedding sustainable practices throughout our global operations saves energy and improves resource efficiency, while driving technological innovation and reducing cost.

In 2016, we undertook a number of initiatives, centered on our key performance indicators (KPIs), which are designed to track our performance in quality, safety, respectable working conditions, efficiency, education, and environmental care. We worked hard to reinforce and continually improve a culture of transparency and accountability across SABIC that will help us build best practices into our global supply-chain governance.

The Safety and Quality Assessment System evaluates the quality, safety, security, and environmental performance of our chemical logistics service providers. The system uses questionnaires and independent inspection teams and is tailored for the chemical industry by auditors using best practices. In 2016, we continued to improve our suppliers' SQAS performance and are pleased to report that we maintained our 2015 success of having 100 percent of suppliers of dangerous goods achieve compliance.

Every person who conducts business for SABIC must abide by our Supplier Code of Conduct, which requires compliance with all labor and employment laws, including health and safety and fair employment. An adapted version was launched at the beginning of 2016 to promote safe and humane working conditions.

We have continued to require that every supplier, including logistics service providers, follow our lead: our Respectable Work Conditions metric tracks the percentage of key suppliers formally accepting and agreeing to these principals. In 2016, 69 percent of our suppliers were in compliance with our RWC metric.

One key factor to improve our Carbon Footprint metric is calculating the greenhouse-gas impact of specific projects. Two areas of particular focus this year have been route-optimization efforts and the development of a new generation of eco-friendly vessels powered with clean ethane gas rather than heavy fuel oil. The ships were designed with new, hydrodynamic features, including crew quarters in the bow instead of stern, and three special tri-lobe-shaped cargo tanks that save fuel and reduce emissions.



Reported zero major incidents for the year in the supply chain



SABIC's Supply Chain and Global Procurement organizations manage the movement of all materials supplied to and from the company's plants around the world.

We analyzed the performance and efficiency of our polymers business' logistics network. Initiatives emerging from the analysis, including reducing the number of hubs, are set to cut emissions and save over US\$2 million a year. In our Asian operations, switching from palletized containers to bulk has improved efficiency and cut emissions from shipping as well as reducing usage of bags, shrink-film, and wooden-pallet packaging.

Our Working Capital Efficiency metric tracks the working capital, measured in days, currently in use to operate the business, and thereby the operational liquidity of our company. Fewer days indicates greater efficiency. Inefficient operations impact both our financial performance and the environment. In 2016, we set the baseline, giving us a solid benchmark from which to improve our performance.

In 2016, we expanded our Functional Competency Index to include a comprehensive assessment, carried out by the SABIC Academy, of more than 350 employees and 110 managers. The purpose of this new KPI is to determine whether the supply-chain human-capital programs are improving the competency of all SABIC supply-chain professionals and to understand where they could benefit from continuing training and education.

Our Supply Chain Incident Reporting KPI measures safety performance to help identify areas for improvement and offer a platform for benchmarking internally and externally. Our reporting system includes incidents at our logistics service providers' operations to help them improve their safety and financial performance by reducing accidents and improving delivery performance.

WORKING RESPONSIBLY continued

GIVING BACK

In 2015, SABIC's global corporate and social responsibility strategy, RAISE (Reputation, Audience, Innovation, Strategy, Endurance), was launched to engage employees in our social-responsibility efforts. In 2016, RAISE was implemented globally, with four priority focus areas – Science and Technology Education, Environmental Protection, Health and Wellness, Water and Sustainable Agriculture – to strengthen community relationships in four continents.

RAISE promotes giving back to the communities where we work and live. It aims to maximize SABIC's social-responsibility impact by developing and implementing innovative initiatives and encouraging employee participation and volunteerism. RAISE programs and volunteer opportunities all support the designated priority categories.

The RAISE priorities were created before the launch of the UN's Sustainable Development Goals: we were encouraged to see how the two sets of principles match.

IMPROVING OUR COMMUNITIES

We have a clear strategy for serving communities: we focus on specific areas, carefully selected for their potential to achieve a clear, positive, and lasting impact. Most of our social-responsibility initiatives are volunteer-driven, and the company supports its people in supporting others. More than 2,100 employees were engaged in RAISE volunteer programs.

SCIENCE AND TECHNOLOGY EDUCATION

In 2016, the Back to School program distributed school bags among students in Saudi Arabia, China, Brazil, Argentina, South Africa, Singapore, India, and the United States. The program also renovated schools, and conducted workshops for students.

The 'SABIC Science Caravan' takes advanced education to communities to encourage and nurture interest in science and innovation among the young. In 2016, the caravan reached more than 43,000 students in 11 cities in Saudi Arabia. This was up from 25,000 students in seven cities last year. In addition, SABIC supports an Agricultural Awareness Caravan, which showcases specialized farming methods.



ENVIRONMENTAL PROTECTION

Lights of our Future, which seeks to instill the principle of environmental protection and sustainable living in children, reached more than 2,000 students in Singapore and China, gaining an enthusiastic welcome from employee volunteers at an inaugural train-the-trainers session.

Waste-Free Environment – a global initiative to highlight the significance of waste recycling – reached out to people in a number of Saudi cities in addition to several countries in Europe, Africa, the Middle East, and Asia.

Landscape restoration in Spain was supported in the village of La Aljorra, where employees and local residents volunteered to plant more than 500 local plant species in addition to reforestation and beach clean-up.

HEALTH AND WELLNESS

The NEBRAS campaign, a project for drug prevention in Saudi Arabia, in cooperation with the National Committee for Combating Drugs, was inaugurated by the Crown Prince, Mohammed bin Naif bin Abdulaziz, Deputy Prime Minister, Minister of Interior, and President of the National Committee for Combating Drugs. The project has become an umbrella under which all Saudi anti-drug initiatives operate.

The Autism Research Center, a US\$12 million project in collaboration with the King Faisal Specialist Hospital and Research Center, provides support for medical research and treatment of autistic children.

A mental-health and addiction treatment project provides specialized health services, mental-health care, and addiction treatment for sufferers.

WATER AND SUSTAINABLE AGRICULTURE

SABIC was one of the co-founders of the Estidamah center in the Riyadh Techno Valley, King Saud University, along with the Ministry of Environment, Water, and Agriculture. The center undertakes research on innovative ways to reduce water use, increase food production and improve the quality and transfer of agricultural technologies to promote sustainable agriculture.

DEVELOPING EMPLOYEES

Our Learning and Development program this year continued to benefit SABIC managers, executives, and employees. The total lifetime value-add of our education and training programs has been estimated at more than US\$250 million per year.

And this year SABIC was named a top employer in Asia Pacific (for the fourth consecutive year), Europe (for the third consecutive year), and Mexico (for the second consecutive year).

In 2016, we:

- Completed the pilot of our formal competency-assessment process, which evaluates employees based on the required competencies for their current role. To date, 3,000 employees have completed the process.
- Continued to use the Technical Ladder process for the advancement of technical expertise within SABIC, with 2016 seeing more than 600 employees nominated as part of advancement process



SABIC CYCLISTS RAISE \$6,000 INSPIRED BY BRAVE JACK

In the U.K., a team of five cyclists from our Teesside plant completed a nearly 500-mile bike ride to the Netherlands and back to raise over \$6,000 for children who suffer from neurological conditions. This team was inspired by a colleague's young son who has a rare and severe neurological disease



\$6,000

RAISED FOR THE CHARITY

OUR BUSINESSES

PETROCHEMICALS	70
SPECIALTIES	71
AGRI-NUTRIENTS	72
METALS	73
MANUFACTURING COMPANIES	74
GLOBAL DIRECTORY	78



PETROCHEMICALS

“2016 was a year of transformation for us, with the merging of our Chemicals and Polymers businesses into a single unified petrochemicals powerhouse.”



**ABDULRAHMAN
AL-FAGEEH**

Executive Vice President
Petrochemicals

THE YEAR

2016 was dominated by the restructuring of SABIC SBUs, undertaken to align our business to customer needs, with Chemicals and Polymers united into a single organization, with the remit of optimizing our portfolio to the requirements of our commodities customers. Following the change, we have progressed the process of integration and begun to pursue opportunities for synergies and efficiency improvement throughout the value chain, looking to accelerate our growth in the years ahead.

THE HIGHLIGHTS

Our sustainability initiative, the world's largest CO₂ capture and utilization plant at United, continues to serve a network of affiliates, processing up to 500,000 tons of CO₂ every year.

We introduced a new range of metallocene polyethylene and ethylene-octene copolymer products – SABIC SUPEER™, SABIC COHERE™ and SABIC FORTIFY™, which are excellent candidates for a wide range of applications including packaging, film and laminates. They are produced using Nexlene™ – a leading-edge technology combining solution process and a proprietary metallocene catalyst.

The PBT team achieved a major milestone in 2016 with the successful start-up and commercialization of all existing PBT grades from the new PTA-based process. The project involved changing not only the key monomer in the PBT process, from DMT to PTA, but the entire front end of the plant, from a Lurgi-Zimmer design to a new Udhe Inventa-Fisher ESPREE tower reactor system.

Our technical team identified a significant new opportunity in the water tank market, responding by successfully positioning HDPE grades-ICP49007S and B5403 for large blow molded water tanks.

SABIC's FANAR+ was a milestone for our business. We adapted efficiently to this business transformation program, that brings all businesses onto a single, integrated Enterprise Resource Planning platform.

THE FUTURE

We will continue to focus on better serving our customers: engaging more, listening more closely, and adapting our capabilities to deliver.

Our development pipeline is packed with potential, with innovative products geared to meet the needs of customers from automotive to aerospace, from packaging to household goods.

Through proactive listening, innovative thinking, and enhanced production and process control, we will continue to pursue our objectives and work toward our vision: to be the preferred world leader in chemicals.

SPECIALTIES

“In 2016, Specialties successfully transformed itself into a united, streamlined, highly-focused unit, driven by the needs of our customers, and in excellent shape to fulfill our 2025 strategic ambitions.”



**ERNESTO
OCCHIELLO**

Executive Vice President
Specialties

THE YEAR

2016 was a year of consolidation, stabilization, and preparation for growth. Specialties business fine-tuned its 2025 ambition and related strategy, getting itself into good shape to deliver a strong contribution in SABIC's next five year cycle. We completed the successful divestiture of our US-based Polymers distribution business, and realigned key business initiatives and our innovation portfolio to our new market-focused strategy.

THE HIGHLIGHTS

Our teams enhanced the performance and positioning of our advanced solutions in aerospace and healthcare, meeting the most stringent toxicity, flame and compatibility regulations and standards in sensitive applications.

In thermoplastic composites, we made significant progress toward meeting rigorous customer requirements for both glass-fiber and carbon-fiber based unidirectional tapes, promising significant improvements in weight, while reducing processing waste, improving yield, and maintaining or even improving performance. Sales also started at the fiber-reinforced thermoplastics tape (FRT) joint venture.

Nanotechnology-based innovations continue to offer exciting prospects for step-change in cost-performance in multiple applications. We continued to progress our nanotechnology initiatives, with commercial sales at our US Black Diamond Structure joint venture, while also advancing internally on related opportunities aligned with our business strategy.

In October we took on the ambitious challenge of global implementation of the FANAR+ initiative, to replace over 100 disconnected operating systems with one consistent, integrated, transparent and cost-effective SAP system.

THE FUTURE

We will develop new, better products and services, from special additives, tailored manufacturing solutions, and advanced thermoplastics composites to SABIC PPO™ (Polyphenylene Oxide) oligomers and other unique and technically sophisticated materials.

Excellence in manufacturing, supply chain, commercial, application development, and technical service will be among our key focuses in 2017 and beyond, to ensure that every touch point, every day, confirms to our customers the value of working with us.

AGRI-NUTRIENTS

“We will continue to combine technical expertise with a can-do attitude to better serve our customers, and meet the emerging needs of the agricultural sector, all around the world.”



**ANAS
KENTAB**

Executive Vice President
Agri-Nutrients

THE YEAR

This year Agri-Nutrients business continued to increase production while cutting cost out of the supply chain, and undertook numerous initiatives to take its expertise to the market. All around the world, our people are going out to meet with our customers, listen to their concerns, share the latest information on how to get the best out of our products, and work with them to achieve our shared mission: to meet the world's ever increasing need for food.

THE HIGHLIGHTS

New agri-nutrient products were developed this year to meet the needs of customers in Saudi Arabia and the Middle East region, following up the previous year's launch of a new NPK fertilizer for date palm and the release of two specific nutrients for vegetable crops 18-18-5 + 9 sulphur and tubers crop nutrient 11-29-19 + 6 sulphur.

In our quest to improve our plants' performance, we completed a project in the Al-Bayroni ammonia plant to improve natural gas-specific consumption, resulting in an increase in ammonia production, which eventually increased urea output.

SABIC completed the construction of the Estdamah Agricultural Research Center at the Riyadh Techno Valley, King Saud University. The Center has been established to support the vision of the Ministry of Agriculture, with the primary goal of promoting sustainable agriculture in Saudi Arabia. It is using technologically advanced

research and is collaborating with the agricultural community to support more sustainable agricultural techniques.

In September, 2016, the construction of the ammonia plant of the Maaden Waad Al Shamal Phosphate Company, a SABIC joint venture, was completed and trial operations begun. The new plant has a capacity of 1.1 million metric tons.

As a result of reliability programs in 2016, we significantly reduced unscheduled shutdown days by 55 percent.

Most of our plants have met Saudi Energy Efficiency Program targets, even exceeding the requirements, while some are close to meeting the target.

Supply chain efficiencies contributed over 100,000 tons of additional urea, boosting sales income to nearly US\$19 million; stock management upgrades improved working capital by nearly US\$5 million; enhanced urea and ammonia production management, increased income considerably; and revisions to long-term contracts and other initiatives, brought savings of nearly US\$5.3 million.

THE FUTURE

Due to fast transforming global agri-nutrient markets, SABIC is continuing to develop more products that enrich its business portfolio, including crop-specific nutrients, water-soluble nutrients, slow release fertilizers and other specialty nutrients. These products are targeted more closely to meet market needs due to a decline in arable land per person, a drive by farmers to increase their yields per hectare, a fast changing diet in developing economies, and more stringent government regulations on nutrient loss.

We will continue to develop new growth initiatives and focus on delivering better customer service – building on this year's successful establishment of a new global customer service function – and reaching out to the communities we serve, working closely with farmers to help them use our products ever more effectively.

We will capitalize on SABIC's strong position in commodity nutrients, focusing on strategic markets, such as Saudi Arabia, India, Africa, Asia, Oceania and Americas.

METALS

“The Metals business this year focused on major projects, with a view to maintaining and further strengthening its leading position within the regional industry, while seeking new markets globally.”



**ABDULAZIZ S.
AL-HUMAID**

Executive Vice President
Metals

THE YEAR

In a challenging year, Metals employed a flexible pricing strategy to achieve a good market share in Saudi Arabia, while moving energetically into new markets. The business focused its efforts on sales of high-value products such as high carbon and earthquake-resistant long products, while moving into new market sectors such as fire extinguishers, which promise good returns over the next few years. Overall, Metals worked hard to keep sales at substantially good levels, reduce inventories, and strengthen customer relationships, leaving the business in good shape to address the challenges ahead.

THE HIGHLIGHTS

For some operations, SABIC's energy performance was challenged by volatile market conditions that had a substantial effect on our energy performance, interrupting operations and reducing plant efficiencies. To counter these factors, Metals took a number of initiatives such as cost optimization, through cuts in FTE and contracting; better management of fixed costs; innovation, including a number of sustainability initiatives; and enhanced strategic pricing, through quotations control and value-based pricing.

The third year of the Takamul Project in Mauritania saw completion of the bulk of drilling & several explorations activities. In addition, the launch of banking feasibility studies started by December 2016, with the appointment of an international consultant to undertake full and comprehensive studies including technical, financial, environmental, geological, hydrological and geotechnical.

In addition, Metals filed for 12 new patents. The business also took some new initiatives such as enhanced raw material utilization by improving yield with screen modification, usage of alternative iron ore grades to reduce production cost, potential utilization of bag house dust at cement companies, and extraction of zinc oxide.

The Saudi Iron & Steel Company (Hadeed) was one of nine companies to win the King Abdul Aziz Quality Award (KAQA) for the large productive enterprise sector. The award recognizes the company's progress in implementing Total Quality Management systems, increasing the employment of Saudis, and investing in developing their skills.

THE FUTURE

With the merger of the Metals business with Hadeed in 2017, we will continue to work to improve operational efficiency under the new structure. Simultaneously, our efforts will continue to focus on investing in human resources to develop new products and find new markets.

We will also intensify our sustainability initiatives. This year 95 percent of milestones of major sustainability projects were successfully completed. We also enhanced our sustainable products portfolio by adding three new products. Special emphasis is also being laid on further improvement in energy performance.

MANUFACTURING
COMPANIES

COMPANY	LOCATION	PARTNERSHIP	PRODUCTS
Alba ^M Aluminium Bahrain**	Bahrain	SABIC Industrial Investments Company (20%), State of Bahrain (77%), Brenton Investments, Germany (3%)	Aluminum (liquid metal, ingots, rolling slabs, and billet)
Al-Bayroni ^{A P} Al-Jubail Fertilizer Company	Al-Jubail, Saudi Arabia	A 50/50 SABIC joint-venture with Taiwan Fertilizer Company	Ammonia, urea, 2-ethyl hexanol, and DOP
Ar-Razi ^P Saudi Methanol Company	Al-Jubail, Saudi Arabia	A 50/50 SABIC joint-venture with a consortium of Japanese companies led by Mitsubishi Gas Chemical Company	Chemical-grade methanol
GARMCO ^M Gulf Aluminum Rolling Mill Company**	Bahrain	SABIC (31.28%), Kuwait (16.97%), Bahrain (38.36%), Iraq (4.12%), Oman (2.06%), Qatar (2.06%), and Gulf Investment Corporation (5.15%)	Aluminum sheets and can stocks
Gas ^P National Industrial Gases Company	Al-Jubail, Saudi Arabia (head office); Yanbu, Saudi Arabia (branch)	SABIC (70%) and a group of Saudi Arabian private-sector companies (30%)	Oxygen, nitrogen, argon and krypton/xenon (Al-Jubail); oxygen and nitrogen (Yanbu)
GPIC ^{A P} Gulf Petrochemical Industries Company**	Bahrain	Joint-venture with equal partnership for the Petrochemical Industries Company of Kuwait, State of Bahrain, and SABIC	Methanol, ammonia, and urea
Hadeed ^M Saudi Iron and Steel Company	Al-Jubail, Saudi Arabia	A wholly owned affiliate of SABIC	Steel rebar, wire rod, hot-rolled coils, cold-rolled coils, galvanized coil, and flat-steel products
Ibn Al-Baytar ^A National Chemical Fertilizer Company	Al-Jubail, Saudi Arabia	SABIC, 71.5%	Ammonia, urea, compound fertilizer, phosphate, and liquid fertilizer
Ibn Rushd ^P Arabian Industrial Fibers Company	Yanbu, Saudi Arabia	SABIC, 48.07%	Aromatics (xylenes and benzene), purified terephthalic acid (PTA), bottle-grade chips, PET, and acetic acid
Ibn Sina ^P National Methanol Company	Al-Jubail, Saudi Arabia	SABIC (50%), CTE (50% – owned by Elwood Insurance Ltd., 25%, and Texas Eastern Arabian Ltd., 25%)	Chemical-grade methanol and MTBE

- ^P Petrochemicals
- ^A Agri-Nutrients
- ^M Metals
- ^S Specialties

COMPANY	LOCATION	PARTNERSHIP	PRODUCTS
Ibn Zahr ^P Saudi European Petrochemical Company	Al-Jubail, Saudi Arabia	SABIC (80%), Ecofuel-Italy (10%), Arab Petroleum Investment Corporation APICORP (10%)	MTBE and polypropylene
Kemya ^P Al-Jubail Petrochemical Company	Al-Jubail, Saudi Arabia	A 50/50 SABIC joint-venture with ExxonMobil (USA)	Polyethylene (LDPE, LLDPE), ethylene, carbon black (CB), polybutadiene rubber (PBR), styrene butadiene rubber (SBR), ethylene propylene diene monomer (EPDM), regular butyl (RB) and halo butyl (HB)
Petrokemya ^{S P} Arabian Petrochemical Company	Al-Jubail, Saudi Arabia	A wholly owned affiliate of SABIC	Ethylene, polystyrene, butene-1, propylene, butadiene, benzene, polyethylene, VCM, S-PVC, and ABS
Sadaf ^P Saudi Petrochemical Company	Al-Jubail, Saudi Arabia	A 50/50 SABIC joint-venture with Shell Chemicals Arabia, LLC (an affiliate of Royal Dutch Shell)	Ethylene, crude industrial ethanol, styrene, caustic soda, ethylene dichloride, and MTBE
SAFCO ^A Saudi Arabian Fertilizer Company	Al-Jubail, Saudi Arabia	SABIC (42.99%), GOSI and Public Pension Agency (15.4%), public shareholders (41.61%)	Ammonia, urea, and urea formaldehyde
SABIC US Holdings LP ^S	Bay St. Louis, Mississippi, USA	A wholly owned affiliate of SABIC	CYCOLAC™, CYCOLOY™, and GELOY™ resins
SABIC International Holdings BV ^S	Bergen op Zoom, Netherlands	A wholly owned affiliate of SABIC	LEXAN™, XENOY™, NORYL™, NORYL™ GTX™ and VALOX™ resins; LEXAN™ sheet, and film
SABIC US Holdings LP ^S	Burkville, Alabama, USA	A wholly owned affiliate of SABIC	LEXAN™ resin
SABIC International Holdings BV ^S	Cartagena, Spain	A wholly owned affiliate of SABIC	LEXAN™, EXTEM™, ULTEM™, and CYCOLOY™ resins
SABIC US Holdings LP ^S	Mt. Vernon, Indiana, USA	A wholly owned affiliate of SABIC	LEXAN™, CYCOLOY™, ULTEM™, VALOX™, XENOY™, XYLEX™, SUPEC™, and SILTEM™ resins, LEXAN™ sheet and film, and ILLUNINEX™ display film
SABIC US Holdings LP ^S	Ottawa, Illinois, USA	A wholly owned affiliate of SABIC	CYCOLAC™, CYCOLOY™, and GELOY™ resins

MANUFACTURING
COMPANIES continued

COMPANY	LOCATION	PARTNERSHIP	PRODUCTS
SABIC US Holdings LP ^S	Selkirk, New York, USA	A wholly owned affiliate of SABIC	PPO™ resin, NORYL®, NORYL PPX® and NORYL GTX® resins, and high-impact polystyrene (HIPS)
SABIC Petrochemicals B.V. ^P	Geleen, Netherlands	A wholly owned affiliate of SABIC	Polyethylene (HDPE, LDPE, LLDPE), polypropylene, ethylene, propylene, butadiene, MTBE/ETBE, benzene, gasoline components, styrene, C9 resin feed, cracked distillate, acetylene, hydrogen, and carbon-black oil
SABIC UK Petrochemicals Ltd ^P	Teesside, UK	A wholly owned affiliate of SABIC	Ethylene, propylene, benzene cyclohexane, cracked distillate hydrogen, butadiene, polyethylene (LDPE)
SABIC Polyolefine GmbH ^P	Gelsenkirchen, Germany	A wholly owned affiliate of SABIC	Polyethylenes (HDPE, LLDPE) and polypropylene
SAMAC ^P Saudi Methyl Acrylate Company	Al-Jubail, Saudi Arabia	A 50/50 joint venture with Mitsubishi Rayon Company	Methyl Methacrylate (MMA), polymethylmethacrylate (PMMA)
SSTPC ^P SINOPEC SABIC Tianjin Petrochemical Co. Ltd.	Tianjin, China	A 50/50 joint-venture between SABIC Industrial Investments Company and SINOPEC (China Petroleum & Chemical Corporation)	Ethylene, propylene, polyethylene (HDPE, LLDPE), polypropylene, ethylene oxide, MEG, DEG, phenol, acetone, MTBE, butadiene, and butene-1
Saudi Kayan ^S ^P Saudi Kayan Petrochemical Company	Al-Jubail, Saudi Arabia	SABIC (35%), public shareholders (65%)	Ethylene, propylene, polypropylene, LDPE, HDPE, ethylene glycol, acetone, polycarbonate (PC), ethanolamines (EOA), ethoxylates, bisphenol A, benzene, normal butanol, and natural-detergent alcohol (NDA)

- ^P Petrochemicals
- ^A Agri-Nutrients
- ^M Metals
- ^S Specialties

COMPANY	LOCATION	PARTNERSHIP	PRODUCTS
Sharq ^P Eastern Petrochemical Company	Al-Jubail, Saudi Arabia	A 50/50 SABIC joint-venture with a consortium of Japanese companies led by Mitsubishi Corporation	Ethylene, propylene, aromatics (BTX), ethylene glycol (mono, di, tri), linear low-density polyethylene (LLDPE), and high-density polyethylene (HDPE)
Shrouq ^P Saudi Japanese Acrylonitrile Company	Al-Jubail, Saudi Arabia	SABIC (50%), ASAHI Kasei Chemicals Corporation (30%), and Mitsubishi Corporation (20%)	Chemicals
SOCC ^P Saudi Organometallic Chemicals Company	Al-Jubail, Saudi Arabia	A 50/50 joint-venture between Saudi Specialty Chemicals Company and Albemarle Netherlands BV	Tri-ethyl aluminum (TEAL)
Specialty Chem ^P Saudi Specialty Chemicals Company	Al-Jubail, Saudi Arabia	Wholly owned affiliate of SABIC (Arabian Petrochemical Company – Petrokemya, 99%, and SABIC Industrial Investments Company 1%)	TPO/PP compounds, ETP/PC compounds, PC/ABS compounds, and specialty products
SSNC ^P SABIC SK Nexlene Company	Ulsan, South Korea Corporate headquarters: Singapore	A 50/50 joint venture with SK Global Chemical	Metallocene linear low density polyethylene (mLLDPE), polyolefin plastomers (POP), polyolefin elastomers (POE)
United ^P Jubail United Petrochemical Company	Al-Jubail, Saudi Arabia	SABIC (75%), Pension Fund (15%), General Organization of Social Insurance (10%)	Ethylene, polyethylene, ethylene glycol (EG), and linear-alpha olefins (LAO)
Yanpet ^P Saudi Yanbu Petrochemical Company	Yanbu, Saudi Arabia	A 50/50 SABIC joint-venture with Mobil Yanbu Petrochemical Company (an affiliate of ExxonMobil Chemical, USA)	Ethylene, polyethylene, ethylene glycol, polypropylene, pyrolysis gasoline, propylene, and hydrogen
Yansab ^P Yanbu National Petrochemical Company	Yanbu, Saudi Arabia	SABIC, 51.95%	Ethylene, propylene, ethylene glycol (mono, di, tri), linear low-density polyethylene (LLDPE), high-density polyethylene (HDPE), polypropylene, butane-1, benzene, toluene/xylene mixture, and MTBE

* Brands marked with ™ are trademarks of SABIC
** SABIC joint-ventures in Bahrain

This list includes all manufacturing affiliates (with the exception of compounding facilities), as wholly owned by SABIC or to which SABIC is partner. It includes each affiliate's location, types of products produced, and if not wholly owned, the percentage owned by SABIC in such affiliate. A full list comprising the total SABIC group holdings worldwide is available on: <http://www.sabic.com/corporate/en/ourcompany/manufacturing-affiliates/sabic-manufacturing-affiliates>.

GLOBAL DIRECTORY

ALBANIA**SABIC Greece MEPE**

Cosmos Offices
Agiou Georgiou 5
Patriarchiko Pylea
Thessaloniki, Greece
T: +30 231 308 0310
F: +30 231 308 0319

ARGENTINA

Argentina S.R.L.
Descartes
3668 ZIP B1661AYF
Tortuguitas
Buenos Aires, Argentina
T: +52 232 055 2800
F: +54 232 055 2831

ARMENIA**SABIC Dubai**

PO Box 25892
Dubai UAE
T: +971 44 355 888
F: +971 44 230 810

AUSTRALIA**SABIC Australia Pty Ltd**

Suite 2, level 4
1C Grand Avenue
Rosehill, 2142
New South Wales
T: +1800 649 112
F: +61 2 9684 5927

SABIC Innovative Plastics

Australia Pty Ltd.
Suite 2, Level 4
1C Grand Avenue
Rosehill 2142
New South Wales, Australia
T: +1 800 649 112
F: +61 2 9684 5927

AUSTRIA**SABIC Deutschland GmbH**

Ernst-Gross-Str. 24
40219 Dusseldorf
Postfach 104865
40039 Dusseldorf, Germany
T: +49 211 171 400
F: +49 211 171 40101

SABIC Innovative Plastics GmbH & CoKG

Pottendorfer Strasse 47
2700 Wiener Neustadt
Austria
T: +43 262 239 031
F: +43 262 239 020

SABIC Innovative Plastics Aus GmbH

Dr. Karl Lueger Ring 10
1010 Wien, Austria
T: +43 26 22 39 00

AZERBAIJAN**SABIC Turkey****SABIC Petrokimya Tic. LTS STI**

Plastikler San. Tic.A.S.
Saray Mah. Dr. Adnan
Buyukdeniz Cad
Akkom Ofis Park Cessas
Plaza B Block 20 – 21 Floor
Umraniye Istanbul, Turkey
T: +90 21 66 365 000
F: +90 21 66 365 050

BAHRAIN**ALBA (Aluminum Bahrain)**

(Regional joint-venture)
PO Box 570, Manama
Bahrain
T: +97 317 830 000
F: +97 317 662 120

Gulf Petrochemical Industrial Co.

(Regional joint-venture)
PO Box 26730, Manama
Bahrain
T: +97 317 731 777
F: +97 317 731 047
E: gpic@gpic.com

Gulf Aluminium Rolling Mill Co.

(Regional joint-venture)
N. Sitra Industrial Area
PO Box 20725, Bahrain
T: +97 317 731 000
+97 317 734 600
F: +97 317 730 542
E: sales@garmco.com

BALTIC STATES**SABIC Eastern Europe**

Kosmodamianskaya
Naberezhnaya 52, Bld 1
115054, Moscow, Russia
T: +7 985 766 69 14
+7 495 287 92 03
F: +7 495 287 92 02
E: salescisbaltics@sabic.com

BELARUS**SABIC Eastern Europe**

Kosmodamianskaya
Naberezhnaya 52, Bld 1
115054, Moscow, Russia
T: +7 985 766 69 14
+7 495 287 92 03
F: +7 495 287 92 02
E: salescisbaltics@sabic.com

BELGIUM**SABIC Sales Europe**

PO Box 5151, 6130 PD Sittard
The Netherlands
T: +31 467 222 381
F: +31 102 644 822
E: sales.benelux@sabic.com

SABIC Belgium N.V.

Geleenlaan 35, B-3620
Genk, Belgium
T: +32 895 747 07

BOSNIA AND HERZEGOVINA**SABIC Hungary Kft.**

Duna Tower Office Building
Népfürdő u. 22
B Building, 10th Floor
1138 Budapest
Hungary
T: +36 188 933 36
+36 188 933 37
F: +36 188 933 38

BULGARIA**SABIC Greece MEPE**

Cosmos Offices, Agiou Georgiou
5 Patriarchiko Pylea, Thessaloniki
Greece
T: +30 231 308 0310
F: +30 231 308 0319

BRAZIL

South America – Indústria e
Comércio de Plásticos Ltda.
Av. Pedroso de Moraes
1553 – cj. 42
05419-001 São Paulo – SP
Brazil
T: +55 113 708 0500
F: +55 113 708 0505

South America – Indústria e
Comércio de Plásticos Ltda.
Rua Manoel Thomaz, 545
13067-190 Campinas – SP
Brazil
T: +55 193 781 1000
F: +55 193 281 2144

CANADA

1 Structured Products Drive
Long Sault
Ontario K0C 1P0
Canada
T: +90 553 481 99
F: +90 553 492 20

44 Normar Road P.O. Box 2004
Cobourg, ONK9A 4L7
Canada
T: 905-372-6801
F: 905-373-3994

CHINA**SABIC (Shanghai) Trading Co. Ltd.****SABIC Technology Center**

2550, Xiupu Road
Pudong Shanghai 201319
China
T: +86 21 2037 8118
F: +86 21 2037 8288
E: sappl-sro@sabic.com.cn

SABIC (Shanghai) Trading Co. Ltd.

Beijing Branch
Tower C, Beijing Yintai Centre
No. 2
Jianguomenwai Street
Chaoyang District
Beijing 100022
China
T: +86 106 648 5888
F: +86 108 529 6781
E: stcl-bej@sabic.com.cn

SABIC (Shanghai) Trading Co. Ltd.

Shenzhen Branch
Unit 01, 3rd floor, Tower 3
Kerry Plaza, 1-Zhong Xin Si Road
Futian District, Shenzhen
518048
China
T: +86 755 2583 8828
F: +86 755 2583 8933
E: stcl.shz@sabic.com.cn

Chengdu Office
19/B, City Tower, No. 86
Section 1
South of Renmin Road
Chengdu 610016
China
T: +86 236 3462 000
F: +86 236 3462 028

No. 2 Xiqu Er Road
Shapingba District
Chongqing 401332
China
T: 86 23 63462000
F: 86 23 63462028

Shenzhen Office
Unit 01, 3rd floor
Tower 3, Kerry Plaza
1-Zhong Xin Si Road, Futian
Shenzhen 518048
China
T: +86 755 2583 8828
F: +86 755 2583 8663

Xiamen Office
Rm 213, Crowne Plaza
Harbour View, Xiamen
No. 12-8 Zhen Hai Road
Xiamen China
Fujian, 361001
China
T: +86 592-2057375
F: +86 592-2107375

Beijing Office
Rm 3604, 36FL
Yintai Office Tower C
Beijing Yintai Centre No. 2
Jianguomenwai Street
Chaoyang District
Beijing 100022, China
T: +86 106 649 5888
F: +86 108 529 6781

Guangzhou Office
Rm 2502, China Mayors Plaza
No. 189 Tianhe Bei Rd
Guangzhou 510620
China
T: +86 203 848 8383
F: +86 203 848 8266

Hangzhou Office
Rm 1703, West Tower
Fortune Finance Centre
No. 37, Jiefang E. Road
Hangzhou 310016
China
T: +86 571 876 31747
F: +86 571 876 31748

Suzhou Office
Rm 812, 8th Floor
International Building
No. 2 Suzhou Avenue West
Suzhou 215021, Jiangsu
China
T: +86 512 628 82286
F: +86 512 628 82289

GLOBAL DIRECTORY continued

SABIC Innovative Plastics (Shanghai) Co. Ltd.
SABIC Innovative Plastics International Trading (Shanghai) Ltd.
 58, Ai Du Road
 Wai Gao Qiao Free Zone
 Shanghai 200131, China
 T: +86 213 865 9000

SABIC Innovative Plastics
 Tianjin Office, Rm 1912
 Tianjin International Building
 No. 75, Nanjing Road
 Tianjin 300050, China
 T: +86 22-2330 4311
 F: +86 222 330 0995

SABIC innovative Plastics
 Qingdao Office
 Rm 2801-2, 28th floor
 Cosco Plaza, Tower B
 No. 61, Hong Kong Middle Road
 Qingdao 266071, China
 T: +86 532 857 93886
 F: +86 532 857 93889

SABIC Innovative Plastics (China) Co. Ltd.
 No. 1 Plastics Ave
 Western Industrial District
 ETDZ Panyu, Guangzhou 511458
 China
 T: +86 208 498 0148
 F: +86 208 498 0202

CROATIA
SABIC Hungary Kft.
 Duna Tower Office building
 Népfürdő u. 22
 B building, 10th floor, 1138
 Budapest Hungary
 T: +36 188 933 36
 +36 188 933 37
 F: +36 188 933 38

CZECH REPUBLIC
SABIC Innovative Plastics
 Czech, s.r.o.
 Anglicka 140/20
 120 00 Prague 2 – Vinohrady
 Czech Republic
 T: +42 022 051 0647
 F: +42 023 901 5608

DENMARK
SABIC Nordic A/S
 Kogle Allé 2
 DK-2970 Hørsholm
 Denmark
 T: +45 33 32 49 18

SABIC Innovative Plastics
 Denmark ApS
 Kogle Allé 2
 DK-2970 Hørsholm
 Denmark
 T: +45 33 32 49 18

EGYPT
SABIC Africa
 47th Building, 3rd floor
 P.O. Box 11835, City Center
 New Cairo, Egypt
 T: +202 224 919 10
 F: +202 253 701 17 / 21

ESTONIA
SABIC Eastern Europe
 Kosmodamianskaya
 Naberezhnaya 52, Bld 1
 115054, Moscow
 Russia
 T: +7 985 766 69 14
 +7 495 287 92 03
 E: salescisbaltics@sabic.com

ETHIOPIA
SABIC Ethiopia
 Kazancis – Guinea Conakry Street
 Fathia Idris Building, 6th Floor
 Opposite Grand Yordanos Hotel
 T: +251 115 571378
 +251 115 571446
 F: +251 115 571449

FINLAND
SABIC Nordic A/S
 Kogle Allé 2
 DK-2970 Hørsholm
 Denmark
 T: +45 33 32 49 18

SABIC Innovative Plastics Finland OY
 Italahdenkatu 22B
 FIN-00210 Helsinki
 Finland
 T: +35 896 211 010

FRANCE
SABIC France SAS
 22, Place des Vosges
 La Défense 5
 Immeuble le Monge
 92979 Paris La Défense Cedex
 France
 T: +33 (0)1 41 97 83 00
 F: +33 (0)1 41 97 83 01

SABIC Innovative Plastics France SAS
 22, Place des Vosges
 La Défense 5
 Immeuble le Monge
 92979 Paris La Défense Cedex
 France
 T: +33 (0)1 41 97 82 56
 F: +33 (0)1 41 97 82 53

GEORGIA
SABIC Turkey
SABIC Petrokimya Tic. LTS STI
 Plastikleri San. Tic.A.S.
 Saray Mah. Dr. Adnan
 Buyukdeniz Cad
 Akkom Ofis Park Cessas
 Plaza B Block 20 – 21 Floor
 Umraniye Istanbul
 Turkey
 T: +90 21 66 365 000
 F: +90 21 66 365 050

GERMANY
SABIC Deutschland GmbH
 Ernst- Gnos-Str. 24
 40219 Dusseldorf
 Postfach 104865
 40039 Dusseldorf
 Germany
 T: +49 211 171 400
 F: +49 211 171 401 01

SABIC Polyolefine GmbH
 Pawikerstr. 30
 45896 Gelsenkirchen
 Germany
 T: +49 209 933 91
 F: +49 209 933 920 0
 E: gelsenkirchen@sabic.com

SABIC Innovative Plastics GmbH
SABIC Innovative Plastics Holding Germany GmbH
 Ernst-Gnos-Str. 24
 40219 Dusseldorf
 Postfach 104865
 40039 Dusseldorf
 Germany
 T: +49 211 171 400
 F: +49 211 171 401 01

GREECE
SABIC Greece MEPE
 Cosmos Offices
 Agiou Georgiou 5
 Patriarchiko Pylea
 Thessaloniki, Greece
 T: +30 231 308 0310
 F: +30 231 308 0319

HONG KONG
SABIC Innovative Plastics Hong Kong Limited
 SABIC innovative Plastics SIT
 Holding Limited
 Room 1701, Tower One
 The Gateway
 Harbour City, 25 Canton Road
 Tsimshatsui, Kowloon
 Hong Kong
 T: +852 2216 5888
 F: +852 2216 5800

HUNGARY
SABIC Hungary Kft
 Duna Tower Office Building
 Népfürdő u. 22
 B building, 10th floor
 1138 Budapest
 Hungary
 T: +48 224 323 737
 F: +48 224 323 740

SABIC Innovative Plastics
 Kereskedelmi Kft
 Duna Tower, Népfürdő u. 22
 B Building, 10th Floor
 1138 Budapest
 Hungary
 T: +36 188 933 36
 +36 188 933 37
 F: +36 188 933 38

ICELAND
SABIC Nordic A/S
 Kogle Allé 2
 DK-2970 Hørsholm
 Denmark
 T: +45 33 32 49 18

INDIA
SABIC India & SABIC Innovative Plastics
 10th Floor, Ambience Corporate
 Towers II
 Ambience Island, Gurgaon –
 122001
 Haryana, India
 T: +91 124 4746191
 M: +91 9599116053

SABIC India & SABIC Innovative Plastics
 India Private Limited
 781 Solitaire Corporate Park
 Andheri Ghatkopar Link Road
 Chakala, Andheri East
 Mumbai – 400093, India
 T: +91 22 4248 1800
 F: +91 22 4248 1802

SABIC Innovative Plastics India Private Limited
 B5, Plot No. 81-85
 Chikkadunnasandra Village
 Anekal Taluk
 Off Sarjapura-Attibele
 State Highway
 Near St. Philomena School
 Bengaluru – 562125, India
 T: +91 80 6772 5000

SABIC Innovative Plastics India Private Limited
 9C, Ega Trade Center
 Poonamalle High Road
 Kilpauk, Chennai – 600010
 India
 T: 91 44 4902 5600
 F: +91 44 4902 5611

SABIC India & SABIC Innovative Plastics
 Office No 428 Regus
 Business Centre
 4th Floor Prabhavate Tech Park
 Baner, Pune – 411045

SABIC Innovative Plastics
 Plastics Avenue P.O. Jawahar
 Nagar
 Vadodara 391320
 India
 T: +91 265 1234567
 F: +91 265 1234567

SABIC India Private Limited
 (Nepal Liaison Office)
 62, Yellow House, 2nd Floor
 In front of 'Buds Montessori
 School'
 Jalbinayak – Aadinath Marg
 Nakhu, Lalitpur, Kathmandu Nepal
 T: +97 71 5592 491
 F: +97 75 5913 84

SABIC India Private Limited
 122, Fatima Road
 Kadana, Sri Lanka
 T: +94 22 44780
 F: +94 22 32359

INDONESIA
SABIC Asia Pacific Pte. Ltd.
 Indonesia Stock Exchange Building
 Suite 1702, Tower 1, Level 17
 Jalan Jend
 Sudirman Kav. No. 52 – 53
 Jakarta 12190, Indonesia
 T: +62 215 140 0055
 F: +62 215 140 0077
 E: suppl-iro@sabic.co.id

SABIC Innovative Plastics (SEA) Pte. Ltd
 Indonesia Representative Office
 Indonesia Stock Exchange Building
 Suite 1702, Tower 1, Level 17
 Jalan Jend
 Sudirman Kav. No. 52 – 53
 Jakarta 12190, Indonesia
 T: +62 215 150 150

IRAN
SABIC Iran
 Units D3, 3rd Floor
 No. 1643
 Safiran Commercial Complex
 Opp Gas Station, Shariati Street
 Postal Code 1939613881
 Tehran, Iran
 T: +98 21 22 648053 – 5
 F: +98 21 22 632954

GLOBAL DIRECTORY continued

ITALY

SABIC Italia Srl

Via Simone Schiaffino 11/19
20158 Milano
Italy
T: +39 02 859741
F: +39 02 86465472

SABIC Sales Italy Srl

Via Simone Schiaffino 11/19
20158 Milano
Italy
T: +39 02 3771351
F: +39 02 37713533

SABIC Innovative Plastics Italy Srl

Via Simone Schiaffino 11/19
20158 Milano
Italy
T: +39 02 3771351
F: +39 02 37713533

SABIC Innovative Plastics Italy Srl

Via Ca Trevigliou
24040 Pontirido Nuovo (B6)
Italy
T: +39 03 63330772
F: +39 03 63330201

IRELAND

SABIC United Kingdom Ltd.

Papermill Drive
Redditch
Worcestershire
B98 8QJ, UK
T: +44 (0)15 275 90570
F: +44 (0)15 275 90577

JAPAN

SABIC Japan LLC

Tokyo Office
Tokyo Club Building
Kasumigaseki 3-2-6
Chiyoda-ku
Tokyo, 100-0013, Japan
T: +81 3 3593 4700
F: +81 3 3593 4709

SABIC Japan LLC

(Japan Technology Center)
2-2 Kinugaoka, Moka
Tochigi 321-4392, Japan

Moka Plant

2-2 Kinugaoka, Moka Tochigi
321-4392, Japan
T: +81 285 80 2318
F: +81 285 80 2323

KAZAKHSTAN

SABIC Dubai

PO Box 25892
Dubai, UAE
T: +971 44 355 888
F: +971 44 230 810

KENYA

Pacis Center, 4th Floor,
Waiyaki Way, Westlands,
P.O Box 14819 – 00800
Nairobi, Kenya
T: +254 20 294 4000
F: +254 20 294 4111

KOREA

SABIC Korea Ltd.

Seoul HQ
20F, Donghoon Tower
317, Teheran-ro, Gangnam-gu
Seoul, 06151
South Korea
T: +82 2 510 6000
F: +82 2 510 6666

SABIC Korea Ltd.**STC-K**

1321, Seongnam-daero
Sujeong-gu, Seongnam-si
Gyeonggi, 13109, South Korea
T: +82 31 778 5000
F: +82 31 778 5102

SABIC Korea Ltd.**STC-K**

#81703B 1st Research Complex
2066, Seobu-ro
Jangan-gu, Suwon-si
Gyeonggi-do, 16419
South Korea
T: +82 31 778 5000
F: +82 31 299 6758

SABIC Korea, Ltd.

Chungju Plant
488, Gugwon-daero,
Chungju-si
Chungcheongbuk-do
27324, South Korea
T: +82 43 850 8111
F: +82 43 850 8050

Korea Nexlene Company

Research & Development Centre
325 Expo-ro, Yuseong-gu
Daejeon 34124
South Korea
T: +82-42-866 7220
F: +82-42-866-7215

Korea Nexlene Company

Ulsan Plant
1, Sapyeong-ro
Cheongryang-myeon
Ulju-gun
Ulsan, 44987
South Korea
T: +82 52 208 4200
F: +82 52 208 4809

LATVIA

SABIC Eastern Europe

Kosmodamianskaya
Naberezhnaya 52, Bld 1
115054, Moscow, Russia
T: +7 985 766 69 14
+7 495 287 92 03
E: salescisbaltics@sabic.com

LEBANON

SABIC Lebanon

Mina El Hosn, Park Avenue,
Berytus Parks Bldg 1344
5th Floor
Block B Ahmad Daouk Street
P.O. Box 11– 2153,
Beirut 2011– 8403, Lebanon
T: +96 119 734 44 Ext 220 or 0
F: +96 119 728 65
E: slro1@sabic.com

LITHUANIA

SABIC Eastern Europe

Kosmodamianskaya
Naberezhnaya 52, Bld 1
115054, Moscow, Russia
T: +7 985 766 69 14
+7 495 287 92 03
E: salescisbaltics@sabic.com

MACEDONIA

SABIC Greece MEPE

Cosmos Offices
Agiou Georgiou 5
Patriarchiko Pylea
Thessaloniki, Greece
T: +30 231 308 0310
F: +30 231 308 0319

MALAYSIA

Suite 3B-11-3, Level 11
Block 3B, Plaza Sentral
Jalan Stesen Sentral 5
KL Sentral, 50470
Kuala Lumpur, Malaysia
T: +60 322 746 198
F: +60 322 733 487

MEXICO

Mexico City Office

Paseo de la Reforma, 2620
Lomas Altas, Miguel Hildago
11950
Ciudad de Mexico
Mexico
T: +51 (55) 1105-6700
M: +51 (55) 1105-6799

San Luis Potosi Plant

Avenida Circuito Mexico No. 170
Parque Industrial Tres Naciones
San Luis Potosi 78395
San Luis Potosi
Mexico

Tampico Plant

Boulevard de los Rios km 4.8
Puerto Industrial Altamira
Altamira 89608
Tamaulipas
Mexico
T: +51 (833) 229-2500
F: +51 (833) 229-2545

MOLDAVA

SABIC Poland Sp z.o.o.

ul.17 Stycznia 45A
02-146 Warsaw, Poland
T: +48 224 323 737
F: +48 224 323 740

MONTENEGRO

SABIC Hungary Kft.

Duna Tower Office Building
Népfürdő u. 22
B Building, 10th Floor
1138 Budapest, Hungary
T: +36 188 933 36
+36 188 933 37
F: +36 188 933 38

MOROCCO

SABIC Morocco

23, Rue Bani Ritoune
Km 4.2 Avenue, Mohammed 6
Hay Souissi, Rabat, Morocco
T: +212 537 751 702 / 03
F: +212 537 751 705

THE NETHERLANDS

SABIC Capital B.V.

World Trade Center
Tower H, 27th floor
Zuidplein 216
1077 XV Amsterdam
The Netherlands
T: +31 203 333 030
F: +31 203 333 040

SABIC Europe

PO Box 5151
6130 PD Sittard
The Netherlands
T: +31 467 222 222
F: +31 467 220 000
E: info@sabic.com

SABIC Sales Europe

Europaboulevard 1
6135 LD Sittard
The Netherlands
T: +31 467 222 289
F: +31 102 644 822
E: sales.benelux@sabic.com

SABIC Europe Manufacturing

PO Box 475
6160 AL Geleen
The Netherlands
T: +31 464 767 000
E: geleen@sabic.com

**SABIC Europe Research
& Development**

PO Box 319
6160 AH Geleen
The Netherlands
T: +31 464 760 207
F: +31 464 760 503

SABIC Innovative Plastics B.V.**SABIC Innovative Plastics****Financing B.V.****SABIC Innovative Plastics GP B.V.****SABIC Innovative Plastics****Holding B.V.****SABIC Innovative Plastics IP B.V.****SABIC Innovative Plastics IP****Licensing B.V.**

Plasticslaan 1
4612 PX Bergen op Zoom
The Netherlands
T: +31 164 292 911
F: +31 164 292 940

BV Snij-Unie HiFi

Zoutketen 23
1601EX Enkhuizen
The Netherlands
T: +31 228 317 944
F: +31 228 317 278

NORWAY

SABIC Nordic A/S

Kogle Allé 2
DK-2970 Hørsholm
Denmark
T: +45 33 32 49 18

PAKISTAN

SABIC Pakistan Pvt Ltd

M-123 – 126, Mezzanine Floor
Business Arcade Mövenpick
Mövenpick Hotel, Club Road
Karachi-75530, Pakistan
T: +92 21 3563 3229 – 31

GLOBAL DIRECTORY continued**PHILIPPINES**

SABIC Asia Pacific Pte Ltd.
Philippines Representative Office
18th Floor, Philamlife Tower
8767 Paseo de Roxas
Makati City 1226
Philippines
T: +63 9175298791
E: sappl-pro@sabic.com.ph

POLAND

SABIC Poland Sp z.o.o.
ul.17 Stycznia 45A
02-146 Warsaw, Poland
T: +48 224 323 737
F: +48 224 323 740

**SABIC Innovative Plastics
Poland Sp. z.o.o.**
17 Stycznia 45A
02-146 Warsaw, Poland
T: +48 224 323 722
F: +48 224 323 740

PORTUGAL

SABIC Marketing Ibérica S.A.U
Edificio Euro-3, C/
Frederic Mompou 5, 4º– 4a
E–08960 Sant Just Desvern
Barcelona, Spain
T: +34 934 703 060
F: +34 934 736 436

ROMANIA

SABIC Hungary Kft.
Duna Tower Office Building
Népfürdő u. 22
B building, 10 floor, 1138
Budapest
Hungary
T: +36 188 933 36
+36 188 933 37
F: +36 188 933 38

RUSSIA

SABIC Eastern Europe
Kosmodamianskaya
Naberezhnaya 52, Bld 1
115054, Moscow, Russia
T: +7 985 766 69 14
+7 495 287 92 03
E: salescisbaltics@sabic.com

**SABIC Innovative Plastics
Rus. OOO**

Kosmodamianskaya
Naberezhnaya 52 – Bld 4
115054 Moscow, Russia
T: +7 495 287 92 03
F: +7 495 287 92 02

SAUDI ARABIA

**Saudi Basic Industries
Corporation (HQ)**
PO Box 5101, Riyadh 11422
Saudi Arabia
T: +966 (011) 225 8000
F: +966 (011) 225 9000
E: info@sabic.com

Dammam Office

PO Box 2629, Dammam 31461
Saudi Arabia
T: +966 (013) 810 8444
F: +966 (013) 810 8420

Jeddah Office

PO Box 30204, Jeddah 21477
Saudi Arabia
T: +966 (012) 608 8888
F: +966 (012) 608 8810

Al-Jubail Office

PO Box 10040, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 347 7200
F: +966 (013) 347 0400

**Sabtank SABIC Terminal
Services Co.**

PO Box 10135, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 345 3646
F: +966 (013) 357 5470

Yanbu Office

P.O. Box 31656, Yanbu 41912
Saudi Arabia
T: +966 (014) 396 5440
F: +966 (014) 396 5332

Ar-Razi Saudi Methanol Co.

PO Box 10065, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 357 7800
F: +966 (013) 358 5552
E: arrazi@arrazi.sabic.com

Al-Bayroni Jubail Fertilizer Co.

PO Box 10046, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 341 6488
F: +966 (013) 341 7122
E: albayroni@albayroni.sabic.com

**Gas National Industrial
Gases Co.**

PO Box 10110, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 357 5738
F: +966 (013) 358 8880
E: hussainaa@gas.sabic.com

Hadeed Saudi Iron & Steel Co.

PO Box 10053, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 357 1100
F: +966 (013) 358 5000

**Ibn Al-Baytar National Chemical
Fertilizer Co.**

PO Box 10283, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 341 1100
F: +966 (013) 341 1257

**Ibn Rushd Arabian Industrial
Fibers Co.**

PO Box 30701
Yanbu Industrial City 41912
Saudi Arabia
T: +966 (014) 321 8000
F: +966 (014) 321 8008

Ibn Sina National Methanol Co.

PO Box 10003, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 340 5500
T: +966 (013) 340 5604

**Ibn Zahr Saudi European
Petrochemical Co.**

PO Box 10330, Al-Jubail 10330
Saudi Arabia
T: +966 (013) 341 5060
F: +966 (013) 341 2966
E: info@ibnzahr.sabic.com

Kemya Jubail Petrochemical Co.

PO Box 10084, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 357 6000
F: +966 (013) 358 7858
E: kemya@kemya.sabic.com

**Petrokemya Arabian
Petrochemical Co.**

PO Box 10002, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 358 7000
F: +966 (013) 358 4480
E: petrokemya@petrokemya.sabic.com

Sadaf Saudi Petrochemical Co.

PO Box 10025, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 357 3000
F: +966 (013) 357 3343
E: info@sadaf.sabic.com

**SAMAC Saudi Methyl Acrylate
Company**

P.O. Box. 10003, Al-Jubail 31961
T: +966 (013) 340 5500
F: +966 (013) 340 5604

**SAFCO Saudi Arabian
Fertilizer Co.**

PO Box 11044, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 341 1100
F: +966 (013) 341 1257

**Saudi Kayan
Petrochemical Co.**

PO Box 10302, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 359 3300
F: +966 (013) 359 3111

**SOCC Saudi Organometallic
Chemicals Company**

PO Box 11241
Al-Jubail 31961
Saudi Arabia
T: +966 (013) 356 7950
F: +966 (013) 358 6025

Sharq Eastern Petrochemical Co.

PO Box 10035, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 357 5000
F: +966 (013) 358 0385
E: info@sharq.sabic.com

**Shrouq Saudi Japanese
Acrylonitrile Company**

PO Box 10868
Jubail Industrial City 31961
Saudi Arabia
T: +966 (013) 340 6707
F: +966 (013) 340 6878

**Specialty Chem Saudi Specialty
Chemicals Company**

PO Box 10273, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 356 7900
F: +966 (013) 358 7577
E: specialtychem@sabic.com

**United Jubail United
Petrochemical Company**

PO Box 10085, Al-Jubail 31961
Saudi Arabia
T: +966 (013) 359 5000
F: +966 (013) 358 7752

**Yansab Yanbu National
Petrochemical Company**

PO Box 31396
Yanbu Industrial City 41912
Saudi Arabia
T: +966 (014) 325 9000
F: +966 (013) 325 6600
E: shares@yansab.sabic.com.sa

**Yanpet Saudi Yanbu
Petrochemical Co.**

PO Box 30333 41912
Yanbu Industrial City 41912
21441
Saudi Arabia
T: +966 (014) 396 5000
F: +966 (014) 396 5006
E: info@yanpet.sabic.com

Technology & Innovation

PO Box 42503, Riyadh 11551
Saudi Arabia
T: +966 (011) 499 9333
F: +966 (011) 265 1101

Technical Services Laboratory

T: +966 (011) 265 1661
F: +966 (011) 265 1686

SERBIA

SABIC Hungary Kft.
Duna Tower Office Building
Népfürdő u. 22
B Building, 10th Floor
1138 Budapest, Hungary
T: +36 188 933 36
+36 188 933 37
F: +36 188 933 38

SINGAPORE

SABIC Asia Pacific Pte. Ltd
One Temasek Avenue
06-01 Millenia Tower
Singapore 039192
T: +65 655 725 55
F: +65 653 181 01
E: sappl@sabic.com.sg

**SABIC Innovative Plastics (SEA)
Pte. Ltd.**

SABIC Innovative Plastics
Singapore Pte. Ltd.
23 Benoi Road
Singapore 629895
T: +65 621 041 00
F: +65 686 130 63

**SABIC SK Nexlene Company
Pte Ltd**

One Temasak Avenue
#09-04. Millenia Tower
Singapore, 039192
T: +65 6470 9460
F: +65 6470 9479

SLOVAKIA

SABIC Poland Sp z.o.o.
ul.17 Stycznia 45A
02-146 Warsaw, Poland
T: +48 224 323 737
F: +48 224 323 740

GLOBAL DIRECTORY continued

SLOVENIA

SABIC Hungary Kft.
Duna Tower Office Building
Népfürdő u. 22
B Building, 10th Floor
1138 Budapest, Hungary
T: +36 188 933 36
+36 188 933 37
F: +36 188 933 38

SOUTH AFRICA

SABIC South Africa (Pty) Ltd
23rd Floor, Metropolitan Building
7 Walter Sisulu Avenue
PO Box 7193
Roggebaai, Cape Town 8001
South Africa
T: +27 214 096 100
F: +27 214 096 101

SPAIN

SABIC Marketing Ibérica S.A.U.
Edificio Euro-3
C/Frederic Mompou, 5, 4º – 4A
08960 Sant Just Desvern
Barcelona, Spain
T: +34 934 703 060
F: +34 934 736 436

SABIC Sales Spain, S.L.
C/ Frederic Mompou 5, 4º – 4a
08960 Sant Just Desvern
Barcelona, Spain
T: +34 934 703 060
F: +34 934 736 436

SABIC International Holdings BV
Ctra. de Cartagena a Alhama
de Murcia, Km 13
30390 La Aljorra
Murcia, Spain

SWEDEN

SABIC Nordic A/S
Kogle Allé 2
DK-2970 Hørsholm, Denmark
T: +45 33 32 49 18

**SABIC Innovative Plastics
Sweden AB**
Solna Strandväg 78
171 54 Solna, Sweden
T: +45 33 32 49 18

SWITZERLAND

SABIC Deutschland GmbH
Ernst-Gross-Str. 24
40219 Dusseldorf
Postfach 104865
40039 Dusseldorf, Germany
T: +49 211 171 400
F: +49 211 171 401 01

TAIWAN

SABIC Taiwan Holding Limited
Taiwan Branch
7F. No. 8, Sec.3
Min Sheng E. Road
Taipei 10480
Taiwan
T: +886 2 2183 1800
F: +886 2 2516 6509

THAILAND

**SABIC Innovative Plastics
(Thailand) Co., Ltd.**
15th Fl., Thaniya Plaza Building
52 Silom Road
Suriyawong, Bangrak
Bangkok 10500, Thailand
T: +66 2 2312323-4
F: +66 2 2312322

**SABIC Innovative Plastics
(Thailand) Co., Ltd.**
64/22 Moo 4 Tumbol Pluak
Daeng Amphur
Pluak Daeng, Rayong 21140
Thailand
T: +66 389 270 00
F: +66 389 552 44

TUNISIA

SABIC Tunisia
Immeuble Matrix,
Bloc B 2ème étage
Rue Lac Constance
Les Berges du Lac
1053, La Marsa, Tunis
Tunisia
T: +216 71 011 320
F: +216 71 860 735

TURKEY

**SABIC Turkey
SABIC Petrokimya Tic. LTD STI
Plastikleri San. Tic. A.Ş.**
Saray Mah. Dr. Adnan
Buyukdeniz Cad.
Akkom Ofis Park Cessas
Plaza B Block
20–21 Floor
Umraniye Istanbul
Turkey
T: +90 216 636 5000
F: +90 216 636 5050

TURKMENISTAN

SABIC Dubai
PO Box 25892
Dubai, UAE
T: +971 44 355 888
F: +971 44 230 810

UKRAINE

SABIC Eastern Europe
Kosmodamianskaya
Naberezhnaya 52, Bld 1
115054, Moscow, Russia
T: +7 985 766 69 14
+7 495 287 92 03
F: +7 495 287 92 02
E: salescisbaltics@sabic.com

UNITED ARAB EMIRATES

SABIC Dubai
PO Box 25892, Dubai, UAE
T: +97 144 355 888
F: +97 144 230 810

UNITED KINGDOM

SABIC United Kingdom Ltd.
Papermill Drive, Redditch
Worcestershire
B98 8QJ, UK
T: +44 (0)15 275 90570
F: +44 (0)15 275 90577

**SABIC UK Petrochemicals
Limited**
PO Box 99 Wilton Centre
Redcar
TS10 4YA, UK
T: +44 (0)16 424 53366
F: +44 (0)16 428 34608
E: teeside@sabic.com

SABIC Innovative Plastics Ltd.
Papermill Drive, Redditch
Worcestershire
B98 8QJ, UK
T: +44 (0) 15 275 90570
F: +44 (0) 15 275 90577

UNITED STATES

SABIC Americas, Inc.
SABIC Americas Region
2500 City West Boulevard
Houston, TX 77042 USA
T: +1 713-430-2301

SABIC Technology Center
1600 Industrial Boulevard
Sugar Land
TX 77478, USA
T: +1 281 207 5500
F: +1 281 207 5550

**Polymer Processing
Development Center**
55 Merrill Road
Pittsfield, MA 01201 USA
T: 413-448-4688

Burkville, AL
1 Plastics Drive
Burkville, AL 36752, USA
T: +1 334 832 5000

This list includes all material affiliates (including sales organizations), as wholly owned by SABIC or to which SABIC is partner, on the basis of their country/countries of operations. A full list comprising the total SABIC group holdings worldwide is available on: <http://www.sabic.com/corporate/en/ourcompany/manufacturing-affiliates/sabic-manufacturing-affiliates>.

Forward-looking statements: This document may contain “forward-looking statements” – that is, statements concerning potential future events, or that relate to the expected future business, financial performance or financial condition of our company or others. Such statements often contain words such as “expect,” “intend,” “anticipate,” “plan,” “see,” “believe,” “seek,” or “will.” By their nature, forward-looking statements address matters that are uncertain. Many factors could cause our actual results to be materially different than those expressed in our forward-looking statements. Specific examples include: changes in future economic and financial conditions, including volatility in raw material and commodity prices; interest and exchange rates; the value of financial assets; and potential market disruptions or other impacts arising in our Company’s key markets. We disclaim any undertaking to update our forward-looking statements.

Unless otherwise noted, SABIC and brands marked with ™ are trademarks of SABIC or its subsidiaries or affiliates. Any brands, products or services of other companies referenced in this document are the trademarks, service marks and/or trade names of their respective holders.

Ottawa, IL
2148 North 2753rd Road
Ottawa, IL 61350, USA
T: +1 815 434 7000

Mt. Vernon, IN
1 Lexan Lane
Mt Vernon, IN 47620, USA
T: +1 812 831 7000

Columbus, IN
945 S Marr Road
Columbus, IN 47201
T: 812-372-0197
F: 812-372-0233

Wixom, MI
31220 Oak Creek Drive
Wixom, MI 48393, USA
T: +1 248 926 4200
F: +1 248 960 1143

Bay St. Louis, MS
3531 Port and Harbor Drive
Bay St. Louis,
MS 39520

Huntersville, NC
9930 Kinsey Ave
Huntersville
NC 28078, USA
T: +1 800 752 7842
F: +1 888 752 7842

Selkirk, NY
1 Noryl Ave
Selkirk, NY 12158, USA
T: +1 518 475 5011

Exton, PA
475 Creamery Way
Exton, PA 19341, USA
T: +1 610 363 4500

Washington, DC
1001 G Street NW, 500E
Washington, DC 20001
T: +1 202 621 2544
F: +1 202 621 2546

UZBEKISTAN

SABIC Dubai
PO Box 25892
Dubai, UAE
T: +971 44 355 888
F: +971 44 230 810

VIETNAM

SABIC Vietnam Company Ltd
Unit 3, Level 40
Bitexco Financial Tower
02 Hai Trieu Street
Ben Nghe Ward, District 1
Ho Chi Minh City, Vietnam
T: +84-8-39141010
F: +84-8-39142088

Hanoi Representative Office
Suite 1506 Ocean Park Building
1 Dao Duy Anh, Dong Da District
Hanoi, Vietnam
T: +84 435 772 518
F: +84 435 772 515

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT	90
CONSOLIDATED BALANCE SHEET	91
CONSOLIDATED STATEMENT OF INCOME	93
CONSOLIDATED STATEMENT OF CASH FLOWS	94
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	96
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	98

CONSOLIDATED BALANCE SHEET

As of December 31, 2016

ASSETS	NOTE	2016 (SR '000)	2015 (SR '000)
Current assets			
Cash and cash equivalents	4	40,767,064	38,649,323
Short-term investments	5	20,104,858	29,909,811
Accounts receivable	6	19,789,515	19,375,842
Inventories	7	23,121,770	24,635,449
Prepayments and other current assets	8	4,724,011	4,491,584
Total current assets		108,507,218	117,062,009
Non-current assets			
Investments	9	16,951,799	16,678,790
Property, plant and equipment	10	170,008,456	173,157,717
Intangible assets	11	16,234,164	16,546,018
Other non-current assets	12	5,191,221	4,774,620
Total non-current assets		208,385,640	211,157,145
TOTAL ASSETS		316,892,858	328,219,154

AUDITORS' REPORT TO THE SHAREHOLDERS OF SAUDI BASIC INDUSTRIES CORPORATION (SABIC) (Saudi Joint Stock Company)

Scope of audit

We have audited the accompanying consolidated balance sheet of Saudi Basic Industries Corporation ("SABIC") and its subsidiaries (the "Group") as at 31 December 2016 and the related consolidated statements of income, cash flows and shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the requirements of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified opinion

In our opinion, the consolidated financial statements taken as a whole:

- present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- comply with the requirements of the Regulations for Companies and SABIC's by-laws in so far as they affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Rashid S. AlRashoud
Certified Public Accountant
Registration No. 366



Riyadh: 25 Jumad Awal 1438H
(22 February 2017)

CONSOLIDATED BALANCE SHEET continued

As of December 31, 2016

LIABILITIES AND EQUITY	NOTE	2016 (SR '000)	2015 (SR '000)
Current liabilities			
Current portion of long-term debt	13	13,226,895	13,306,056
Accounts payable	14	16,359,705	16,515,186
Accruals and other current liabilities	15	9,137,858	11,150,010
Zakat payable	16	2,386,336	1,633,473
Total current liabilities		41,110,794	42,604,725
Non-current liabilities			
Long-term debt	13	49,100,832	59,279,377
Other non-current liabilities	17	3,185,136	3,735,539
Employee benefits	18	13,169,473	12,742,327
Total non-current liabilities		65,455,441	75,757,243
TOTAL LIABILITIES		106,566,235	118,361,968
EQUITY			
Shareholders' equity			
Share capital	19	30,000,000	30,000,000
Statutory reserve	20	15,000,000	15,000,000
General reserve	20	110,889,032	110,889,032
Other reserves		(5,718,885)	(4,005,688)
Retained earnings		12,877,748	10,040,705
Total shareholders' equity		163,047,895	161,924,049
Non-controlling interests	21	47,278,728	47,933,137
TOTAL EQUITY		210,326,623	209,857,186
TOTAL LIABILITIES AND EQUITY		316,892,858	328,219,154
CONTINGENCIES AND COMMITMENTS	30, 31		

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended December 31, 2016

	NOTE	2016 (SR '000)	2015 (SR '000)
Sales		132,826,605	148,085,741
Cost of sales		(91,916,534)	(105,057,981)
GROSS PROFIT		40,910,071	43,027,760
Selling, general and administrative expenses	22	(12,664,243)	(13,727,824)
Impairment of plant and equipment of a subsidiary	10	(1,467,506)	(780,615)
INCOME FROM MAIN OPERATIONS		26,778,322	28,519,321
Share in results of equity-accounted investees	9	875,935	1,192,026
Financial charges		(1,690,430)	(1,509,014)
Other income, net	23	2,085,057	1,311,475
INCOME BEFORE SHARE OF NON-CONTROLLING INTERESTS AND ZAKAT		28,048,884	29,513,808
Share of non-controlling interests	21	(7,210,041)	(8,645,118)
INCOME BEFORE ZAKAT		20,838,843	20,868,690
Zakat	16	(3,000,000)	(2,100,000)
NET INCOME		17,838,843	18,768,690
EARNINGS PER SHARE (Saudi Riyals):	24		
Attributable to income from main operations		8.93	9.51
Attributable to net income		5.95	6.26

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

	2016 (SR '000)	2015 (SR '000)
OPERATING ACTIVITIES		
Income before Zakat	20,838,843	20,868,690
Adjustments for:		
Depreciation, amortization and impairment	16,327,917	15,712,692
Share in results of equity-accounted investees	(875,935)	(1,192,026)
Share of non-controlling interests	7,210,041	8,645,118
Changes in operating assets and liabilities:		
Accounts receivable	(413,673)	6,623,782
Inventories	1,513,679	7,039,471
Prepayments and other current assets	(232,427)	(362,519)
Accounts payable	(155,481)	(1,101,969)
Accruals and other current liabilities	(1,623,133)	(587,826)
Other non-current liabilities	(550,403)	(383,220)
Employee benefits	(91,243)	1,183,474
Zakat paid	(2,247,137)	(2,668,178)
NET CASH GENERATED FROM OPERATING ACTIVITIES	39,701,048	53,777,489
INVESTING ACTIVITIES		
Short-term investments, net	9,804,953	9,077,564
Investments, net	602,926	(9,050)
Property, plant, and equipment, net	(13,098,226)	(19,759,050)
Intangible assets, net	(591,398)	(342,170)
Other non-current assets, net	(934,903)	(1,825,907)
NET CASH USED IN INVESTING ACTIVITIES	(4,216,648)	(12,858,613)

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS continued

For the year ended December 31, 2016

	2016 (SR '000)	2015 (SR '000)
FINANCING ACTIVITIES		
Long and short-term debt, net	(10,588,452)	(9,793,999)
Non-controlling interests	(7,864,450)	(9,597,992)
Dividends paid	(14,913,757)	(16,503,778)
NET CASH USED IN FINANCING ACTIVITIES	(33,366,659)	(35,895,769)
INCREASE IN CASH AND CASH EQUIVALENTS	2,117,741	5,023,107
Cash and cash equivalents at the beginning of the year	38,649,323	33,626,216
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	40,767,064	38,649,323

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2016

	NOTE	Share capital (SR '000)	Statutory reserve (SR '000)	General reserve (SR '000)	Other reserves (SR '000)	Retained earnings (SR '000)	Total (SR '000)
Balance as of December 31, 2015		30,000,000	15,000,000	110,889,032	(4,005,688)	10,040,705	161,924,049
Annual dividends for 2015	29	-	-	-	-	(9,000,000)	(9,000,000)
Board of Directors' remuneration	29	-	-	-	-	(1,800)	(1,800)
Interim dividends for 2016	29	-	-	-	-	(6,000,000)	(6,000,000)
Net income		-	-	-	-	17,838,843	17,838,843
Net change on currency translation of foreign operations		-	-	-	(1,256,952)	-	(1,256,952)
Re-measurement impact of employee benefits obligations		-	-	-	(518,386)	-	(518,386)
Net change on revaluation of available for sale investments and others		-	-	-	62,141	-	62,141
Balance as of December 31, 2016		30,000,000	15,000,000	110,889,032	(5,718,885)	12,877,748	163,047,895

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY continued

For the year ended December 31, 2015

	NOTE	Share capital (SR '000)	Statutory reserve (SR '000)	General reserve (SR '000)	Other reserves (SR '000)	Retained earnings (SR '000)	Total (SR '000)
Balance as of December 31, 2014		30,000,000	15,000,000	104,076,056	(2,323,131)	14,586,791	161,339,716
Annual dividends 2014		-	-	-	-	(9,000,000)	(9,000,000)
Board of directors' remuneration		-	-	-	-	(1,800)	(1,800)
Transfer to general reserve		-	-	6,812,976	-	(6,812,976)	-
Interim dividends for 2015	29	-	-	-	-	(7,500,000)	(7,500,000)
Net income		-	-	-	-	18,768,690	18,768,690
Net change on currency translation of foreign operations		-	-	-	(1,898,163)	-	(1,898,163)
Re-measurement impact of employee benefits obligations		-	-	-	301,476	-	301,476
Net change on revaluation of available for sale investments and others		-	-	-	(85,870)	-	(85,870)
Balance as of December 31, 2015		30,000,000	15,000,000	110,889,032	(4,005,688)	10,040,705	161,924,049

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

1. ORGANIZATION AND ACTIVITIES

Saudi Basic Industries Corporation ("SABIC") is a Saudi Joint Stock Company established pursuant to Royal Decree Number M/66 dated 13 Ramadan 1396H (corresponding to September 6, 1976) and registered in Riyadh under commercial registration No. 1010010813 dated 14 Muharram 1397H (corresponding to January 4, 1977). SABIC is 70% directly owned by the Public Investment Fund (the "PIF"), which is wholly owned by the Government of Saudi Arabia.

SABIC and its subsidiaries (the "Group") are engaged in the manufacturing, marketing and distribution of chemical, agri-nutrient and metal products in the global markets. The Group's head office is located in Riyadh, Saudi Arabia.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Effective January 1, 2017, the Group's consolidated financial statements will be prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by SOCPA. Upon IFRS adoption, the Group will be required to comply with the requirements of IFRS 1 – First-time Adoption of International Financial Reporting Standards for the reporting periods starting January 1, 2017. In preparing the opening IFRS financial statements, the Group will analyse the impact and incorporate certain adjustments due to first time adoption of IFRS.

ACCOUNTING CONVENTION

The consolidated financial statements are prepared under the historical cost convention, except for the measurement at fair value of available for sale investments and derivative financial instruments, using the accrual basis of accounting and the going concern concept. For employee and other post-employment benefits related to foreign entities, actuarial present value calculations are used.

USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with generally accepted accounting standards requires management to make estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The actual results ultimately may differ from such estimates.

The significant accounting estimates and assumptions involving a higher degree of uncertainty include impairment of non-current assets and certain employee benefits related to foreign entities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by SABIC in preparing its consolidated financial statements are applied consistently.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group, as adjusted for the elimination of significant inter-company balances and transactions.

A subsidiary is an entity in which SABIC has a direct or indirect equity investment of more than 50% and/or over which it exerts effective management control. The financial statements of the subsidiaries are prepared using accounting policies which are consistent with those of SABIC. The subsidiaries are consolidated from the date on which SABIC is able to exercise effective management control, and deconsolidated from the date SABIC loses its effective management control.

The non-controlling interests are calculated and presented as a separate line item in the consolidated balance sheet and the consolidated statement of income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The subsidiaries consolidated in these consolidated financial statements are as follows:

	Direct and indirect shareholding %	
	2016	2015
SABIC Industrial Investments Company (SIIC) and its subsidiaries	100	100
SABIC Luxembourg S.a.r.l. (SLUX) and its subsidiaries	100	100
Arabian Petrochemical Company (Petrokemya) and its subsidiaries	100	100
Saudi Iron and Steel Company (Hadeed)	100	100
SABIC Sukuk Company (Sukuk)	100	100
SABIC Industrial Catalyst Company (SABCAT)	100	100
Saudi Arabia Carbon Fiber Company (SCFC)	100	100
SABIC Supply Chain Services Limited Company (SSCS)	100	–
Saudi European Petrochemical Company (Ibn Zahr)	80	80
Jubail United Petrochemical Company (United)	75	75
National Chemical Fertilizer Company (Ibn Al-Baytar)	71.5	71.5
National Industrial Gases Company (Gas)	70	70
Yanbu National Petrochemical Company (Yansab)	51.95	51.95
Saudi Methanol Company (Ar-Razi)	50	50
Al-Jubail Fertilizer Company (Al-Bayroni)	50	50
Saudi Yanbu Petrochemical Company (Yanpet)	50	50
National Methanol Company (Ibn Sina)	50	50
Saudi Petrochemical Company (Sadaf) *	50	50
Eastern Petrochemical Company (Sharq)	50	50
Al-Jubail Petrochemical Company (Kemya)	50	50
Saudi Japanese Acrylonitrile Company (Shrouq)	50	50
Saudi Methacrylates Company (Samac)	50	50
Arabian Industrial Fibers Company (Ibn Rushd)	48.07	48.07
Saudi Arabian Fertilizer Company (SAFCO)	42.99	42.99
Saudi Kayan Petrochemical Company (Saudi Kayan)	35	35

All directly owned subsidiaries are incorporated in Saudi Arabia except for SLUX which is incorporated in Luxembourg. Yansab, SAFCO, and Saudi Kayan are listed Saudi Joint Stock Companies.

During 2016, SABIC Supply Chain Services Limited Company was incorporated (currently in the development stage). The Company is located in Riyadh, Saudi Arabia and will be engaged in logistics, transportation, distribution and storage of petrochemical products.

* Sadaf shareholders agreed to change the ownership structure subsequent to the year ended December 31, 2016 (note 32)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, demand deposits and highly liquid investments with original maturities of three months or less.

SHORT-TERM INVESTMENTS

Short-term deposits

Short-term deposits with original maturities of more than three months but less than twelve months are classified as short-term investments and included under current assets. Income from these deposits is recognized on accruals basis.

Held to maturity – current portion

Held to maturity investments are reclassified as short-term investments under current assets when their remaining maturities are less than twelve months.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the original invoice amount less any provision for doubtful debts. An estimate for doubtful debts is made when the collection of the receivable amount is considered doubtful. Bad debts are written off in the consolidated statement of income as incurred.

INVENTORIES

Inventories are stated at the lower of cost or net realizable value, and net of provision for slow moving items and obsolescence. Cost of raw materials, consumables, spare parts and finished goods is principally determined on weighted average cost basis. Inventories of work in progress and finished goods include cost of materials, labour and an appropriate proportion of direct overheads.

INVESTMENTS

Equity-accounted investees

Associated companies

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not a control or a joint control over those policies.

Joint venture

A joint venture is a contractual arrangement whereby an entity and other parties undertake an economic activity that is subject to joint control. The agreement requires unanimous agreement for financial and operating decisions among the parties involved.

In the consolidated financial statements, the investments in equity-accounted investees are initially recognized at cost and adjusted thereafter for the post-acquisition/incorporation change in the Group's share of net assets of such investees. The Group's share in the financial results of these investees is recognized in the consolidated statement of income. Significant changes in equity items of these investees are reported within other reserves under consolidated statement of changes in shareholders' equity.

Available for sale

This represents investments in financial assets neither acquired for trading purposes nor held to maturity. These are stated at fair value. Differences between fair value and cost, if material, are reported within other reserves under consolidated statement of changes in shareholders' equity. Any decline other than temporary in the value of these investments is charged to the consolidated statement of income.

Fair value is determined by reference to the market value if an open market exists, or by the use of other alternative valuation methods. Otherwise, cost is considered to be the fair value.

Held to maturity

This represents investments that are acquired with the intention and ability of being held to maturity, which are carried at cost (adjusted for any premium or discount), less any decline in value, which is other than temporary. Such investments are classified as non-current assets with the exception of investments maturing in the twelve months period from the date of consolidated balance sheet.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except for freehold land and construction work in progress which are stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Items of property, plant and equipment are depreciated from the date they are available for use or in respect of self-constructed assets, from the date such assets are completed and ready for the intended use. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remaining term of the lease. The capitalized leased assets are depreciated over the shorter of the estimated useful lives or the lease term. The estimated useful lives of the principal asset classes are as follows:

Buildings	33–40 years
Plant and equipment	20 years
Furniture, fixtures and vehicles	4–10 years

Expenditure on maintenance and repairs is expensed, while expenditure on improvements is capitalized. Financing costs related to qualifying assets are capitalized until they are ready for their intended use. Costs, which are directly attributable to turnarounds and major inspections and eligible for capitalisation, are recognized under property, plant and equipment. Such costs once capitalized are depreciated over the period to the occurrence of next such turnaround or major inspection.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the Group. All other leases are classified as operating leases. Assets held under finance leases are recognized as assets of the Group at the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease.

Finance costs, which represent the difference between the total lease commitments and the lower of the present value of the minimum lease payments or the fair market value of the assets at the inception of the lease, are charged to the consolidated statement of income over the term of the relevant lease in order to produce a constant periodic rate of return on the remaining balance of the obligations for each accounting period.

Rental payments under operating leases are charged to the consolidated statement of income on a straight-line basis over the term of the relevant operating leases.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured at cost upon initial recognition. Intangible assets acquired in a business combination are measured at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized using the straight-line method over the estimated useful lives of relevant assets and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization periods for intangible assets with finite useful lives are as follows:

Trademarks	22 years
Customer lists	18 years
Patented and unpatented technologies	10 years
IT development costs and technology and innovation assets	3–15 years

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or earlier when circumstances indicate that the carrying value may be impaired.

Goodwill

The excess of consideration paid over the fair value of net assets acquired is recorded as goodwill. Goodwill is annually re-measured and reported in the consolidated financial statements at carrying value after adjustment for impairment, if any.

Pre-operating costs, deferred costs and other intangible assets

Costs incurred during the development of new projects, which are expected to provide benefits in future periods, are deferred and are amortized from the commencement of the commercial operations using a straight-line method over the shorter of the estimated period of economic benefits or seven years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

IMPAIRMENT OF NON-CURRENT ASSETS

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. Impairment losses are charged to consolidated statement of income.

For assets other than goodwill, an assessment is made periodically as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is limited so that the carrying amount of the asset does not exceed the amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

ACCOUNTS PAYABLE AND ACCRUALS

Liabilities are recognized for amounts to be paid in the future for goods or services received at the balance sheet date.

PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

DIVIDENDS

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded as and when approved by the Board of Directors.

ZAKAT AND INCOME TAX

Zakat is provided in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in Saudi Arabia and on accrual basis. The provision is charged to the consolidated statement of income. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization. Foreign shareholders in subsidiaries are subject to income tax in Saudi Arabia, which is included in non-controlling interests in the consolidated financial statements.

For subsidiaries outside Saudi Arabia, provision for tax is computed in accordance with tax regulations of the respective countries. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the relevant tax authorities.

DEFERRED INCOME TAX

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for taxable temporary differences.

Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

LONG-TERM DEBT

Borrowings are recognized at cost, being the fair value of the proceeds received, net of transactions' costs. Financial charges are recorded in the consolidated statement of income.

EMPLOYEE BENEFITS

Employee end of service benefits are provided for in accordance with the requirements of the Saudi Arabian Labour Law and Group's policies. Employee early retirement plan costs are provided for in accordance with the Group's policies and are charged to the consolidated statement of income in the year the employee retires.

The Group has pension plans for its employees in overseas jurisdictions. The eligible employees participate in either defined contribution or defined benefit plans. The pension plans take into consideration the legal framework of labour and social security laws of the countries where the subsidiaries are incorporated.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net pension asset or liability recognized in the consolidated balance sheet in respect of defined benefit post-employment plans is the fair value of plan assets less the present value of the projected defined benefit obligation (DBO) at the balance sheet date. Recognized assets are limited to the present value of any reductions in future contributions or any future refunds. The projected defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Re-measurement amounts, if any, are recognized and reported within other reserves under consolidated statement of changes in shareholders' equity and comprises of actuarial gains and losses on the defined benefits obligation.

Pension costs for the year are calculated on a year-to-date basis using the actuarially determined pension cost rate at the end of the prior year, adjusted for significant market fluctuations and for significant one-off event, such as plan amendments, curtailments and settlements. In the absence of such significant market fluctuations and one-off event, the actuarial liabilities are rolled forward in the scheme based on the assumptions as at the beginning of the year. If there are significant changes to the pension assumptions or arrangements during the year, consideration is given to obtaining an actuarial valuation of the scheme liabilities.

EMPLOYEE HOME OWNERSHIP PROGRAM

Unsold housing units constructed for eventual sale to eligible employees are included under land and buildings and are depreciated over 33 years. Upon signing the sale contract with the eligible employees, the relevant housing units are classified under other non-current assets.

REVENUE RECOGNITION

Revenues represent the invoiced value of goods shipped and services rendered by the Group during the year, net of any trade and quantity discounts. Generally, sales are reported net of marketing and distribution expenses incurred in accordance with executed marketing and off-take agreements.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Production costs and direct expenses are classified as cost of sales. All other expenses, including selling and distribution expenses not deducted from sales, are classified as selling, general and administrative expenses.

TECHNOLOGY AND INNOVATION EXPENSES

Technology and innovation expenses are charged to the consolidated statement of income under selling, general and administrative expenses when incurred. Development expenses, which are expected to generate measurable economic benefits to the Group, are capitalized as intangibles and amortized over the period of their expected useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into Saudi Riyals at the rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at the balance sheet date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

The financial statements of foreign entities are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rates for revenues and expenses. Components of equity, other than retained earnings, are translated at the rates prevailing at the date of their occurrence. Translation adjustments, if material, are recorded in the consolidated statement of changes in shareholders' equity.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge its exposure to certain portions of its interest rate risks arising from financing activities. The use of financial derivatives is governed by the Group's policies, which provide principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates.

4. CASH AND CASH EQUIVALENTS

	2016 (SR '000)	2015 (SR '000)
Time deposits	29,101,843	29,981,723
Bank balances	11,665,221	8,667,600
TOTAL	40,767,064	38,649,323

Cash and cash equivalents as of December 31, 2016 include restricted cash balances amounting to SR 0.94 billion (December 31, 2015: SR 0.87 billion), which represent employee savings plan deposits held in separate bank accounts, which are not available to the Group.

CURRENT VERSUS NON-CURRENT CLASSIFICATION

An asset or liability is classified as current when it is expected to be realized or paid within twelve months after the balance sheet date, except for derivatives designated as a hedge, which are classified consistent with the underlying hedged item.

OFFSETTING

A financial asset and liability is offset and the net amount is reported in the consolidated financial statements, when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group uses the indirect method to prepare the consolidated statement of cash flows. Cash flows in foreign currencies are translated at average exchange rates.

SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

5. SHORT-TERM INVESTMENTS

The short-term investments mainly represent time deposits with banks of original maturities of more than three months and less than twelve months. These investments carry commission rates in line with the prevailing market rates.

6. ACCOUNTS RECEIVABLE	NOTE	2016 (SR '000)	2015 (SR '000)
Trade accounts receivable		16,828,569	17,109,023
Amounts due from foreign partners of subsidiaries	27	3,208,033	2,466,970
		20,036,602	19,575,993
Less: Provision for doubtful debts		(247,087)	(200,151)
TOTAL		19,789,515	19,375,842

7. INVENTORIES	2016 (SR '000)	2015 (SR '000)
Finished goods	12,726,410	12,438,511
Spare parts	5,914,022	6,163,983
Raw materials	3,799,435	5,338,245
Goods-in-transit	1,477,099	955,407
Work-in-process	704,830	900,024
	24,621,796	25,796,170
Less: Provision for slow moving and obsolete items	(1,500,026)	(1,160,721)
TOTAL	23,121,770	24,635,449

8. PREPAYMENTS AND OTHER CURRENT ASSETS	2016 (SR '000)	2015 (SR '000)
Prepayments	1,855,255	1,691,070
Taxes receivables	550,002	311,461
Employee advances and receivables	375,384	311,603
Others	1,943,370	2,177,450
TOTAL	4,724,011	4,491,584

Others mainly include advances to contractors, dividend receivables, accrued income on time deposits, loans to certain equity-accounted investees amounting to SR 0.2 billion (December 31, 2015: SR 0.2 billion) at normal market rates and miscellaneous items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

		Shareholding in equity	
9. INVESTMENTS	Shareholding %	2016 (SR '000)	2016 (SR '000)
Associated companies			
Gulf Petrochemical Industries Co. (GPIC)	33.33	478,150	485,369
Gulf Aluminum Rolling Mills Co. (GARMCO)	30.4	106,300	124,677
Ma'aden Phosphate Co. (MPC)	30	1,885,815	2,372,873
Saudi Arabian Industrial Investment Company (SAIIC)	25	96,240	125,000
Power and Water Utilities Co. (MARAFIQ)	24.81	1,643,288	1,468,847
Aluminum Bahrain BSC. (ALBA)	20.62	2,017,284	1,943,334
National Chemical Carrier Co. (NCC)	20	319,768	294,912
Ma'aden Wa'ad Al Shamal Phosphate Co. (MWSPC)	15	1,587,540	1,364,394
Others		939,945	902,935
		9,074,330	9,082,341
Joint venture			
SINOPEC / SABIC Tianjin Petrochemical Co. Ltd. (SSTPC)	50	3,508,677	3,221,555
SABIC SK Nexlene Company Pte. Ltd. (SSNC)	50	396,998	454,073
		12,980,005	12,757,969
Held to maturity			
Sukuk and bonds		3,485,965	3,377,847
Available for sale			
Investments in quoted and un-quoted securities		485,829	542,974
TOTAL		16,951,799	16,678,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

9. INVESTMENTS continued

Movement in equity-accounted investees is as follows:

	2016 (SR '000)	2016 (SR '000)
At the beginning of the year	12,757,969	11,384,971
Share in results of equity-accounted investees	875,935	1,192,026
Additions and adjustments	59,787	979,455
Dividends received	(713,686)	(798,483)
AT THE END OF THE YEAR	12,980,005	12,757,969

ASSOCIATED COMPANIES

NCC, MARAFIQ, MWSP, MPC and SAIIC are incorporated in Saudi Arabia. GPIC, GARMCO and ALBA are incorporated in the Kingdom of Bahrain. Others mainly include investments in associated companies held by subsidiaries of SLUX.

JOINT VENTURE

SABIC SK Nexlene Company Pte. Ltd. (SSNC)

During 2015, SIIC (a wholly owned subsidiary of SABIC) and SK Global Chemical, Korean Petrochemical Company, established jointly SABIC SK Nexlene Company Pte. Ltd ("SSNC"), a joint venture. The objectives of SSNC are to acquire the Nexlene™ solution technology and the plants that manufacture a range of high-performance Ethylene/Alpha-Olefin copolymers products in Ulsan, Republic of South Korea.

AVAILABLE FOR SALE

Investments in quoted and un-quoted securities represent equity interests in entities, in which the Group has no significant influence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings (SR '000)	Plant and equipment (SR '000)	Furniture, fixtures and vehicles (SR '000)	Construction work in progress (SR '000)	Total 2016 (SR '000)	Total 2015 (SR '000)
Cost						
At the beginning of the year	30,847,960	249,795,632	5,433,489	32,465,857	318,542,938	303,764,406
Additions	261,064	4,198,528	125,343	11,545,261	16,130,196	21,036,921
Transfers / disposals	1,191,377	12,761,824	263,071	(18,122,155)	(3,905,883)	(3,392,286)
Currency translation adjustment	(193,377)	(1,773,109)	(40,209)	(338,618)	(2,345,313)	(2,866,103)
At the end of the year	32,107,024	264,982,875	5,781,694	25,550,345	328,421,938	318,542,938
Depreciation and impairment						
At the beginning of the year	13,348,642	128,855,585	3,180,994	–	145,385,221	134,893,358
Charge for the year	1,036,217	12,343,348	476,571	–	13,856,136	13,758,244
Impairment for the year	–	1,467,506	–	–	1,467,506	780,615
Transfers / disposals	533,596	(1,645,946)	(93,740)	–	(1,206,090)	(2,494,954)
Currency translation adjustment	(104,001)	(960,441)	(24,849)	–	(1,089,291)	(1,552,042)
At the end of the year	14,814,454	140,060,052	3,538,976	–	158,413,482	145,385,221
Net book amounts						
At December 31, 2016	17,292,570	124,922,823	2,242,718	25,550,345	170,008,456	
At December 31, 2015	17,499,318	120,940,047	2,252,495	32,465,857		173,157,717

Construction work in progress mainly represents the expansion of the existing plants and the new projects. The financial charges capitalized during the year ended December 31, 2016 amounted to SR 0.3 billion (December 31, 2015: SR 0.2 billion).

As of December 31, 2016, land and buildings include an amount of SR 2 billion (December 31, 2015: SR 2 billion) representing the cost of freehold land. The land, on which the plant and the related facilities of certain subsidiaries in Saudi Arabia are constructed, are leased from the Royal Commission for Jubail and Yanbu under renewable lease agreements for a period up to 25–30 years. Property, plant and equipment of certain subsidiaries in Saudi Arabia are pledged to the Saudi Industrial Development Fund (SIDF) as securities against the long-term debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

10. PROPERTY, PLANT AND EQUIPMENT continued

The impairment represents the write-down of certain plant and equipment of Ibn Rushd (a subsidiary) to its recoverable amount due to oversupply in the market pushing profitability down.

This impairment is attributable to the following:

	For the year ended December 31, 2016 (SR '000)	For the year ended December 31, 2016 (SR '000)
SABIC	705,362	375,206
Non-controlling interests	762,144	405,409
TOTAL	1,467,506	780,615

The recoverable amount of SR 6,368 million as at December 31, 2016 was based on “value-in-use” method and was determined at the level of cash generating unit (“CGU”) as identified by Ibn Rushd’s management and consists of the net operating assets of Ibn Rushd. In determining value in use for the CGU, the cash flows – determined using approved 5-year business plan and budget – were discounted at a rate of 9.49% on a pre-zakat basis and were projected up to the year 2035 in line with the estimated useful life of the concerned plant and equipment. The calculation of value-in-use is most sensitive to the following key assumptions used:

- Future performance improvements
- Discount rate applied to cash flows projections
- Sale prices and quantities

11. INTANGIBLE ASSETS

	2016 (SR '000)	2015 (SR '000)
Goodwill	11,807,566	11,977,291
Patents, trademarks, customer lists and other intangibles	3,955,978	3,559,786
Pre-operating costs	470,620	1,008,941
TOTAL	16,234,164	16,546,018

GOODWILL

The movement in the Group’s reported goodwill as of December 31, was as follows:

	2016 (SR '000)	2015 (SR '000)
At the beginning of the year	11,977,291	12,524,220
Currency translation adjustments	(169,725)	(546,929)
AT THE END OF THE YEAR	11,807,566	11,977,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

11. INTANGIBLE ASSETS continued

IMPAIRMENT ASSESSMENT

Based on the annual goodwill impairment test performed at the Group level during the year ended December 31, 2016, no impairment loss was identified.

Goodwill's recoverable amount has been determined based on 'value-in-use' calculations on the basis of discounted cash flows based on management approved projected cash flows for the relevant cash generating units for a five-year period. The cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate. Management believes the growth rate used does not exceed the long-term average growth rate for the business. The discount rate used is pre-tax and reflects specific risks relevant to the business. The 'value-in-use' method shows that the recoverable amount calculation is most sensitive to changes in business performance, long-term and terminal growth rates, discount rate, working capital and capital expenditure assumptions in the terminal period.

12. OTHER NON-CURRENT ASSETS

	2016 (SR '000)	2015 (SR '000)
Home ownership receivables	1,660,162	1,502,829
Deferred taxes	1,497,801	662,303
Employee advances	562,743	502,188
Re-imburement of tax payments	204,844	513,731
Others	1,265,671	1,593,569
TOTAL	5,191,221	4,774,620

HOME OWNERSHIP RECEIVABLES

SABIC and certain subsidiaries have established employee home ownership programs that offer eligible employees the opportunity to buy residential units constructed by SABIC and certain subsidiaries. The cost of land and direct construction costs are repayable by the employee over a period of 20 years. The ownership of the housing units is transferred to the employee upon full payment of the amounts due.

DEFERRED TAXES

Deferred taxes relate to the subsidiaries of SLUX operating in various tax jurisdictions outside Saudi Arabia.

RE-IMBURSEMENT OF TAX PAYMENTS

Reimbursement of tax payments relates to the recovery of the tax payments from GE Company as a result of the purchase price agreement related to the acquisition of SABIC Innovative Plastics Holding B.V., a subsidiary of SLUX.

OTHERS

Others mainly include advances to contractors, pre-paid mining fees, loans to certain equity-accounted investees amounting to SR 0.6 billion (December 31, 2015: SR 0.6 billion) at normal market rates and miscellaneous items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

13. LONG-TERM DEBT

	2016 (SR '000)	2015 (SR '000)
Term loans:		
– Commercial debt	42,060,391	49,007,609
– Public Investment Fund (PIF)	3,561,000	4,441,219
– Saudi Industrial Development Fund (SIDF)	2,375,950	2,790,683
	47,997,341	56,239,511
Debt notes	8,000,000	10,000,000
Bonds	6,706,781	6,823,781
TOTAL LONG-TERM DEBT	62,704,122	73,063,292
Less: Current portion of long-term debt	(13,226,895)	(13,306,056)
Transaction costs	(376,395)	(477,859)
TOTAL	49,100,832	59,279,377

TERM LOANS

The Group obtained term loans in order to finance its investments, which are repayable in conformity with the applicable loan agreements, at varying interest rates. Certain subsidiaries' property, plant and equipment have been pledged against their respective loans.

The PIF and SIDF term loans are repayable in semi-annual instalments. PIF loans carry financing charges at varying rates and SIDF loans have an up front and annual administrative fees charged under their loans agreements.

DEBT NOTES

On December 29, 2009, SABIC entered into an agreement with PIF for a private placement of unsecured Saudi Riyal notes amounting to SR 10 billion with multiple tranches. Such tranches are fully drawn and have a bullet maturity after 7 years of their respective issuance. As at December 31, 2016, three tranches amounting to SR 3 billion have been reclassified under current portion of long-term debt.

BONDS

The following bonds were outstanding as of December 31, 2016:

- On October 3, 2013, SABIC Capital II B.V., a subsidiary of SLUX, issued a 5 year \$ 1 billion bond with a coupon of 2.625%. The proceeds were used to repay external debt.
- On November 20, 2013, SABIC Capital I B.V. issued a 7 year € 750 million bond with a coupon of 2.75%. The proceeds were used to redeem Eurobond € 750 million, upon its maturity on November 28, 2013.

SABIC has provided guarantees for bonds and certain term loans for certain subsidiaries amounted to SR 28.7 billion as of December 31, 2016 (December 31, 2015: SR 29.2 billion).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

13. LONG-TERM DEBT continued

LONG-TERM DEBT REPAYMENT SCHEDULE

The aggregate repayment schedule of long-term debt is as follows:

	2016 (SR '000)	2015 (SR '000)
2016	–	13,306,056
2017	13,253,723	15,919,862
2018	15,344,576	13,904,297
2019	5,810,580	3,530,920
2020	6,541,782	8,388,657
Thereafter	21,753,461	18,013,500
TOTAL	62,704,122	73,063,292

14. ACCOUNTS PAYABLE	NOTE	2016 (SR '000)	2015 (SR '000)
Trade accounts payable		16,329,911	16,475,376
Amounts due to foreign partners of subsidiaries	27	29,794	39,810
TOTAL		16,359,705	16,515,186

15. ACCRUALS AND OTHER LIABILITIES	NOTE	2016 (SR '000)	2015 (SR '000)
Accrued liabilities		4,108,637	4,231,078
Employees accruals		1,712,450	1,972,962
Dividends payable		1,225,636	1,139,394
Taxes payable		820,266	882,903
Contract retentions		374,559	425,710
Short-term bank borrowings		–	428,201
Finance leases – current portion	31	78,022	154,758
Others		818,288	1,915,004
TOTAL		9,137,858	11,150,010

Taxes payable include the taxes payable by the foreign partners and certain foreign entities. Others mainly include accrued financial charges on borrowings and miscellaneous payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

16. ZAKAT PAYABLE

The movement in the Group's zakat provisions is as follows:

	2016 (SR '000)	2015 (SR '000)
At the beginning of the year	1,633,473	2,201,651
Provided during the year	3,000,000	2,100,000
Paid during the year	(2,247,137)	(2,668,178)
AT THE END OF THE YEAR	2,386,336	1,633,473

Zakat returns of SABIC and its wholly owned subsidiaries are submitted to the General Authority of Zakat and Tax (GAZT) based on separate consolidated financial statements prepared for zakat purposes only. Other partially owned subsidiaries file their zakat returns separately.

SABIC has filed its zakat returns with the GAZT, received the zakat certificates, settled the zakat dues and cleared its zakat assessments with GAZT up to the year ended December 31, 2015.

17. OTHER NON-CURRENT LIABILITIES	NOTE	2016 (SR '000)	2015 (SR '000)
Obligations under finance leases	31	794,960	856,964
Deferred tax		997,850	993,826
Others		1,392,326	1,884,749
TOTAL		3,185,136	3,735,539

Deferred tax represents the deferred taxes recorded in the foreign subsidiaries. Others mainly include tax payments payable on behalf of GE (reimbursable by GE, note 12), tax provisions related to foreign subsidiaries and other long-term payables.

18. EMPLOYEE BENEFITS	2016 (SR '000)	2015 (SR '000)
End of service benefits	12,082,129	11,484,549
Employee savings plan	1,020,864	931,944
Early retirement plan	66,480	325,834
TOTAL	13,169,473	12,742,327

19. SHARE CAPITAL

The share capital amounting to SR 30 billion is divided into 3 billion shares of SR 10 each as of December 31, 2016 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

20. RESERVES

STATUTORY RESERVE

In accordance with the Saudi Arabian Regulations for Companies, SABIC must transfer 10% of its annual consolidated net income to the statutory reserve until it reaches 50% of the share capital; this having been achieved, SABIC decided to discontinue such transfer. The reserve is not available for distribution.

GENERAL RESERVE

In accordance with SABIC's By-Laws, the General Assembly can establish a general reserve as an appropriation of retained earnings. The general reserve can be increased or decreased by a resolution of the shareholders and is available for distribution.

21. NON-CONTROLLING INTERESTS

Non-controlling interests which are principally related to the subsidiaries in Saudi Arabia are shown in the consolidated balance sheet as part of equity. Share of non-controlling interests in the net results of subsidiaries is shown separately in the consolidated statement of income. The movement of non-controlling interests in the consolidated balance sheet was as follows:

	2016 (SR '000)	2015 (SR '000)
At the beginning of the year	47,933,137	48,886,011
Share of non-controlling interests during the year	7,210,041	8,645,118
Dividends paid and others	(7,864,450)	(9,597,992)
AT THE END OF THE YEAR	47,278,728	47,933,137

22. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2016 (SR '000)	2015 (SR '000)
Selling and distribution	4,982,399	5,329,117
Employee costs	3,236,677	3,434,768
General and administrative	2,080,710	2,350,309
Technology and innovation	1,996,914	2,257,268
Depreciation and amortization	367,543	356,362
TOTAL	12,664,243	13,727,824

23. OTHER INCOME, NET

	2016 (SR '000)	2015 (SR '000)
Earnings on time deposits	1,569,037	654,499
Miscellaneous	516,020	656,976
TOTAL	2,085,057	1,311,475

Miscellaneous includes insurance claims, net results of disposals of property, plant and equipment, exchange rate differences and other items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

24. EARNINGS PER SHARE

The earnings per share is calculated based on the weighted average number of outstanding shares at December 31, 2016 and 2015.

25. SEGMENT INFORMATION

The Group's operations consist of the following business segments:

- **The chemicals segment** includes chemicals, polymers, and innovative plastic products.
- **The agri-nutrients segment** consists of fertilizer products.
- **The metals segment** consists of steel products.
- **The corporate segment** includes the corporate operations, technology and innovation centres, investment activities and SABIC Industrial Investments Company (SIIC).

	Chemicals (SR '000)	Agri-Nutrients (SR '000)	Metals (SR '000)	Corporate (SR '000)	Consolidation adjustments & eliminations (SR '000)	Total (SR '000)
Year ended December 31, 2016						
Sales	156,315,840	4,701,312	9,009,322	7,623,462	(44,823,331)	132,826,605
Gross profit (loss)	34,995,428	1,192,590	(754,359)	3,786,910	1,689,502	40,910,071
Net income (loss)	22,791,623	1,137,094	(1,346,177)	18,979,059	(23,722,756)	17,838,843
Total assets	228,489,047	12,895,691	19,490,930	220,373,578	(164,356,388)	316,892,858
Total liabilities	148,416,565	2,002,841	4,451,557	50,854,720	(99,159,448)	106,566,235

Year ended December 31, 2015

Sales	170,718,132	5,965,509	10,668,468	8,609,287	(47,875,655)	148,085,741
Gross profit (loss)	33,993,508	2,712,279	(738,343)	3,704,011	3,356,305	43,027,760
Net income (loss)	21,288,913	2,544,673	(1,457,645)	21,531,096	(25,138,347)	18,768,690
Total assets	230,068,629	13,797,172	21,032,990	227,972,503	(164,652,140)	328,219,154
Total liabilities	152,669,108	2,308,376	4,647,441	57,117,195	(98,380,152)	118,361,968

The total net results of the above segments include share in the results of the subsidiaries and the associated companies. Also, the total assets balances in these segments include investment balances with respect to subsidiaries.

Substantial portion of the Group's operating assets are located in Saudi Arabia. The principal markets for the Group's chemical products are Europe, USA, Middle East, and Asia Pacific. The principal markets for the Group's agri-nutrients segment are mainly in South East Asia, Australia, New Zealand, South America, Africa and Middle East. The metals segment sales are mainly in Saudi Arabia and other Gulf Cooperative Council (GCC) Countries. The corporate activities are primarily based in Saudi Arabia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments principally include cash and cash equivalents, short-term investments, accounts and other receivables, derivative financial instruments, investments in securities, advances, short-term bank borrowings, accounts payable, accruals, long-term debt and other liabilities.

Credit Risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. Cash is substantially placed with banks of sound credit ratings. Accounts receivable are carried net of provision for doubtful debts.

Commission Rate Risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at December 31, 2016. The Group manages its borrowings made at floating rates by using commission rate swaps (note 28), which have the economic effect of converting borrowings from floating rates to fixed rates. The commission rate swaps, when exercised, provide the Group with the right to agree with the counterparty to exchange, at specified intervals, the difference between fixed and the floating contract rates, calculated by reference to the agreed notional principal amounts.

Liquidity Risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring, on a regular basis, that sufficient funds are available to meet any future commitments.

Currency Risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group transactions are principally in Saudi Riyals, Euros and US Dollars. The Group monitors the fluctuations in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

Fair Value Risk is the value for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the consolidated financial statements are prepared under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the financial assets and liabilities are not materially different from their carrying values.

27. TRANSACTIONS WITH FOREIGN PARTNERS OF SUBSIDIARIES

In the ordinary course of business operations, certain subsidiaries of SABIC sell their products to their foreign partners in accordance with the marketing and off-take agreements. Sales to the aforementioned foreign partners during the year ended December 31, 2016 amounted to SR 9.1 billion (December 31, 2015: SR 10.5 billion). Certain foreign partners also provide technology and innovation, and other services to certain SABIC affiliates in conformity with the executed agreements. Balances due from / to the foreign partners are shown in notes 6 and 14, respectively.

28. DERIVATIVES FINANCIAL INSTRUMENTS

The Group has executed derivative financial instruments transactions including commission rate swaps. The remaining notional amount outstanding as of December 31, 2016 under such transactions was SR 2.5 billion (December 31, 2015: SR 3.9 billion).

29. APPROPRIATION OF NET INCOME

The Annual General Assembly, in its meeting held on 4 Rajab 1437H (corresponding to 11 April 2016), approved the appropriation of the net income for the year ended December 31, 2015 as follows:

- Distribution of cash dividends of SR 16.5 billion (SR 5.5 per share), this includes the interim cash dividends amounting to SR 7.5 billion (SR 2.5 per share) for the first half of 2015;
- Payment of SR 1.8 million as Board of Directors' remuneration.

On 22 Shawwal 1437H (corresponding to 27 of July 2016), SABIC declared interim cash dividends for the first half of the year 2016 amounting to SR 6 billion (at SR 2 per share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

29. APPROPRIATION OF NET INCOME continued

On 19 Rabi Awal 1438H (corresponding to December 18, 2016), the Board of Directors proposed a distribution of cash dividends for the second half of the year ended December 31, 2016 amounting to SR 6 billion (SR 2 per share). The proposed dividends are subject to the approval of the shareholders at their Annual General Assembly Meeting. The total proposed cash dividends for the year ended December 31, 2016 would amount to SR 12 billion (SR 4 per share).

30. CONTINGENCIES

The Group is involved in litigation matters in the ordinary course of business, which are being defended. While the ultimate results of these matters cannot be determined with certainty, the Group's management does not expect that they will have a material adverse effect on the consolidated financial statements of the Group.

The Group's bankers have issued, on its behalf, bank guarantees amounting to SR 2.8 billion as of December 31, 2016 (December 31, 2015: SR 2.3 billion) in the normal course of business.

31. COMMITMENTS

The Group has capital expenditures commitments as of December 31, 2016 amounting to SR 9.5 billion (December 31, 2015: SR 10.3 billion).

SABIC has an equity contribution commitment towards its 15% interest in Ma'adan Wa'ad Al Shamal Phosphate Company ("MWSPC"). As of December 31, 2016, the outstanding commitment towards this investment amounts to SR 0.21 billion (December 31, 2015: SR 0.44 billion). Pursuant to the terms of the agreements with the other shareholders of MWSPC and its external lenders, SABIC has agreed to contribute additional funds to MWSPC, under certain circumstances and to the extent required, in the event of cost over-runs.

SABIC also has an equity contribution commitment towards its 25% interest in Saudi Arabian Industrial Investments Company ("SAIIC"). As of December 31, 2016, the outstanding commitment towards this investment amounts to SR 0.38 billion (December 31, 2015: SR 0.38 billion).

OPERATING LEASE COMMITMENTS

Commitments under non-cancellable operating leases with initial terms of more than one year are as follows:

	2016 (SR '000)	2015 (SR '000)
2016	–	1,440,363
2017	1,374,338	1,279,990
2018	1,160,549	1,050,068
2019	918,728	889,847
2020	847,605	836,084
Thereafter	2,316,813	2,446,027
TOTAL	6,618,033	7,942,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

For the year ended December 31, 2016

31. COMMITMENTS continued

OBLIGATIONS UNDER FINANCE LEASES

Commitments under finance leases with initial terms of more than one year are as follows:

	NOTE	2016 (SR '000)	2015 (SR '000)
2016		–	180,185
2017		139,982	143,005
2018		140,728	141,424
2019		140,593	141,244
2020		117,966	117,684
Thereafter		709,909	712,311
Minimum lease payments		1,249,178	1,435,853
Less:			
Finance charges		(376,196)	(464,646)
Current portion	15	(78,022)	(114,243)
NON-CURRENT PORTION	17	794,960	856,964

32. SUBSEQUENT EVENTS

On January 22, 2017, SABIC and Shell Chemicals Arabia LLC (Shell), SABIC's Partner in the Saudi Petrochemical Company (Sadaf), entered into an agreement pursuant to which SABIC agreed to purchase the entire stake of Shell in Sadaf for US\$820 million. Completion of the proposed transaction is subject to regulatory approval.

The management believe that there have been no further significant subsequent events since the year ended December 31, 2016 that would have a material impact on the consolidated financial position of the Group as reflected in these consolidated financial statements.

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 24 Jumad Awal 1438H corresponding to (February 21, 2017).

34. COMPARATIVE FIGURES

Certain prior year figures have been re-classified to conform to the presentation in the current year.



Global Headquarters

PO Box 5101

Riyadh 11422

Saudi Arabia

T +966 (011) 225 8000

F +966 (011) 225 9000

E info@sabic.com