

CHEMISTRY THAT MATTERS™

سابك  
sabic

# EMERGING STRONGER IN NEW NORMS

ANNUAL REPORT 2021



Our vision, our values and our sheer resilience continue to power the ongoing transformation of everything we do as we embrace the new norms to help make tomorrow better than today.



**King Salman bin Abdulaziz Al Saud**  
The Custodian of the Two Holy Mosques



His Royal Highness  
**Prince Mohammed bin Salman bin Abdulaziz Al Saud**  
Crown Prince, Deputy Premier and Minister of Defense

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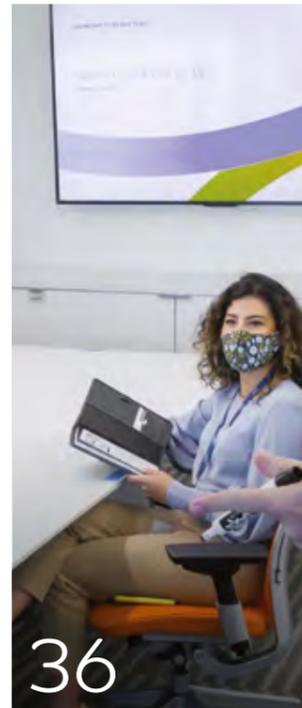
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## LEADERSHIP STATEMENTS



**KHALID HASHIM AL-DABBAGH**  
Chairman

Thanks to our foresight and resilience, we have navigated 2021 successfully. The commitment and adaptability of our employees during the COVID-19 pandemic have also been truly inspiring.

The way society responded in 2021 not only to the COVID-19 pandemic but also to the ongoing threat of climate change has further increased the burden on our industry to handle the various politico-economic, technological, and regulatory “megatrends”. Machines are increasingly being powered electrically and controlled with artificial intelligence. Governments around the world are tightening environmental, social, and governance (ESG) regulations. At the same time, customers, investors, and other stakeholders are also raising their expectations in this area.

#### OUR FORESIGHT

Fortunately, we have positioned ourselves to address these megatrends and how they interact with certain inherent characteristics of our industry. We also simplified and consolidated our business portfolio and scrutinized other areas where we could save costs without sacrificing operational safety, reliability or safety deficiency.

On top of this, the company was able to navigate its way to a successful outcome with the occurrence of two momentous events during recent times:

1. A once-in-a-hundred-years pandemic
2. Saudi Aramco becoming our major shareholder.

How we coped with the pandemic was detailed in last year’s Annual Report. Sadly, the circumstances that precipitated much of what was hurriedly implemented in 2020 still apply. The coronavirus’ lingering persistence to this very day is causing market volatility and supply-chain disruption. Nevertheless, I am heartened by how we persevered in the face of unprecedented challenges to achieve an admirable performance in 2021.

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As for our new major shareholder, we could not have asked for a better one. In fact, we immediately embarked together on another journey to achieve annual synergies valued at between US\$ 1.5 and US\$ 1.8 billion by 2025. And we are off to a good start: in 2021, we captured almost US\$ 468 million of those synergies, exceeding our target for the year.

#### VISION 2030

As a business, we are especially fortunate to be incorporated in a country whose wise leaders have a vision we are eager to realize. In 2021, the Kingdom asserted itself on the world stage through two major announcements: the Saudi Green Initiative (SGI) and the Shareek public-private investment program.

The SGI lays out the Kingdom’s efforts toward mitigating global warming. In keeping with the Initiative, we are aspiring to become carbon neutral by 2050. In the meantime, we are working with partners in both government and industry toward a 20% reduction of CO<sub>2</sub> emissions from our own manufacturing plants by 2030, with baseline 2018.

Shareek, which means partner in Arabic, aims to release a wave of economic investments into the Saudi economy, primarily through industrial megaprojects. It will become an essential part of the broader economic development plan as set forth under the Kingdom’s Vision 2030. Given SABIC’s origins in a public-private partnership that successfully attracted foreign investment, we are intimately familiar with the fertile economic conditions that Shareek seeks to foster and look forward to channeling some of our own growth ambitions through the program.

#### TOWARD 2050

Global trade, technology, and sustainability no longer offer only abstract aspirations. They now come with real-world targets related to operational excellence, ESG performance, operations safety, and business growth. In the past, these targets may have seemed to be at odds with one another, but the evidence increasingly shows that all are essential to create value for all stakeholders in this day and age.

As we look to 2050, we will continue developing capabilities that enable us to pursue profitable growth while following through on ESG imperatives. Some of these capabilities will arise from our transformation programs and our synergies with Saudi Aramco. Others will arise from our close collaboration with public- and private-sector partners. Some of them will arise from our deep-seated aspirations to our operations carbon neutrality. But wherever and however they may arise, I am confident that SABIC’s capabilities will ultimately make us the preferred world leader in chemicals.

As we look to 2050, we will continue developing capabilities that enable us to pursue profitable growth while following through on ESG imperatives.

## LEADERSHIP STATEMENTS

CONTINUED



**YOUSUF ABDULLAH AL-BENYAN**  
Vice Chairman and Chief Executive Officer

Despite the continuing challenge of COVID-19, SABIC's performance in 2021 was extremely robust. Nevertheless, we know there is no room for complacency. We will further evolve our business model to drive more value creation, more sustainability, and more innovation through ambitious growth into 2022 and beyond.

Throughout the ups and downs of the worldwide effort to bring the COVID pandemic under control, the health, safety, and security of people came foremost. Accordingly, we have gone to extraordinary lengths to safeguard the well-being of employees, their families, and the wider communities where we operate. I am pleased to note that, amid all the ad-hoc changes to the business world, we have emerged stronger. This is the result of our multi-year transformation program that helped us to face the challenges through our enhanced operating model and focus. We have created four focused businesses that will deliver on their respective strategies and continue to deliver shareholder value. We are boldly embracing new norms related to: employee well-being; environmental, social and governance (ESG) standards; and digitalization. This collective commitment lies behind our exceptional 2021 results.

**2021 PERFORMANCE**

2021 was an exceptional year. SABIC achieved EBITDA of SAR 48.3 billion in 2021, which was 139% higher than the previous year and fourth highest in SABIC's history. 2021 net income was SAR 23 billion significantly better than SAR 67 million in 2020, and we increased our dividends to SAR 12 billion. SABIC delivered on its transformational strategy with a great value realization with Saudi Aramco. There was also a strong focus on capital discipline similar to 2020 which helped to support higher dividends and position SABIC well for future growth opportunities. Our commitment to sustainability also reached new heights in the fourth quarter of 2021, as we established a clear roadmap toward achieving carbon neutrality by 2050.

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

Throughout the ups and downs of the worldwide effort to bring the COVID pandemic under control, the health, safety, and security of people came foremost in mind.

**MORE GROWTH**

Our 2021 performance also confirms that we are able to turn partnerships into springboards for growth, as is captured in the very name of our new world-class cracker project in Texas: Gulf Coast Growth Ventures. This raises the question of how we can assure ourselves that we will not lose our competitive advantages—and perhaps even gain new ones—as we grow?

The answer is found in a continuation of our proven transformation programs and, of course, our synergies with Saudi Aramco. To my mind, three areas need to be specifically addressed over the next few years:

**1. Manufacturing**

We aim to run modern, reliable chemical plants and so are investing in digital technology to help us to that end. That is why, for example, as many as 36 of our manufacturing plants will be outfitted in 2022 with Asset Healthcare, a monitoring system that uses artificial intelligence (AI) to predict potential failures of critical equipment.

**2. Marketing**

Healthy profit margins are maintained when products are sold at the right time and in the right market for the most competitive price. To regularly achieve this, we need to truly understand not only our customers but also the possible value propositions we could offer on the basis of our product portfolio. AI can assist us here too, since it can discern subtle correlations in the masses of relevant data.

**3. Management of Working Capital**

This area is a prime focus of our cash-cost transformation program, but digitalization could help here as well when it comes to inventory management. Supplies need only be ordered when they will be needed, and advanced data-analysis can give us that advance warning.

We made a public commitment for all operations under our control to be carbon neutral by 2050, aligning us with the Paris climate-change agreement and guiding us in pursuit of solutions.

Additionally, we are looking to implement longer-term strategies related to: growth optimization; the configuration of joint ventures; and our service-delivery model. These can extend the synergistic value creation with Saudi Aramco beyond 2025.

**NATIONAL RESPONSIBILITIES**

As we look to the longer term, we must advance our global growth strategy with sustainability firmly in mind. People, planet and prosperity—all need to be addressed in an integrated manner as we create value and spread well-being.

Our approach, however, varies from country to country. Our Corporate Social Responsibility strategy in 2021, for example, covered 127 programs in 26 countries, including Saudi Arabia, where we remain deeply committed to achieving the transformational goals laid out in the Kingdom's Vision 2030.

Our NUSANED™ program is promoting small businesses in Saudi Arabia, which are helping to establish supply chains that can meet the needs of companies both at home and abroad. It is working with the government to embed the key attributes of commercial success in local factories. It is also persuading foreign manufacturers to set up factories in the Kingdom and to connect local suppliers with potential customers outside Saudi Arabia. The aim is to diversify the nation's economy so that a sustainable entrepreneurial ecosystem takes root and grows. The program is indeed stimulating economic growth: in 2021 alone, it created more than 5,660 jobs and its annualized impact on GDP amounted to more than SAR 1.2 billion.

SABIC is also proud to be one of the first private-sector companies to support the Shareek program, which is designed to strengthen public-private partnerships. It will help accelerate investment strategies and support the goals of Vision 2030.

Finally, I must highlight what we are doing as part of the Saudi Green Initiative (SGI), which was launched in 2021. The SGI aims to improve the quality of life of future generations of Saudis by increasing the country's use of clean energy, offsetting the impact of fossil fuels and protecting the natural environment. In collaboration with government entities and private-sector companies, we are actively contributing to several SGI-related programs, including those geared toward the production of hydrogen, the reuse of captured carbon dioxide and the recycling of plastic waste. But the biggest announcement SABIC made at the SGI launch had to do with our commitment to carbon neutrality.

# LEADERSHIP STATEMENTS

## CONTINUED

### CARBON NEUTRALITY

We made a public commitment for all operations under our control—not just Saudi-based ones—to be carbon neutral by 2050, taking into account the different regional and national circumstances. This aligns us with the Paris climate-change agreement and guides us in pursuit of solutions. To begin with, we have set an interim target year of 2030 for a 20% reduction (relative to 2018) in direct and indirect greenhouse-gas (GHG) emissions generated by our own production.

Thereafter, we set our sights on the emissions during the lifecycle of our products along the value chain—from the moment they are manufactured to the moment that they are disposed of. This is much more complex, because it involves our customers, and their customers and so on all the way to our products' ultimate disposal. It also requires collaboration with external stakeholders, including policymakers, regulators and financiers. All in all, we already have identified more than 90 carbon-neutrality initiatives that we believe will help us reduce GHG emissions.

### CIRCULAR ECONOMY

As we promote sustainable development and collaborative innovation more broadly around the world, we will advocate our circular carbon solutions. These include a range of certified renewable polymers, the production of “blue” ammonia, and the development of the world's largest CO<sub>2</sub> capture and purification plant.

Through our TRUCIRCLE™ initiative, we continue to challenge open-ended value chains and drive forward a circular economy for used plastics. In 2021, Frost & Sullivan, a leading business consultancy, named us Global Company of the Year for sustainability practices and circular economy. As a founding member of the Alliance to End Plastic Waste, we remain committed to finding innovative solutions to help transform our industry from a linear economy into a circular one. The many learnings from our carbon-neutrality and circular-economy programs will not only shape our own growth but also serve as best-practice examples that raise the standards of our industry as a whole.

### NEW NORMS

There are major shifts happening in the world today that will continue to affect our business and operating models, our work, workforce and workplace. We must be able to respond steadfastly even in the face of the unexpected. Therefore, we remain committed to the development of our employees and ensure that we have the best-in-class talent available across all levels. Only the right talent will help us to address new norms and instill greater resilience to external disruptions and greater agility of response.

As 2021 gives way to 2022, we are in good position to become the preferred world leader in chemicals. But as the race for sustainable growth accelerates in our industry, we must be prepared for new surprises around the corner. Above all, we must not forget our interpersonal relationships: they also constitute the “Chemistry that Matters™”.

We remain committed to the development of our employees. Only the right talent will help us to address new norms and instill greater resilience to external disruptions and greater agility of response.

# OVERVIEW

SABIC is a diversified chemicals company, manufacturing on a global scale in the Americas, Europe, Middle East and Asia Pacific. The company has significant research resources with innovation hubs in five key geographies – USA, Europe, Middle East, South Asia and North Asia.

SABIC makes distinctly different kinds of products through four businesses:

- Petrochemicals – manufacturing, distribution and sale of commodity and performance chemicals and polymers
- Agri-Nutrients – manufacturing, distribution and sale of fertilizers and specialty agri-nutrients
- Specialties – manufacturing, distribution and sale of specialty plastics
- Metals (Hadeed) – manufacturing, distribution and sale of long and flat metal products.

Financial Metrics “SAR Billion”	Petrochemicals and Specialties			Agri-Nutrients			Hadeed			Consolidated		
	2021	2020	% change	2021	2020	% change	2021	2020	% change	2021	2020	% change
Revenue	149.9	100.6	49%	12.2	6.8	80%	12.8	9.5	35%	174.9	116.9	50%
Income from operations	27.3	4.4	515%	5.6	1.7	234%	0.4	(1.5)	126%	33.2	4.6	627%
Assets	287.1	266.8	8%	13.2	12.2	8%	18.2	16.5	10%	318.4	295.5	8%

Non-Financial Metrics “Million MT”	Petrochemicals and Specialties			Agri-Nutrients			Hadeed			Consolidated		
	2021	2020	% change	2021	2020	% change	2021	2020	% change	2021	2020	% change
Production Volume	45.9	48.1	-4%	7.6	8.1	-6%	4.6	4.5	3%	58.2	60.7	-4%
Sales Volume	37.2	37.8	-1%	6.2	6.9	-11%	4.4	4.6	-5%	47.8	49.3	-3%



SABIC has significant research resources across the world.

## OUR CORE VALUES

Our values serve as the foundation of our organization and culture. They govern our behavior and drive our commitment to act with the highest ethical standards. We have integrated them into the fabric of our organization as a reference point for our business practice and to ensure successful implementation of our strategy.



### INSPIRE

We work together to create an action-oriented environment that develops solutions and results for our customers.



### ENGAGE

We respect and value differences in our people and their business approaches, fostering a great working environment. Our unfailing commitment to the communities in which we operate helps us remain a positive influence throughout the company and the world.



### CREATE

Our curiosity is never satisfied. We are always challenging conventional thinking and seeking new ways to uncover opportunities in both product and process to find the next innovative solution.

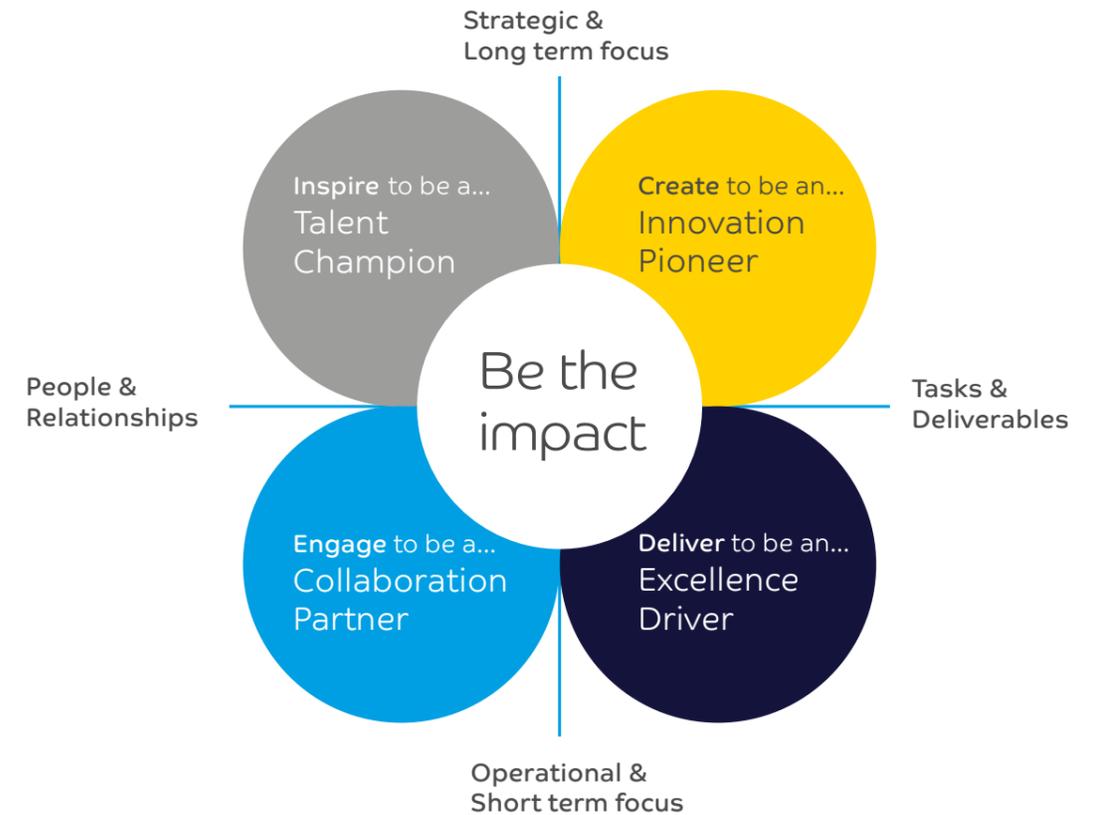


### DELIVER

We lead by developing extraordinary breakthroughs for our customers. Our unwavering focus on flawless execution drives our success.

## THE SABIC LEADERSHIP WAY

Our leadership framework is the set of guiding principles that describes the unique characteristics for leadership success at SABIC. A leader at SABIC refers to everyone from the manufacturing floor to the CEO. Our leaders are compelled to demonstrate courage and integrity by accepting challenges and voicing concerns in a positive way. They lead by example and hold each other accountable. There are four leadership priorities that, along with our values, inform how we lead and behave every day.



# STRATEGIC REPORT

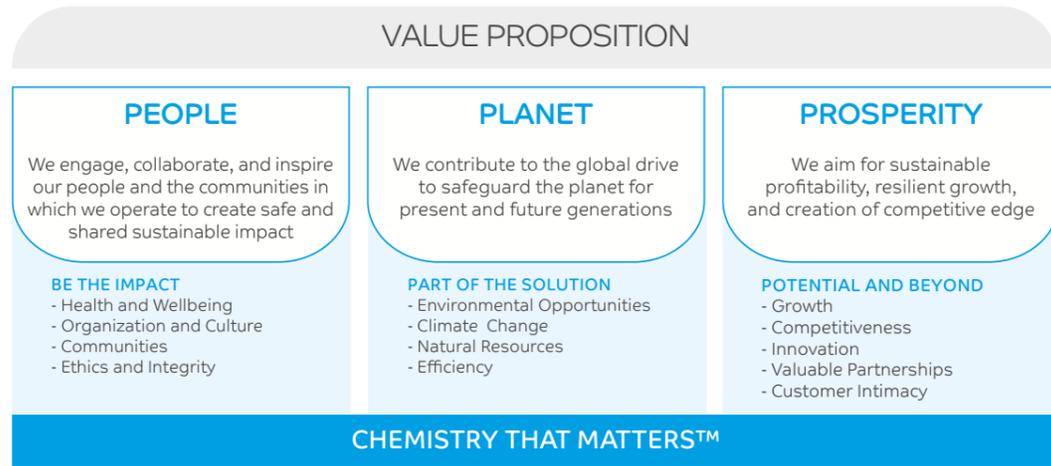


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# OUR STRATEGY

## OUR VISION

### TO BE THE PREFERRED WORLD LEADER IN CHEMICALS



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

SABIC's 2021 Annual Report features an update to our value proposition map, which has been a staple of our corporate reporting since 2019. The primary elements of our strategy remain the same; however, our new mapping allows us to more accurately represent and report on the broad value proposition that we offer our shareholders and stakeholders, which is the primary aim of this Annual Report.

We have chosen to visualize our strategy around the three fundamental pillars of the Triple Bottom Line (TBL) approach: People, Planet, and Prosperity. Our mapping of these three pillars accords them equal priority within this model. We do not see a contradiction between a "single" bottom line and TBL approach – nor is a question of balancing or managing "trade-offs" between the three pillars. A commitment to profitable and sustainable growth will always be at the heart of our enterprise; it is our essence, our *raison d'être*. We also recognize that SABIC's ability to create value year after year equally requires a more comprehensive approach in assessing impact and success – one that takes into account the wider societal and environmental megatrends that affect and are affected by our business. Our new value proposition map is a statement of intent to think about the future of our business together with the future of our society and planet, and to respond with solutions that have the pace and scale to address the challenges of our contemporary world.

Our strategy continues to seek to deliver sustainable, profitable growth and create value for our broad stakeholder base, including shareholders, customers, employees, regulators, suppliers, and local communities. We will continue to target world-class financial performance by: working hard to understand the evolving needs of our customers in terms of service, product differentiation, and solutions; accelerating growth both organically and non-organically by being close to regional markets; striving for a competitive advantage selectively through process, catalyst and application development; and improving efficiencies in our core areas of manufacturing, commercial, supply chain, and cost management.

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

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

## BUSINESS PORTFOLIO

In 2015 we launched a robust transformation program to further streamline our operating model, increase portfolio focus, boost competitiveness, and accelerate long-term growth. At the center of this transformation was moving from six Business Units to the three Strategic Business Units (SBU) we have today: Petrochemicals, Agri-Nutrients, and Specialties. 2020 and 2021 saw key years in this journey marking the realization of our current structure and positioning the three SBUs as autonomous entities with the ability to operate in their markets as global leading companies.

### PETROCHEMICALS

SABIC's Petrochemicals SBU strategy aims to enhance our leadership position by expanding our presence in fast-growing and emerging regions. We provide products and solutions with a customer-focused mindset, leveraging technology, innovation, and sustainability, to address a range of end-user markets that include automotive, building and construction, healthcare and personal hygiene, packaging, and consumer and household goods.

On June 17, 2020, Saudi Aramco announced the successful completion of its share acquisition of a 70% stake in SABIC from the Public Investment Fund, the sovereign wealth fund of Saudi Arabia. The completion of this historical transaction positioned SABIC to become Saudi Aramco's chemicals arm and the national chemicals champion in Saudi Arabia while strengthening its leadership position in the global chemical industry.

Our joint efforts with Saudi Aramco in petrochemicals have already been strengthened by leveraging our strong customer and market positions and attractive product portfolio to address the growth markets of China, India, South East Asia, and North America. These markets will be served through a range of feedstock asset platforms and associated investment models. These growth platforms will be located mainly in Asia, Saudi Arabia, and North America and will be enabled by a combination of competitive advantages derived from both Saudi Aramco and SABIC, including advantaged and liquid feedstock, refinery petrochemical integration, advanced technology, such as our crude-oil-to-chemicals project, and strong strategic partners where relevant.

### AGRI-NUTRIENTS

In 2020, we saw the beginning of the integration of our agri-nutrients assets under one umbrella, with all related equity shares and assets consolidated in a new company, SABIC Agri-Nutrients Company. In 2021, SABIC and SABIC Agri-Nutrients Company worked with the clear vision of establishing the latter as a company, integrating the core functions of the agri-nutrients business within its purview. This repositioning will enable SABIC Agri-Nutrients Co. to sharpen and clarify its focus, develop agility, and deliver on its vision of becoming the national agri-nutrients champion and a global leader in the agri-nutrients industry.

Through a strategy of selectively expanding our downstream positions, increasing our product differentiation, and growing our global assets globally, our Agri-Nutrients SBU is able to execute a customer-centric and market-focused approach. We maintained our global position as a reliable supplier of agri-nutrients in the face of various industry challenges during 2021. Agri-Nutrients developed the next generation fertilizer products such as the world's first biodegradable polymer-coated urea, which has won the prestigious Edison Award, and water soluble fertilizer, to meet the exacting needs of our customers while meeting sustainability requirements. Moreover, propelling SABIC further on its low carbon journey, the Agri-Nutrients business is exploring opportunities in sustainable green ammonia production, having successfully produced blue ammonia for use in zero-carbon power generation in 2020. SABIC Agri-Nutrients ultimately aims to become a leading player in the low-carbon ammonia market and the ammonia energy market.

### SPECIALTIES

SABIC's Specialties SBU addresses complex and unique customer needs through differentiation, sustainability, and speed to market. Established as a fully independent and standalone entity in November 2020, the Specialties SBU is able to realize untapped growth potential, add value through increased agility and focus, and meet its specific business model and customer requirements.

The Specialties SBU delivered award-winning solutions in 2021 that helped to accelerate the rollout of 5G infrastructure and connected smart devices, healthcare, and progress towards achieving carbon neutrality. Positioned for sustainable and profitable growth, the Specialties SBU aims to become one of the top players in the "Multi-Segment Premium" specialty chemicals segment and provide innovative solutions that address the challenges our customers face.

### METALS (HADEED)

While not an SBU, Hadeed operates as a fully independent entity with a strategic plan to be the preferred local and regional leader in the steel industry. Hadeed will continue to offer customers quality, innovative, and diverse steel solutions. Simultaneously, Hadeed also strives to meet sustainability targets, having already made significant progress since 2010 and has developed a roadmap that is aligned with SABIC's 2050 carbon neutrality aspirations.

Hadeed is focused on cost controls and further boosting reliability, thereby increasing profitability while maintaining stability in the supply of prime quality products to the local market, supporting Saudi demand.

# BUSINESS ENVIRONMENT IN 2021 AND OUTLOOK FOR 2022

## GLOBAL ECONOMY 2021

The global economy made the transition from recovery to expansion during 2021 as a result of strong consumer spending, robust exports, improving business investment and governments' stimulus packages. This transition took place despite ongoing uncertainty from COVID-19, supply chain bottlenecks and inflation. Pent-up demand and ravaged supply chains created supply/demand imbalances, leading to major supply chain disruptions and rising inflation. Inflation accelerated to its fastest pace since the 1980s mainly in North America and Europe, driven mostly by the cost of energy, vehicles, and food.

## ADVANCED ECONOMIES AND EMERGING MARKETS

Advanced economies and emerging markets rebounded sharply during 2021 despite the negative impacts of COVID-19, inflation, supply chain disruptions and weather-related factors. 2021 saw many emerging markets recovering from the Delta variant, and relaxed containment measures led to a spike in consumption. Support also came from exports as advanced economies' demand for emerging markets products recovered. High commodity prices and strong exports contributed to emerging markets' robust growth rates.

## REGIONAL ECONOMIES

North America and Europe enjoyed robust consumer-led growth during 2021, despite the challenging environment. With demand recovering faster than supply, inflation has surged in these two regions. Asia also saw a rebound led by China despite the Chinese government's zero-COVID-19 policy, which continued to restrict service sector activities and consumer demand. The property sector in China continued to struggle as Beijing remains committed to reduce excess leverage. Industrial sector activities were negatively impacted by the housing construction downturn and the effects of China's forceful decarbonization campaign on energy consumption. Commodity exports were a bright spot in African and Latin American economies as they enjoyed high prices and resilient demand from North America, Europe, and Asia. GDP growth in both regions stemmed largely from this increased value of exports, though lack of government support in Africa led to lower than expected rebounds in GDPs.

## GLOBAL INDUSTRIAL PRODUCTION

Global industrial production rebounded sharply during 2021 after the 2020 plunge. Pent-up consumer demand, backed by substantial savings and government stimulus packages introduced during the pandemic, helped global industrial production regain momentum and bounce back to pre-crisis growth rate levels.

## FEEDSTOCK MARKETS

Feedstock prices hit multi-year highs during 2021, driven by strong recovery in demand, effective OPEC supply control, weather-related supply issues in the US, and geopolitical factors, and compounded by market expectations of relatively tight supply. The natural gas crisis in the second half of the year also drove up feedstock prices, with production struggling to catch-up with the unexpected rise in demand from China due to less coal availability. Competition between China and the EU for LNG shipments also led to prices increasing by 4 to 5 times.

## GLOBAL ECONOMY OUTLOOK

In 2022, businesses will have to contend with the consequences of governments' shifts from fiscal policy stimulus to restraint, rising interest rates and tightening credit conditions, and major economies' energy transitions from hydrocarbons to renewables. Amid these transitions, global economic growth is expected to stabilize in 2022. Geopolitical conflicts, such as an escalation of tensions between the US and China or Iran or between NATO and Russia, will continue to pose risks to the outlook. New COVID-19 strains are not expected to derail the recovery but the pace of growth is expected to decelerate slightly. Inflation is expected to ease during 2022 as agricultural and industrial commodity prices retreat and pent-up demand is satisfied. However, this could be a slow process because logistics bottlenecks and supply shortages will take time to resolve. Monetary and fiscal policy tightening is also expected to control inflation by restraining demand growth.

## ADVANCED ECONOMIES AND EMERGING MARKETS OUTLOOK

Growth in advanced economies and emerging markets is expected to stabilize in 2022 from a significantly above-trend pace to a modestly above-trend rate as a result of withdrawal of monetary accommodation, and satisfaction of pent-up demand. The easing of labor and supply shortages is expected to support continued expansion in 2022. Containment measures prompted by new strains and increased risk aversion might hinder economic expansion, and prolonged supply chain disruptions threaten to extend the upward pressure on consumer price inflation rates for goods. Monetary policy tightening to fight inflation will have negative impacts on consumption and credit availability. If inflation continues, it will erode the purchasing power of salaries, limiting consumption. Lower demand for commodities from advanced economies is expected to suppress the growth rate of emerging markets.

## REGIONAL ECONOMIES

Growth in North America and Europe is expected to stabilize in 2022 from a significantly above-trend pace to a modestly above-trend rate as stimulus packages are withdrawn and pent-up demand is satisfied. Growth in Asia is also expected to stabilize. China's firm COVID-19 policy, the continuation of the property sector deleveraging, and increasing intervention in the private sector is expected to lead to lower growth in China. Latin American and African growth is expected to be negatively impacted by lower demand for their commodities from North America, Europe and Asia.

## GLOBAL INDUSTRIAL PRODUCTION

Global industrial production is expected to stabilize during 2022 supported by increasing vaccine coverage curbing the spread of COVID-19. However, it faces a major challenge, which is the slow improvement of the global supply chain.

## FEEDSTOCK MARKETS

A limited retreat of feedstock prices is expected as US shale gas production increases, but, in general, prices are expected to remain at elevated levels compared to previous years due to strong global demand, low inventories and tight supply in addition to geopolitics.

## FUTURE PLANS AND INVESTMENT

Change is everywhere; the only constant in our business is change. Our markets have evolved rapidly in response to volatile raw material prices, new feedstocks, and new manufacturing trends. The pandemic has accelerated many changes that were already underway in transportation, packaging, electronics, medical and healthcare, construction, and so on. Identifying and responding to these changes are crucial to SABIC's growth agenda.

### CREATING SHARED VALUE WITH SAUDI ARAMCO

Since Saudi Aramco's acquisition of a 70% majority stake in SABIC in June 2020, both entities have been working together to explore areas of synergy that will maximize value and for their respective customers, stakeholders and shareholders. Since the deal closed, SABIC has achieved a synergy value of US\$ 468 million. In the coming years, SABIC's share in the value creation and synergy is expected to amount to recurring annual value of US\$ 1.5 billion to US\$ 1.8 billion, which SABIC expects to achieve by 2025. Approximately 80% of this value is set to be generated from six key business areas: Procurement, Sales and Marketing, Supply Chain, Stream Integration, Feedstock Optimization and Maintenance. The alignment with Saudi Aramco will also bring additional scale, technology, investment potential, and growth opportunities to SABIC. As part of the broader long-term strategy, there will be further opportunities to capture value through growth projects optimization, joint venture management and a one service delivery model.

### CARBON NEUTRALITY

In 2021, we developed and unveiled our Carbon Neutrality Roadmap, which sets out a strategy to decarbonize our operations by 2050 in line with the goals of the Paris Agreement. The roadmap identifies five pathways to decarbonization: Reliability, Energy Efficiency and Improvements; Renewable Energy; Electrification; Carbon Capture; and Green/Blue Hydrogen. As major steps on this journey in 2021, SABIC established a groundbreaking partnership with chemical and industrial gas giants BASF and Linde to develop electrically powered steam cracker technology that will aim to reduce carbon emissions by 90%; announced plans to invest nearly US\$ 1.37 billion in our Teesside petrochemical facility to develop a technical configuration to convert the steam cracker to blue hydrogen at the facility, which will reduce its carbon footprint initially by up to 60%; and signed a Memorandum of Understanding (MoU) with NEOM to discuss and identify opportunities for collaboration for the development of a green chemistry hub using renewable energy. SABIC also entered an agreement in 2021 with the World Economic Forum and industry partners to formalize the Low-Carbon Emitting Technologies Initiative into a stand-alone entity by 2023.

Our energy roadmap will align with the stringent targets for the second Saudi Energy Efficiency Program (SEEP) cycle. SABIC will embark on eight mega projects with an expected investment of US\$ 2.7 billion to help us optimize the primary energy and feedstock utilization. We have prioritized 90 projects in total that hold the greatest potential for

improving natural resources use.

SABIC is also an instrumental participant in Saudi Arabia's Oil Sustainability Program established with the aim to sustain oil as part of the global energy mix that is economically and environmentally efficient. With a polymers and chemicals portfolio that is capable of supporting the strategic target of the program, SABIC will continue to build on its implementation of polymer-based initiatives during 2021 across the three highest oil consuming sectors: Materials, Transportation, and Utilities, with solutions including polymer sacks for cement bags, polycarbonate sheets for sky lights, polymer-based solar panels, polymer tiles and polymer pipes for gas networks to name a few.

These partnerships and investments look to be major building blocks for our focus on climate change and energy and resource efficiency in the coming years.

### GROWTH

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

Our United EO/EG-III project is expected to start operations in 2022 and will produce 700,000 metric tons of glycols in Jubail, Saudi Arabia. Our latest joint venture with ExxonMobil in southeast Texas, Gulf Coast Growth Ventures, is expected to begin commercial operation in 2022. It includes an ethylene production unit with an annual capacity of 1.8 million tons, which will feed two polyethylene units with annual capacity of about 1.3 million tons and a monoethylene glycol unit with annual capacity of about 1.1 million tons. SABIC just completed its GAS 9 expansion project, which will increase oxygen production capacity by 3,600 tonnes per day (TPD) and nitrogen by 3,500 TPD, for safe operations of related industries in Jubail Industrial City.

In the evolving agri-nutrients industry, SABIC will strive to meet demand for existing offerings as an input for food production while simultaneously working on initiatives to launch differentiated products aimed at improving nutrient use efficiency, boosting farm level economics, and mitigating the environmental impact of agriculture. Additional volume from new projects will enable us to expand our market presence in key markets such as Africa and Latin America, and by 2026, we expect to have grown our production by 12%. Furthermore, we are also exploring opportunities in green ammonia production via green hydrogen derived from water electrolysis, with an eye toward playing a leading role in the low carbon ammonia market

and ammonia energy market.

As the home of SABIC's unique offerings, the Specialties business aims to become one of the top players in the "Multi-Segment Premium" specialty chemicals segment. Critical to achieving our growth is increased customer intimacy and cross-functional engagement in each region we operate in. Our innovative portfolio of solutions is aligned with transformational trends and moreover, our global presence and close relationships with Original Equipment Manufacturers (OEMs) means that we offer a strong geographical competitive advantage over competitors who are generally regionally focused. We strive to be close to our OEMs and customers in each region and expect the ULTEM™ resin capacity expansion in Singapore and the restarting of the NORYL™ resin plant in the Netherlands to go live in 2022.

SABIC Metals (Hadeed) is actively working to achieve sustainability and Saudi Energy Efficiency Committee (SEEC) targets, with short-term sustainability targets having already achieved a 16.3% reduction of greenhouse gas emissions in the rolling mills since 2010. The implementation of the Expert Furnace System Optimization Process (EFSOP) has lowered electricity consumption by 1.4% and will be implemented across five furnaces by 2024.

Hadeed is also studying the establishment of a plant in Jubail for the production of thin steel sheets within its current product portfolio. With this plant, Hadeed aims to enhance its position as a manufacturer of steel plates as per the requirements of the local market.

We are also one of the first private-sector companies to support Saudi Arabia's Shareek program, which is expected to stimulate new investments and strengthen public-private partnerships.

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

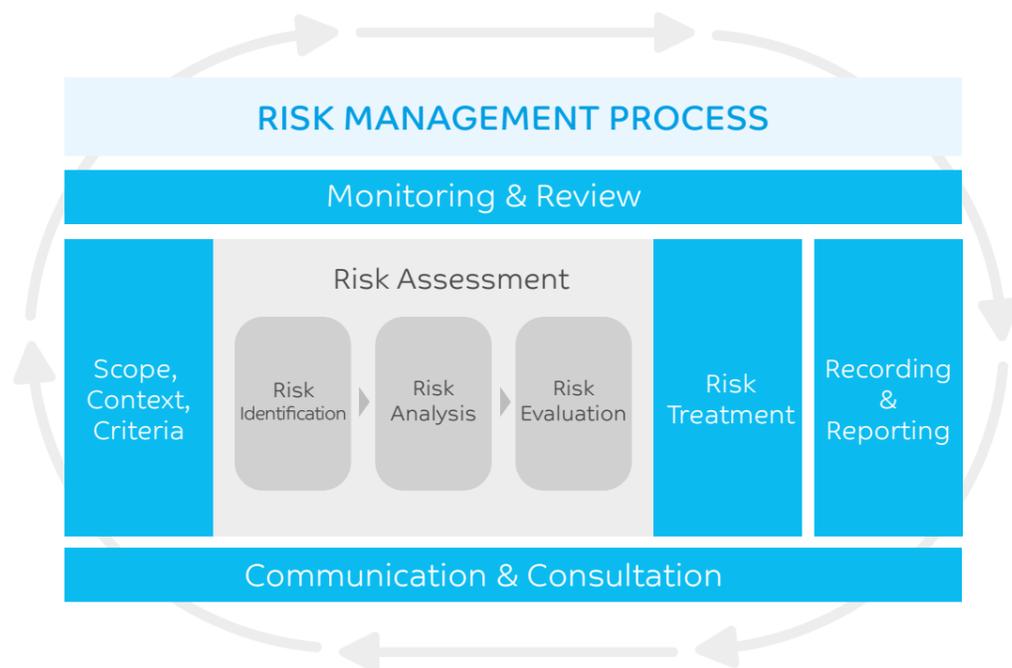
# RISK ASSESSMENT AND GOVERNANCE

SABIC continues pursuing its strategic goals to maximize shareholder value through taking calculated risks that are predefined by the organization’s Risk Tolerance Framework. SABIC does not tolerate any scenarios or events leading to safety and security incidents that threaten the well-being of its employees, contractors, the public and/or impact the environment. SABIC does not tolerate any scenarios or events in relation to integrity, ethical/regulatory non-compliance and Intellectual Property breach and/or infringement.

SABIC has a strong risk culture; we consider all our employees custodians of this culture and entrust them in adhering to our standards and culture in executing SABIC’s strategy.

We have established a risk management policy and an Integrated Governance system (as shown in the diagram below) to effectively identify, understand, and manage the risks facing the company and affecting our business performance. We are also leveraging opportunities in pursuing our objectives to meet our strategic goals.

## RISK MANAGEMENT PROCESS



SABIC does not tolerate any scenarios or events leading to safety and security incidents that threaten the well-being of its employees, contractors, and the public.

All SABIC’s functions regularly provide coordinated reports to the Executive Risk Management Committee. The SABIC Board of Directors, as well as the Risk and Sustainability Board Committee, oversee the activities of the Enterprise Risk and Data Management department in assessing key business risks for the company.

The responsibility of implementing our risk management policy rests with the Chief Executive Officer, whilst the responsibility for monitoring the implementation of the risk policy lies with the Board of Directors and is supported by the Risk and Sustainability Board Committee. The SABIC Enterprise Risk Management team (ERM) reports a detailed assessment on the risks facing the company. The Risk and Sustainability Committee monitors these reports on a regular basis and makes appropriate recommendations to the Board of Directors on the efficacy of measures taken to minimize the impact of all risks.

In principle, we are exposed to inherent risk factors that limit our ability to achieve our strategic, operational and financial objectives.

## RISK FACTORS\*



### OPERATIONAL AND MARKET RISKS

- Highly Competitive Industries
- The Cyclical Nature of the Petrochemicals Industry
- Conditions Affecting Transportation of Products (Emerging risk)
- Insufficient Insurance Policies
- Use of Information Technology
- Opportunities to Capitalize on Digital Transformation
- Projects under Development
- The Use of Intellectual Property and Technology Licenses



### SUSTAINABILITY RISKS

- EHSS Liabilities
- Stricter Greenhouse Gas Emissions regulations
- Defective Products
- Accidents Involving SABIC’s Products
- Safer Chemistry regulations



### POLITICAL AND SOCIAL RISKS

- International Trade Controls
- Agri-Nutrients Business
- Disputes and/or Litigation
- Political and Social Instability in the MENA Region
- Talent Management



### FINANCIAL AND ECONOMIC RISKS

- Global Economic Market Conditions
- Fulfilling our Financial Obligations
- Customer Credit
- Interest Rate and Foreign Exchange
- Performance and Dividend Distributions
- Pension Obligations



### DE-RISK POST-COVID-19

\* Descriptions of the main risk factors related to our business are covered in detail under Risk Factors in Appendix, Page 118

# BUSINESS PERFORMANCE

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## BUSINESS PERFORMANCE

The financial performance was strong throughout 2021, driven by the higher selling prices of our key products and focus on capital discipline.

(All amounts in billions unless otherwise stated)

### SUMMARIZED CONSOLIDATED STATEMENT OF INCOME

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

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

\*Not meaningful

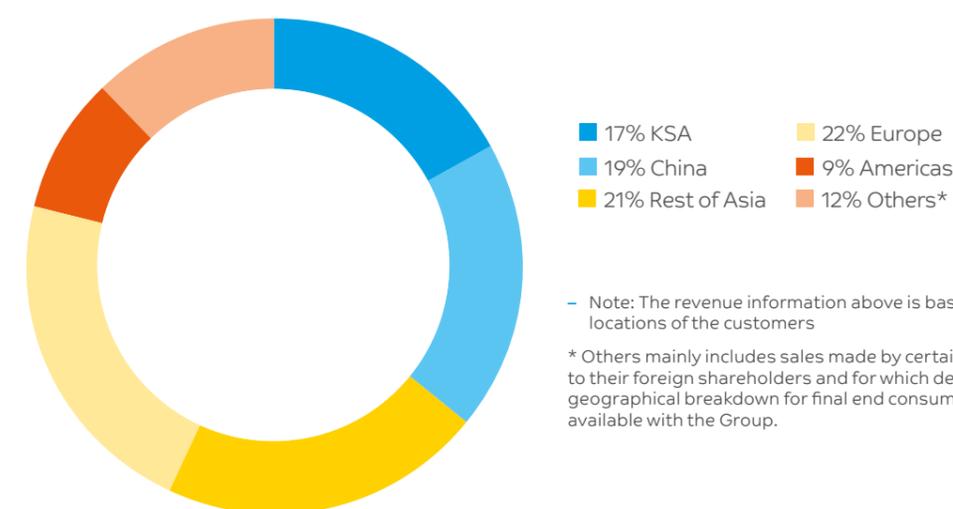
**Sales** of SAR 174.88 compared to SAR 116.95 in 2020, an increase of SAR 57.93 or 50%, primarily driven by the increase in the average selling prices where the four segments recorded double digits increase in sales for the year ended December 31, 2021 despite the lower sales volume by 3%. Petrochemicals and Specialties sales represent 86% of the group's total sales in the amount of SAR 149.88, an increase of SAR 49.24 or 49% compared to 2020. Agri-nutrients sales amounted to SAR 12.19 an increase of SAR 5.4 or 80% and Hadeed sales amounted to SAR 12.81, an increase of SAR 3.29 or 35%, compared to 2020.

**Income from operations** of SAR 33.24 compared to SAR 4.57 in 2020, an increase of SAR 28.67 principally due to the improved products margins resulted into an increase in gross profit by SAR 28.45 despite the increase in feedstock prices. Furthermore, the improved margins has also led to an increase in the share of results from integral joint ventures by SAR 2.27, from SAR 1.01 in 2020 to SAR 3.28 in 2021. This was partially offset by an increase in selling, general, and administrative expenses primarily due to the increase in freight costs.

**Income tax and Zakat** charge was SAR 3.59 compared to SAR 2.02 in 2020, an increase of SAR 1.57. The increase was mainly driven by the higher income in the jurisdictions inside and outside Saudi Arabia.

**Net income** of SAR 23.07 in 2021 compared to SAR 0.07 in 2020, principally driven by the improved products margins and increase in the share of results from associates and joint ventures.

### GEOGRAPHICAL DISTRIBUTION OF REVENUES



- Note: The revenue information above is based on the locations of the customers

\* Others mainly includes sales made by certain subsidiaries to their foreign shareholders and for which detailed geographical breakdown for final end consumer sales is not available with the Group.

### SUMMARIZED CONSOLIDATED BALANCE SHEET

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

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

**Total assets** were SAR 318.44 compared to SAR 295.47 as 2020, an increase of SAR 22.97 or 8%. This is reflecting the increase in trade receivables, inventory, and cash and bank balance as well as the increase in investment in associates and joint ventures mainly driven by the improved products margins and increase in average feedstock price that was partially offset by a decrease in property, plant, and equipment and intangible assets.

## BUSINESS PERFORMANCE CONTINUED

**Our Financing Policy** aims at ensuring sufficient liquidity levels at all times, while optimizing the returns to our shareholders. We use leverage prudently to fund our global growth ambitions. Our strong credit profile and corporate credit ratings (A+ / stable) on a standalone basis reflects the strength of our financing strategy and its execution. We evaluate the most optimal capital and financing structure to support our strategic plans and growth ambition.

Our primary sources of liquidity are the cash flows generated from our operations and borrowings under committed bank facilities. The primary use of this liquidity is to fund our ongoing operations and our capital expenditure requirements, including investments in joint ventures and other minority owned investee companies as well as dividend distribution to our shareholders.

**Total Liabilities** were SAR 106.61 compared to SAR 101.23 as 2020, an increase of SAR 5.37 or 5%. This was due to the increase in trade payables and accrued liabilities driven primarily by the increase in feedstock prices, increase of the income tax and zakat payables, and increase in the derivative financial liabilities for forward contracts related to certain joint venture agreements. This was decrease in debt and decrease in employee benefits obligations.

**Equity attributable to equity holders of the parent** was SAR 180.14 compared to SAR 167.63 in 2020, an increase of SAR 12.51 million or 7%. The increase is mainly due to the net income generated throughout the year partially offset by dividends declared in the amount of SAR 9.75.

Below is an overview of the total debt portfolio as of 31 December 2021\*:

Item (SAR '000)	Original loan amount	Beginning balance	Additions during the year	Repayments during the year	Non-cash*	Ending balance	Period of the loans (years)
Long Term and Financial Lease	43,551,576	30,492,178	2,986,036	-6,600,730	481,163	27,358,648	1-8
Short Term	4,317,874	4,317,874	0	-4,304,527	-	13,347	1
Bonds	11,250,000	11,175,983	0	0	11,293	11,187,276	2-30
<b>Total</b>	<b>59,119,450</b>	<b>45,986,035</b>	<b>2,986,036</b>	<b>-10,905,257</b>	<b>492,456</b>	<b>38,559,271</b>	

\*This is mainly due to FX and Amortization effects.

The total debt portfolio as of 31 December 2021 can be broken down by lending party as follows:

Lending party	Amount in SAR '000	%
Banks and Export Credit Agencies	19,364,946	50%
Bonds	11,187,276	29%
Public Investments Fund	300,094	1%
Industrial Development Fund	1,188,348	3%
Finance Leases	6,518,607	17%
<b>Total</b>	<b>38,559,271</b>	<b>100%</b>

Below is a statement that shows the amount of the statutory levies both paid and outstanding covering zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period.

Item (SAR in billion)	2021		2020	
	Paid	Outstanding statutory payment which have not been paid until the end of the annual financial period	Paid	Outstanding statutory payment which have not been paid until during the end of the annual financial period
Zakat	1.46	2.45	2.04	1.95
Income Taxes	0.68	1.13	0.70	0.96
Others	0.58	0.08	0.56	0.08
<b>Total</b>	<b>2.72</b>	<b>3.66</b>	<b>3.30</b>	<b>2.99</b>

Reflecting the company's commitment to its employees, below is a statement as to the value of any investments made or any reserves set up for the benefit of the employees of SABIC.

Item (SAR in billion)	2021	2020	%
End of Service Benefits	13.79	13.95	-1%
Defined benefits pension schemes	2.02	2.90	-30%
Post-retirement medical benefits	1.36	1.58	-14%
Long-term service awards	0.15	0.17	-8%
Early Retirement Program	0.06	0.03	82%
Saving plans	0.93	1.03	-9%
<b>Total</b>	<b>18.31</b>	<b>19.66</b>	<b>-7%</b>



Our financing policy aims at ensuring sufficient liquidity levels at all times, while optimizing the returns to our shareholders.

## BUSINESS PERFORMANCE CONTINUED

### SUMMARIZED CONSOLIDATED CASH FLOWS

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

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

**Net cash generated from operating activities** was SAR 39.23 compared to SAR 22.15 in 2020, an increase of SAR 17.08 or 77% as a result of the higher earnings driven by the higher products margins.

**Net cash used in investing activities** was SAR 8.92 compared to SAR 13.96 in 2020, a decrease of SAR 5.05 or 36% that primarily reflects the lower capital expenditures demonstrating the company's strong focus on capital discipline. Also, lower cash outflow for additional investments in associates and joint ventures.

**Net cash used in financing activities** was SAR 17.82 compared to SAR 14.52 in 2020, an increase of SAR 3.30 or 23% that primarily reflects the lower cash inflows from the drawdown of new loan facilities.

**Cash and cash equivalent at December 31, 2021** was SAR 41.39 compared to SAR 28.94 in 2020, an increase of SAR 12.45 or 43%.

**Free cash flow** was SAR 28.26 compared to SAR 8.89 in 2020, an increase of SAR 19.37 driven primarily by the higher average selling prices and focus on capital spending discipline.

#### Notes:

- Details of affiliates, joint ventures and associated companies in the financial statements, where appropriate, are listed in the Appendix.
- Details of stocks and debt instruments issued by each affiliate are listed in the Appendix.
- US\$/SAR Rate: 3.75
- Free cash flow: net cash generated from operating activities less capital expenditures



SABIC's financial performance was strong throughout the year.

# OUR BUSINESSES

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# PETROCHEMICALS

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

Our manufacturing plants produce a wide range of world-class products including olefins, glycols, aromatics, oxygenates, and a variety of functional chemicals, alongside a portfolio of polymers that includes polyethylene, polypropylene, polyethylene terephthalate, polyvinyl chloride, polystyrene, and engineering thermoplastics (ETP), such as polycarbonate, acrylonitrile butadiene styrene (ABS) and other blends. Our market solutions target key segments: packaging, automotive, building and construction, healthcare & personal hygiene, and electrical & electronics.

Although COVID-19 continued to affect the global economy in 2021, the year has been a strong one for the petrochemicals industry. Apart from the automotive industry, which was impacted by a semiconductor shortage, demand was relatively unaffected in other sectors. Hurricanes in America affected polyethylene production capacity and led to a shortage of materials in Europe and Africa; Middle East producers, including SABIC, stepped up to fulfil the demand. Challenges faced by existing plants, likely a result of delayed maintenance operations due to COVID-19, and delays in capacity-expanding projects during 2020 and 2021, further reduced the expected extra supply. However, while other players in the industry faced some challenges to sustain a good supply in 2021, SABIC remained resilient and reliable in its ability to meet the demands of our customers.

Oil and feedstock prices proved to be strong, far exceeding forecasts at the start of the year due to a combination of supply constraints and a faster than expected recovery of oil demand. Furthermore, the sharp rise in energy prices in September led to an increase in production costs, with the high prices of feedstocks forcing some capacity to go offline. The supply chain disruptions that impacted the global economy in 2021 and associated delays, as well as increased container costs, impacted the high volumes of petrochemical products shipped across the world and drove up product prices during the year.

Sustainability and climate change are also increasingly becoming a key focus across industries and governments around the world. Plastic waste has long been considered the main sustainability challenge facing the petrochemicals industry, but new innovations are enabling new opportunities to address both sustainability and climate-change challenges head on. SABIC is leveraging its resources and expertise to develop products that meet the needs of the circular economy and is investing heavily in digitalization and artificial intelligence (AI) solutions to support our overall value chain.

### FINANCIAL HIGHLIGHTS

Petrochemicals and Specialties revenues increased from SAR 100.6 billion in 2020 to SAR 149.9 billion in 2021, an increase of SAR 49.3 billion or 49%, primarily driven by an increase in average sales prices by 50%, which was partially offset by a slight decrease in sales volumes by 1%.

### NON-FINANCIAL METRICS

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

### GLOBAL MARKETS

The dominant trend in the petrochemicals industry during 2021 was increasing cost and limited supply during a period of recovering demand, ultimately leading to prices surging to their highest levels since 2014. This constriction in supply was prompted by a range of factors: primarily, a lower operating rate caused by climate-related disasters in the US; reliability challenges with suppliers in Europe; increased environmental protection regulations and high energy prices forcing shutdowns of supplier operations in Asia.

### OPERATING HIGHLIGHTS

- SABIC was recognized by the European Chemical Industry Council (CEFIC) for its TRUCIRCLE™ solutions, which won a 2021 European Responsible Care Award in the category, "Safe and Sustainable: From design phase to use phase".
- SABIC collaborated with Unilever and Greiner Packaging to develop an innovative new Knorr bouillon container using SABIC® PP FLOWPACT FPC45 certified circular impact polypropylene (PP) from the TRUCIRCLE™ portfolio.
- SABIC's bio-based polypropylene (PP) resin, part of the TRUCIRCLE™ portfolio, was selected by Beiersdorf to produce the jars for NIVEA™ Naturally Good day and night face creams, making a major contribution to reducing Beiersdorf's usage of fossil-based virgin PP.
- The high-rigidity PP5707N polymer was introduced to hinged candy tube packaging as a polyethylene terephthalate (PET) replacement.
- SABIC collaborated with Fibertex Personal Care, one of the world's largest manufacturers of spunbond nonwovens for the hygiene industry, to create the industry's first nonwovens range based on recycled plastics, thus supporting a faster transition to a more sustainable supply chain.
- SABIC developed a new method to produce PET by using a new catalyst, antimony trioxide, in

place of the existing antimony triacetate. The catalyst quantity required is half that of the previous catalyst.

- In April, we signed a Memorandum of Understanding with the Saudi Recycling Investment Company (SIRC) to conduct a project feasibility study on setting up the first chemical recycling project in Saudi Arabia. The collaboration leverages the synergies and expertise between SIRC and SABIC and aims to make this massive project a role model initiative in the Middle East.
- SABIC received two "Golden Apple Awards" for products in its TRUCIRCLE™ portfolio from the China Plastic Reuse and Recycling Association (CPRRA) at the CHINA REPLAS 2021 conference. In the Advanced Recycling Product category, SABIC won for a bread packaging solution by St. Johns Packaging (a vertically integrated manufacturer) that incorporates a 30 percent content of recycled feedstock from post-consumer waste; this is the first ever bread packaging to use a circular solution. In the Ocean-Bound Recycling Product category, SABIC won for its resin NPI PCR XENOY™ T2BX2500UV, which uses 20% PCR content waste from ocean-bound source waste.



Our bio-based PP resin, part of the TRUCIRCLE™ portfolio, was selected by Beiersdorf to produce the jars for NIVEA Naturally Good day and night face creams.

# PETROCHEMICALS

## CONTINUED

### HYGIENE & HEALTHCARE SEGMENT

SABIC launched the new Hygiene & Healthcare (H&H) segment, building on our strong relationships and collaborations with our customers and prioritizing our solutions to meet the demanding needs of the changing global markets. We are responding to global hygiene industry challenges with strategic material solutions that enable and promote sustainability, consumer safety, comfort, and convenience, and support value creation for consumers and our customers.

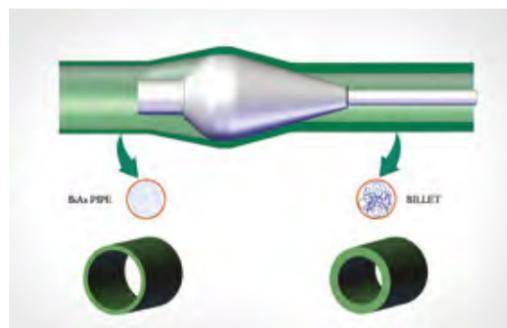
#### BIAX PIPE TECHNOLOGY

SABIC partnered with Tecnomatic and Aquatherm, leading players in the pipe industry, to introduce the new BiAx Pipe technology. The product is the result of our success in optimizing the formulation of dedicated PE and PP resins for biaxial stretching. This technology offers significant improvements over incumbent polyolefin pipes, including higher resistance against internal pressure, which enables reductions in wall thickness and thus material usage by at least 30%, superior resistance to slow crack growth. It facilitates trenchless pipe installation, a very smooth inner wall surface that reduces the energy required for pumping, and increases abrasion resistance that prolongs the lifetime of the product. The new PE and PP pipes also offer better resistance to disinfectants, lower coefficient of thermal expansion, and improved low-temperature impact strength.

#### AUTOMOTIVE-GRADE MECHANICALLY RECYCLED RESINS

We introduced our first automotive-grade resins containing mechanically recycled content within the TRUCIRCLE™ portfolio: the T2E-3320EH PP compound, a high-flow, low-emission, talc-filled PP; the XENYO™ T2NX2500UV resin, an unfilled, UV-stabilized blend of polycarbonate (PC) and PET; and the XENYO™ T2NX5230 resin, a mineral-filled PC/PET blend. The resins contain up to 29% recycled content and offer performance comparable to the incumbent virgin resins, enabling automotive customers to meet their sustainability goals without compromising on quality.

SABIC is also the first in the industry to offer a polycarbonate based on International Sustainability and Carbon Certification (ISCC) PLUS certified renewable feedstock for various industries, including automotive.



The new BiAx Pipe technology is the result of our success in optimizing the formulation of dedicated PE and PP resins for biaxial stretching.

### COLLABORATIONS AND PARTNERSHIPS

#### Microsoft Ocean Plastic Mouse

Ocean plastic is plastic that has been certified by a third party as being recovered from any ocean or ocean-feeding waterway. To advance efforts to use recycled ocean plastic, SABIC collaborated with Microsoft Corporation to create the Microsoft Ocean Plastic Mouse, which features an exterior shell containing 20% recycled ocean plastic.

#### Heng Hiap Industries

SABIC collaborated with the Malaysia-based plastic recycling company, Heng Hiap Industries (HHI), to create the first certified circular polymers produced through the advanced recycling of recovered mixed and used ocean-bound plastic, a world first.

#### Detergent application

SABIC collaborated with a global leader in laundry detergents with a multi-year monoethanolamine supply contract in Europe and Japan for the innovative compact detergent tab application which is environment friendly with reduction in water & energy consumption, packaging material and logistic savings. SABIC Ethanolamine team is expanding global sales to the Personal Hygiene segment to contribute in environmental sustainability with high performance products and social responsibility to enhance human life with care.

#### Cement grinding manufacturers

SABIC engaged with major manufacturers of diethanolamine-based cement grinding aids in Asia that help to lower energy consumption with higher output in cement plants. Cement consumption is growing rapidly in emerging economies where coal remains a major source of power despite environmental concerns. Efficient grinding aids that increase cement yield and conserves energy, eventually help in carbon footprint reduction and environment sustainability.

#### Collaboration with government to provide medical-grade oxygen to other countries

SABIC collaborated with the Ministry of Energy and the Ministry of Industry & Mineral Resources, together with the King Salman Humanitarian Aid and Relief Centre in Riyadh, to initiate a campaign to supply Egypt, Jordan, India and Tunisia with medical-grade liquid oxygen to alleviate shortages of the life-saving gas at public hospitals. We specially secured Iso tanks to supply the oxygen to India. Such shortages have been persistent since the start of the pandemic.

#### Pharma-grade polyethylene glycol collaboration

After the introduction of polyethylene glycol (PEG) 600 Pharma in 2020, SABIC commenced the process of approaching customers for validation and collaboration in local markets in the Middle East and Africa, China, and Europe – a process that can take a year to complete. SABIC closed the first order of PEG Pharma in October 2021 in Turkey.

#### EU regulators and paints and coating customers

SABIC successfully acquired the European Union's Registration, Evaluation Authorization, and Restriction of Chemicals (REACH) registration for iso-butylaldehyde (I-BAL) within the paints and coating sector. The completion of the registration reflects our strong commitment to sustainability and product quality, and our constant efforts to comply with Europe's chemicals regulations and legislations.

On reaching this regulatory milestone, SABIC is now able to ensure continuous and sustainable supplies to our customers in Europe. This product is an important addition to our current sales portfolio that supports specialized downstream industries in the European Union.

I-BAL is produced indirectly from the 2-ethyl hexanol (2-EH) manufacturing process. It is used in manufacturing isobutanol, which, in turn, is used in producing paints and surface coatings, inks, cosmetics, herbicides and lube oil additives. SABIC supports REACH objectives which are consistent with its commitments to continuously enhance safety, health and environmental performance, and sustainable solutions for global customers.



We collaborated with Microsoft Corporation to create the Microsoft Ocean Plastic Mouse, which features an exterior shell containing 20% recycled ocean plastic.

### OUTLOOK

Additional capacities are expected to come online during 2022 in US and China, leading to increases in supply and heightened competition in Asia and Europe. With feedstock prices expected to remain elevated during 2022, European producers' margins are expected to be squeezed further, likely triggering a lower operating rate and shutdowns. Asian producers will also suffer from high feedstock prices and an increasing supply of petrochemicals, causing some producers to face declining or zero margins. In addition, Chinese producers will also have to contend with power shortages and adjust to carbon emission control measures by regional governments, forcing a lower operating rate and a higher cost per ton.

Petrochemicals producers in the Middle East region are expected to realize acceptable margins as they compete with global naphtha/coal-based capacities who will struggle with feedstock prices. Demand is expected to remain strong regionally and globally for products from the region. No major additional capacity is expected as feedstock availability is limited.

With sustainability becoming an increasing focus for the industry and particularly for customers, there is a need in the market to develop products and solutions that are designed with circularity and carbon neutrality in mind while also enhancing performance metrics. Pressure is mounting on the industry to act on plastic waste, to utilize waste as a feedstock, and to reduce the greenhouse gases emitted during the manufacturing process. In addition to addressing these issues through innovative products, SABIC will continue to develop and deliver differentiated and sustainable solutions to our customers.

# AGRI-NUTRIENTS

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

2021 saw a strong global demand for agri-nutrients although the operating environment remained challenging as the world was recovering from COVID-19. Political and economic mandates, aimed at the main nutrients, nitrogen, phosphate, and potash fertilizers, reshaped trade flows and moved market prices upwards globally.

SABIC maintained its global position as a reliable supplier of agri-nutrients despite various industry challenges in 2021, working together closely with partners and customers to ensure that key inputs for food production and security remain accessible.

## GLOBAL MARKETS

Tight supply in the face of strong global demand led to price increases in 2021, largely due to China, Russia and Egypt curbing exports to ensure domestic supply. Record gas prices also led most European producers to cut output. The rebound in demand stemmed from all regions and was buoyed by strong crop prices. India, as usual, led countries in demand.

## FINANCIAL HIGHLIGHTS

Agri-nutrients revenues amounted to SAR 12.2 billion, an increase of SAR 5.4 billion or 80% compared to 2020, mainly driven by significant increase in average sales prices by 91%, which was partially offset by a decrease in sales volumes by 11%.

## NON-FINANCIAL METRICS

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

## OPERATING HIGHLIGHTS

This year, we have completed the consolidation and integration of our agri-nutrients investments, with all related equity shares and assets under a new company, SABIC Agri-Nutrients Company (effective January 1, 2022), in line with SABIC's diversification strategy and transformation program. As production, product portfolios, marketing, and supply chain are integrated in pursuit of synergies, enhanced reliability and efficiencies, along with accelerated, sustainable growth, we continue to diversify our product portfolio, reflecting specialized customer needs.

Multi-disciplinary teams worked cohesively to prototype the necessary customer-focused mindset. They engaged directly with customers to identify unmet needs and collaborate in developing effective solution/market strategies that will enable an efficient and preferred supplier of commodities, and to become also an ever more agile and innovative supplier of differentiated value-add products. We have continued to expand our sustainable market shares in strategic markets of Africa, Asia and Latin America regions.

## NEW DIFFERENTIATED PRODUCTS

Population growth naturally presents new challenges and opportunities to the world food chain. Farmers are looking to increase crop yields, minimize losses, and protect the environment. Our scientists continue to respond to current and anticipated market demands by carefully designing new formulations and solutions to meet the needs of both farmers and the world at large.

In 2021, the Agri Nutrient Technology & Innovation team focused on producing the next generation of environmentally friendly and economically sustainable fertilizers.

**Enhanced-efficiency fertilizers (EEF):** SABIC has developed three new EEF products: The first-of-its-kind biodegradable polymercoated urea, formulated to deliver synchronized nutrition at exactly the time and rate the growing crop needs; stabilized nitrogen urea through the injection approach; and an enhanced efficiency fertilizer product which is built on a unique dual N technology. With the use of this technology, sustainable and eco-friendly nitrogen fertilizers, such as methylene urea (MU) and isobutylidene diurea (IBDU), are produced in-situ as a combined fertilizer. SABIC's MU-IBDU fertilizer is designed to deliver a steady release of nitrogen to crops, irrespective of the environmental conditions.

**Water-soluble fertilizer:** Soluble granular NPK is a technology that has been developed to meet the needs of end-users, who require high nutrient efficiency delivered using standard farming practices but at lower cost. Our innovative process is capable of converting existing low cost (low solubility) NPK grades, into highly soluble products that are suitable for fertigation/foliar farm practices.

**Urea nutrient-enriched fertilizers:** Three distinguished urea-enriched products were commercially introduced in 2021. Zinc-coated urea was developed using widely available zinc forms such as Zn-EDTA and micronized powders of inorganic zinc. **Humic acid-coated urea** offers a novel approach to buffer the effects of urea on soil and enhance soil biology and chemistry. **Urea calcium sulphate (UCS)** was developed using a by-product calcium sulphate to deliver essential nutrients like nitrogen, calcium, and sulfur to crops and thus improve environmental footprint.

**Industrial Applications:** An environmentally friendly formaldehyde-free additive was demonstrated at a commercial scale in our prilled urea plant. This would make the full capacity of our prilled urea available as a technical grade urea, which enables diesel engines to run more efficiently and reduces air emissions. The product will further strengthen SABIC's footprint in the automobile emission control solutions segment.



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

## LOW-CARBON AMMONIA MARKET

In 2021, SABIC continued its low carbon journey by exploring various applications for ammonia outside of fertilizers and chemical intermediaries, and expanding to power generation, shipping fuel, and acting as a carrier for hydrogen. This has paved unique opportunities for SABIC to capture future growth in the low-carbon ammonia market. Our expertise in ammonia production, marketing, and our downstream production capability give us a unique platform to expand the adoption of ammonia for power generation and fuel.

SABIC is also exploring opportunities in green ammonia production using sustainable electricity, water, and air to reduce the carbon footprint in existing affiliates. Producing green ammonia via green hydrogen derived from water electrolysis is becoming more cost-effective and will eventually compete with conventional ammonia production using non-renewable fossil fuels. SABIC Agri-Nutrients aims to play a leading role in the low-carbon ammonia market, as well as the ammonia energy market. These initiatives form a strong part of SABIC's decarbonization roadmap.

## OUTLOOK

With the global economy expected to recover and lead to improved demand, we remain focused and maintain a positive outlook for 2022. Agri-nutrients prices are expected to be relatively balanced from their historic levels as fertilizers and natural gas supply loosen. Continued high feedstock costs, power shortages and carbon emission controls will likely limit Russia, Egypt and China's exports. High feedstock prices in Europe will also limit local production and increase demand for imports from the Middle East.

Through a well-defined global expansion strategy, SABIC continually seeks opportunities to enter new markets, expand our footprint and presence in growing markets, and introduce new innovative solutions in line with our vision of being a national champion and a global leader in the agri-nutrients industry.

Investments in production efficiencies at existing sites, new production assets, development of differentiated products, and enhanced downstream distribution infrastructure will help to expand SABIC's presence in the global market with sustainable products that contribute positively to the global food security. While we have achieved long-term urea supply contracts to multiple Brazilian customers and distributors that will be effective in 2022, additional volume from new projects will enable us to further grow our market presence in key agri-nutrient markets, including Asia, Africa and Latin America.

By 2026, we expect an increase in our production through various initiatives to meet the growing market demand. We will continue to meet our customers' rising needs by diversifying and broadening our product portfolio and developing strategic partnerships for efficient delivery to better serve our customers.

# SPECIALTIES

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

We help our customers develop products, applications, and solutions that respond to their sustainability needs and address the impact of emerging technologies that are defining the economies of the future. They include the race to reach carbon neutrality by 2050, the "4th Industrial Revolution" and the rise of the Exabyte economy with the roll out of 5G infrastructure and smart devices connected to the Internet of Things, autonomous driving with stricter safety requirements, the energy transition to electrification, including e-mobility, renewable energy, smart grids, energy storage, and chemically resilient materials for stricter hygiene.

## GLOBAL MARKETS

As the COVID-19 pandemic continued to present challenges in 2021, logistics issues across all regions persisted, from vessel and container shortages, to port congestion. Though several of our suppliers suffered issues that led to raw material shortages, our Specialties business experienced a significant demand recovery triggered by the increase in demand in digital connectivity, remote health care, and the roll out of the electrification infrastructure and mobility.

Cross-functional collaboration on global supply allocation and sharing, qualification of alternative sources of material, and vendor engagement for reliable supply helped our manufacturing sites to ensure that normal operations could be maintained and mitigate business disruption, to successfully address the increased demand from our customers.

## NON-FINANCIAL METRICS

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

## OPERATING HIGHLIGHTS

Through the development of new chemistries, reuse of resources, and collaborations across value chains, our Specialties business delivered award-winning solutions to accelerate the rollout of 5G infrastructure and connected smart devices, healthcare, and progress towards achieving carbon neutrality. Furthermore, we debuted our stand-alone operations and introduced several new products to support future growth areas. Some key achievements and milestones are:

- 2021 marked the first full year in which Specialties operated as a stand-alone business, initiating a process to eventually introduce separate financial reporting and empower its business model based on customer intimacy, technological advantage and service agility.

- 2021 Edison Award winner for LNP™ ELCRES™ CRX copolymer, a new type of material that has exceptional chemical resistance capabilities needed to enhance the durability of medical devices and equipment housings. It is a drop-in alternative that can help prevent premature part failure from environmental stress cracking due to increasingly aggressive disinfectants used to combat COVID-19 infections.
- R&D 100 Awards winner for ELCRES™ HTV150 dielectric film and High-Purity SD1100P specialty dianhydride, aimed at advancing the 5G and electrical mobility markets.
- LNP™ THERMOCOMP™ WFC06I and WFC06IXP compounds were introduced to help designers of Advanced Driver Assistance Systems (ADAS) radar units meet goals related to size and weight reduction, signal transmission accuracy and reliability improvements, and seamless integration with vehicles.
- Glass-fiber-reinforced Superflow ULTEM™ SF2250EPR and SF2270 resins with outstanding flow properties help meet the challenges of complete mold filling and easy release in smaller, lighter, and more sophisticated electronic components, such as integrated circuit (IC) chips and onboard connectors, with lower melt temperature settings that save energy and enable higher productivity.
- Based on advanced nanotechnology, our LNP™ COLORCOMP™ nanostructured compound is a breakthrough additive that enables efficient production of polyethylene terephthalate (PET) foams for core materials in sandwich structures that can be used to build lighter-weight larger wind turbine blades for higher energy output, and in other applications such as building insulation and cladding, and boat hulls and decks.
- New NORYL™ NHP6011 and NHP6012 resins provide best-in-class, non-chlorinated/non-brominated flame retardancy that meet UL 94 V-0 requirements at 1.5 mm, enabling EV batteries to be built with high stiffness and impact strength for crash protection while meeting stricter flame retardance requirements.
- A new portfolio of bio-based ULTEM™ resins are the first International Sustainability and Carbon Certification Plus (ISCC+)-certified renewable high performance, amorphous polymers available in the industry, enabling a seamless means of reducing the carbon footprints of highly demanding applications in consumer electronics, aerospace, automotive, and other industries where high temperature, dimensional stability, or demanding mechanical performance is necessary.

- Bio-based LNP™ THERMOCOMP™ DC0041PE-7M1D145W compound offers customers new sustainable options for demanding applications in consumer electronics, healthcare, and other key industries. For example, in a formulation of 100 kg, up to 21 kg have been replaced with bio-based materials derived from waste or residue, such as crude tall oil and hydrotreated vegetable oils, based on a mass balance approach. Moreover, this new compound was developed with over 50 percent of recycled content from post-consumer recycled (PCR) resin and pre-consumer recycled carbon fiber sources. The total sustainable-driven formulation has potential carbon footprint reductions of up to 17 percent.

## ENHANCING POLYIMIDE FILMS FOR FLEXIBLE 5G ELECTRONICS

Ultra-thin, lightweight, and foldable flexible electronics enable exciting new technologies such as curved displays for flexible smartphones and substrates for antennas. Polyimide (PI) film is an ideal substrate for electronics due to its mechanical strength, high temperature resistance, dimensional stability, a similar thermal expansion to copper, and low dielectric constant. With SABIC's new high-purity SD1100P specialty dianhydride powder, PI films can perform better with lower water absorption, better dielectric performance, and metal adhesion compared to oxydiphthalic anhydride (ODPA), thus meeting demands for higher speed and capacity in 5G networking infrastructure and end-point devices.



Our LNP™ THERMOCOMP™ WFC06I and WFC06IXP compounds support designers of Advanced Driver Assistance Systems (ADAS) radar units.

# SPECIALTIES

## CONTINUED

### IMPROVING SAFETY IN SMART DEVICES

SABIC's LNP™ ELCRES™ EXL7414 copolymer resin features superior flame retardance which can help meet enhanced product safety requirements for ultra-thin-wall components, such as ultra-thin-wall lithium-ion battery covers, by meeting the International Electrotechnical Commission's IEC 62368-1 safety standard for consumer electronics. This superior flame retardance supports its potential use in ultra-thin-wall components to help save device weight and space in ever thinner designs.

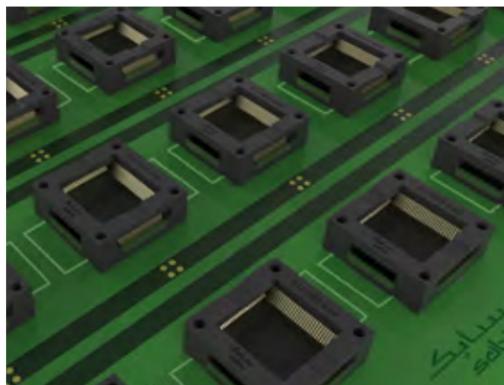
### POWERING CAPACITORS

ELCRES™ HTV150 dielectric film differentiates itself from incumbent capacitor films with its combination of high-voltage stability at high temperatures, low dielectric loss at high frequency, and ability to self-heal to avoid catastrophic failure. This enables higher performance silicon carbide inverters to deliver longer range and faster acceleration in electric vehicles. The film was developed for demanding applications such as power capacitors for EV traction inverters and onboard chargers, mass transportation, renewable energy, aerospace, and motor drives and controls.

### SECOND GENERATION ELCRIN™ IQ RESINS

As carbon neutrality is becoming increasingly critical in our customers' business strategy, we introduced a new generation of LNP™ ELCRIN™ iQ resin or 'Gen 2' to help them meet their environmental targets. This proprietary, unique breakthrough technology upcycles waste PET, such as single-use water bottles, into polybutylene terephthalate (PBT), delivering virgin-like physical performance and color equivalence. These properties allow reductions in CO<sub>2</sub> footprint and cumulative energy demand compared to virgin PBT based on preliminary internal LCA results.

SABIC continues to broaden useable feedstock beyond colorless PET bottles. Lower-quality feed streams such as ocean-bound PET, industrial PET films, and colored PET bottles are being incorporated to deliver incremental environmental and sustainability benefits. In addition, LNP™ ELCRIN™ iQ Gen 2 technology is being leveraged to create Food and Drug Administration-compliant and bio-compatible products for food contact, cosmetic packaging, and bio-compatible healthcare applications.



Glass-fiber-reinforced Superflow ULTEM™ SF2250EPR and SF2270 resins find applications in electronic components, such as integrated circuit chips and onboard connectors.

Since the launch of ELCRIN™ iQ Gen 1 resin sales in 2019, it is estimated that 150 million single-use PET bottles have been diverted from waste streams, and driven by increasing market demand. We anticipate that approximately 10 billion PET bottles may be diverted by 2030.

### DRIVING CIRCULARITY WITH PRE-CONSUMER GLASS FIBER

LNP™ ELCRIN™ WF006XXPiQ compound and LNP™ ELCRIN™ WF0061XPiQ compound are novel grades in the ELCRIN™ iQ portfolio of materials that incorporate pre-consumer recycled glass fiber diverted from industrial processes. These PBT compounds, each reinforced with 30 percent pre-consumer recycled short glass fiber, offer mechanical and color properties to those of ELCRIN equivalent grades that use virgin glass fiber reinforcement. Compared to virgin 30% glass-fiber-reinforced standard PBT, LNP ELCRIN WF006XXPiQ contains a minimum of 67% recycled content and delivers a 29% carbon footprint reduction. LNP ELCRIN WF0061XPiQ compound also contains 55% recycled content and delivers a 24% carbon footprint reduction.

### OUTLOOK

SABIC's Specialties business is poised for sustainable and profitable growth, and is competitively positioned based on its technology advantage and customer-centric business model. Specialties aims to become one of the top five players in the "Multi-Segment Premium" specialty chemicals segment, complementing SABIC's overall position in the petrochemicals industry.

With global priorities shifting toward climate change, income equality, and well-being, the United Nations Future Possibilities report has identified six transformational trends in advanced market niches: the Exabyte, Wellbeing, Net Zero, Circular, BioGrowth, and Experience Economies. These will open new possibilities that can benefit society and lead to economic growth in the near future. Specialties offerings are found in applications in four of these promising areas:

- **The Exabyte Economy:** With a market value of over US\$ 8 trillion, this niche will grow as the Internet of Things expands. The number of gadgets connected to the internet is expected to almost triple over the next five years from US\$ 1 billion to US\$ 3.5 billion. Technologies such as 5G, Artificial Intelligence (AI), and machine learning will further amplify this trend.



Our bio-based ULTEM™ resins enable a seamless means of reducing the carbon footprints of highly demanding applications in consumer electronics.

- **The Wellbeing Economy:** This niche covers the personalization of data that is driving demand for health wearables and encouraging more proactive approaches to wellness. Its market value is expected to be over US\$ 7 trillion.
- **The Net Zero Economy:** Estimated to be valued at US\$ 2.3 trillion globally, within this projection, the renewable energy market is expected to grow to US\$ 1.5 trillion by 2025, the global electric vehicle is expected to reach US\$ 567 billion, and the lithium-ion battery market is expected to be worth US\$ 93 billion.
- **The Circular Economy:** Circular supply chains, recycling and upcycling processes, sharing platforms, and product life extension will drive the market value of this niche to a projected US\$ 4.5 trillion.

The Specialties business is committed to providing solutions that address the challenges our customers face, and supporting the growth of the Exabyte, Wellbeing, Net Zero, and Circular economies. We anticipate that the industry will continue to evolve in line with these trends and have developed a focused, multi-divisional growth strategy to achieve our growth targets.

With SABIC's aspirations to become a global leader in the specialty chemical industry, the Specialties business will continue to develop the products necessary to meet the challenging requirements of customers and help propel future economies. We continue to help our customers towards achieving carbon neutrality by placing heavy emphasis on the increase of bio-based and recycled feedstock in our high-performance products and developing new chemistries that enable new carbon-neutral applications. As the Specialties business grows, we will provide stable value creation with products without advantaged feedstocks, leveraging our global application technology centers and extensive materials processing expertise.

# METALS (HADEED)

SABIC supplies metal products under its brand through Hadeed, a fully owned steel manufacturing affiliate. Our product portfolio consists of a broad range of hot-rolled and cold-rolled flat products in coil form, long products, and wire rod coils. As one of the largest steel producers in the region, we are committed to supporting infrastructure development in Saudi Arabia and maintaining best-in-class standards in efficiency, reliability, and EHSS.

Hadeed's strategic plan is aligned with a vision to be the preferred local and regional leader in the steel industry. We will achieve this by offering our customers top-quality, innovative, and diverse steel solutions through technological excellence and our talented employees. Our strategic priorities and focus areas include:

### TRANSFORMATION AND IMPROVEMENT

- EHSS culture and performance transformation
- Talent acquisition and leadership programs
- Effective maintenance strategy to recover plant reliability

### COMPETITIVE FEEDSTOCK

- Backward integration in iron ore mining through the Takamol Project to secure feedstock and enhance costs with potential alternating iron ore supplies including different grades

### GROWTH

- Expanding our product portfolio through investment in additional capacity for thin hot-rolled flat steel.

### INNOVATION AND SUSTAINABILITY

- Sustain our EBITDA targets from innovation
- Introduce two new value-added products in long and flat products, bringing the total to eight, up from the target of six.
- Sustainability, Saudi Energy Efficiency Committee (SEEC) programs, and carbon neutrality strategy
- Local content programs in the Kingdom, our long-term sustainability targets, and Vision 2030.

### GLOBAL MARKETS

Metals prices increased during 2021 and stayed elevated. Supply remained tight as China, which produces more than half the world's steel, cut production significantly in an effort to curb pollution in the industrial sector, with metals industries on their own responsible for 20% of carbon emissions in the country. Demand from the construction sector remained strong as governments around the world

spent more on infrastructure through their stimulus packages. While metal prices rose, iron ore prices fell roughly 40% (dropping below US\$ 100 a metric ton) in response to concerns over a decline in demand caused by China's production cuts along with a sharp downturn in China's property sector.

### FINANCIAL HIGHLIGHTS

Metals revenues amounted to SAR 12.8 billion in 2021, an increase of SAR 3.3 billion or 35% compared to 2020, primarily driven by an increase in average sales prices by 40%, which was partially offset by a decrease in sales volumes by 5%.

### NON-FINANCIAL METRICS

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

### OPERATING HIGHLIGHTS

- Remained strongly aligned with Saudi Vision 2030 project stakeholders such as NEOM, Qiddayah, Roshen, as well as signing a Memorandum of Understanding with the Red Sea Development Company.
- Focus on the assurance of supply by introducing 15 additional transporters to the Hadeed fleet to cater for 6 million metric tons dispatch capability.
- Dispatched 410 kilotons of overseas shipments via 21 vessels to 13 countries on time, a 19% increase in shipment volume and 31% increase in vessels year-over-year.
- Flat products continued to sell 100% of the mill supplies in 2021, with the average selling price 41% higher than the plan.
- Achieved higher flat-product volumes due to sales orders over the business plan, contributing to improved hot-mill productivity.



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

- Approached diversified export markets to capture new opportunities with optimum prices.
- Effectively utilized free intermediate and finished flat products.
- Reduced overage inventory through an inventory-aging management system.

### PRODUCTS LAUNCHED IN 2021

Hadeed continuously develops new products for specific applications to meet the demands of our local and international customers. During 2021, we developed and commercialized the following products:

#### LONG PRODUCTS

- A total of 89,000 metric tons sold of rebar quenched for sizes 10, 12, 16, 20, 25, 32, and 40 mm, complying with the requirements of standard CS2:2012 Gr. 500B. This specification is widely used in the Hong Kong market, and its registration was completed in Hong Kong's governing body. CARES certification was also successfully achieved for the mentioned specifications.

#### FLAT PRODUCTS

- ASTM A570 Grade 45 hot-rolled steel was developed for lower thicknesses (1.8, 2, and 3 mm) to suit our customer application for manufacturing steel shelves.
- Two grades were developed fulfilling ASTM A1011 requirements for structural steel (SS) Grade 60 and high-strength low-alloy steel (HSLAS) Grade 65 for thicknesses down to 2.5 and 3 mm respectively, intended for use in solar applications.
- As part of our contribution to support the Saudi Arabia National Renewable Energy Program, SABIC is supplying steel for the first phase of the Sudair Solar Energy Plant.

### SUSTAINABILITY, ENERGY, AND CARBON NEUTRALITY

Hadeed actively participates in workshops and discussions on industrial sustainability, energy utilization, and the development of the circular carbon economy, which is closely aligned with Saudi Vision 2030.

We continued our commitment to generate ideas for improvement and to create opportunities to close the gaps and achieve sustainability and SEEC targets. We have identified our current position and goals in respect of greenhouse gas emissions and built a road map that is aligned with SABIC's 2050 aspirations.

Progress is being made towards achieving these goals through the following:

- The use of Expert Furnace System Optimization Process (EFSOP) in EAF #5 resulted in successfully lowering electricity consumption by 1.4%. This system will be implemented across the other five furnaces in 2024.
- Flue-gas jet blowers were installed in the direct reduction (DR) plants Module A and B. This resulted in a reduction of flaring by 68%, power consumption by 4%, and increased the recycling of fuel gas by 15.3%.
- The flaring control system in DR Module E was greatly improved, resulting in a reduction of flaring by 23% in contrast to 2010 data.
- In raw materials handling from the port to Hadeed, frequency drive motors were installed to replace fixed-speed motors, thus decreasing electricity consumption.

### COLLABORATIONS, PARTNERSHIPS, INTEGRATION

Hadeed's technology management is currently undergoing a technical evaluation of studies received from the NEOM Investment Fund on the utilization of the Wadi Al-Sawawin iron ore mine located in the NEOM area in the northwest of Saudi Arabia.

With our expertise in the iron and steel making process, Hadeed supported Saudi Aramco in the development of its plate mill project jointly owned by an international partner.

### OUTLOOK

As the world recovers from the effects of the pandemic, SABIC anticipates an increase in local and global demand in 2022 and beyond. Metals prices are expected to maintain the high levels reached during 2021 as China continues to curb production. High feedstock prices in Europe will also limit local production and increase the demand for imports. Prices are also expected to benefit from tighter supply as a result of additional environmental restrictions that are going to be imposed by the US and EU. The US and EU will work to restrict access to their markets for steel manufactured with low environmental standards and limit access to countries that dump it and contribute to worldwide oversupply.

As for SABIC, we aim to improve our production efficiency and diversify our product portfolio. We will continue to improve our people's skills, comply with EHSS, and further boost the reliability of our production process. We will also remain focused on progressing toward achieving our long-term sustainability goals and the development of the circular carbon economy.

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Sound and effective corporate governance; a sense of responsibility toward stakeholders and society; a concern for economic and environmental sustainability: these have been essential elements of SABIC from its very foundation.

As these issues moved to the center of the global corporate reporting landscape, we took initial steps toward telling our early ESG story in a formal systematic way with the publication of our first Sustainability Report in 2011. Our ESG reporting journey has continued over the subsequent years by way of materiality assessments, the setting of targets and KPIs, and increasing transparency of corporate reporting.

At the heart of this journey is a recognition that financial data only tell part of SABIC's story. Yet while ESG factors are called 'non-financial,' how we manage them undoubtedly has tangible and measurable financial consequences – and, beyond that, consequences for the resilience of our

business model and our ability to create value over the short, medium, and long term.

We are actively looking to further integrate these ESG factors into our core business strategy. We do that by ensuring that everyone at SABIC shares a common understanding of the megatrends that will affect our company and society over the decades ahead so that we can integrate our enhanced disclosures into the very fabric of our processes, tools, and priorities, whether regulation demands it or not. The aim is to embed ESG into decision-making at every level and in every area of the organization while ensuring that a holistic approach is taken.

## OUR ESG AND SUSTAINABILITY GOVERNANCE



We recognize the role of the UN Sustainable Development Goals and their call to action to deliver these goals by 2030.

Following our sustainability materiality assessment, we identified six strategic priority areas, and aligned them with 10 of the 17 SDGs, addressing issues such as poverty, climate change, environmental degradation, and prosperity. We are also working with the World Economic Forum framework on Stakeholder Capitalism to orient SABIC's purpose toward creating long-term value not only for shareholders

but also our broader stakeholders. We are active members of the WEF ESG practitioners group and we consider WEF metrics good guidance for enhancing the standardization and value orientation of the ESG disclosures (Please refer to "ESG Disclosures," Page 127). We are also actively engaged with CDP (former Carbon Disclosure Program), Ecovadis, Ethisphere Institute, World Business Council for Sustainability Development, and the Global Reporting Initiative – all of which provide us valuable guidance on our ESG disclosure journey.

SABIC has shown considerable improvements in its ESG disclosure scores in recent years, with social and governance scores mostly contributing to these improvements; thus, we recognize a need to focus more on our environmental disclosure scores. Our primary communication for ESG disclosures is both the Annual Report and the Sustainability Report, but our ultimate aim in our ESG reporting journey is to bring non-financial disclosures to the same standard as financial disclosures in terms of robustness, transparency, consistency, and comparability. And in doing so, create a holistic, integrated story of SABIC's strategy, performance, and outlook for our stakeholders.

We applaud the Internal Financial Reporting Standards Foundation for its move to create the International Sustainability Standards Board (ISSB) and taking the lead in setting up rigorous processes for robust comparable standards for global companies. We contributed to the open consultations on ISSB, providing both support for its formation and in calling for fair representation of developing countries.

To this end, SABIC has established the ESG Reporting Steering Committee. The Committee's primary task is to formulate and drive SABIC's ESG reporting strategy and roadmap and promote the integration of ESG factors into core business processes and decisions. Headed by our CFO,

the Committee includes cross-functional representation from our Human Resources, Sustainability, Legal Affairs, Corporate Affairs, including Corporate Social Responsibility and Global Communications, and Investor Relations departments. The ESG Reporting Steering Committee is responsible for:

- Understanding ESG performance and identifying the most relevant ESG disclosures for the company.
- Identifying and proposing general ESG reporting frameworks, and prioritizing current and emerging ESG issues that may affect operations.
- Establishing a clear and well-defined ESG reporting charter for the organization, along with a roadmap for its fulfillment, by capturing the ESG reporting priorities from the businesses and functions.
- Serving as a strong platform to engage and enhance SABIC's understanding of ESG matters
- Supporting the evaluation of ESG risks and opportunities, and seek ways to monetize them.

A table linking SABIC's World Economic Forum disclosures with the Global Reporting Initiative is published in the Appendix section of this report.

## OUR TOP SUSTAINABILITY PRIORITIES



\* Baseline is year 2010 / Retain intensity targets 2010-2025 based on external Sales

SDG: Sustainable Development Goals

TRUCIRCLE™ May 2020

# ENVIRONMENTAL CAPITAL

In 2021, the centerpiece of our efforts was developing and unveiling our Carbon Neutrality Roadmap, which sets out a strategy to meet carbon neutrality from our operations by 2050 in line with the goals of the Paris Agreement. We also continued our efforts to develop the circular economy by expanding our portfolio of eco-friendly products and applications and working with an ever-expanding network of leading global partners in diverse industries.

## TOWARD CARBON NEUTRALITY

We unveiled our global strategy toward carbon neutrality at the inaugural Saudi Green Initiative (SGI) Forum in Riyadh. Our Carbon Neutrality Roadmap commenced with a thorough review of the available and emerging technologies to lower carbon emissions. The roadmap identifies five pathways to decarbonization: Reliability, Energy Efficiency and Improvements; Renewable Energy; Electrification; Carbon Capture; and Green/Blue Hydrogen.

Our energy roadmap will align with the stringent targets for the second Saudi Energy Efficiency Program (SEEP) cycle. SABIC will embark on eight mega projects with an expected investment of US\$ 2.7 billion to help us optimize the primary energy and feedstock utilization. We have prioritized 90 projects in total that hold the greatest potential for improving natural resources use.

Our investment in our Teesside petrochemical facility will reduce its carbon footprint in the first phase by up to 60%. In the second phase, SABIC aims to develop a technical configuration to convert the chemical cracker to use blue hydrogen as a fuel source at the facility.

Further contributing to reaching our carbon neutral goal is the groundbreaking partnership SABIC forged with global chemical and industrial gas leaders BASF and Linde in 2021 to develop and demonstrate electrically-powered steam cracker technology. The partnership strives to achieve a 90+% reduction of carbon emissions with pilot scale development activities scheduled to begin in 2023 pending external funding approval within the EU.

In October 2021, SABIC entered an agreement with the World Economic Forum and industry partners to formalize the Low-Carbon Emitting Technologies (LCET) Initiative into a stand-alone entity by 2023.

### SABIC'S climate roadmap overview until 2050

<b>CARBON NEUTRALITY by 2050</b> in line with the Paris Agreement goals		<b>20% REDUCTION by 2030</b> Interim Scope 1&2 emissions target compared to 2018, including targeted growth	<b>SCOPE 3</b> We aim to reduce our indirect Scope 3 emissions along the value chain in strong collaboration with our partners	
<b>WHAT ARE WE CONSIDERING IN OUR 2050 CARBON NEUTRALITY ROADMAP?</b>				
<b>RELIABILITY, ENERGY EFFICIENCY &amp; IMPROVEMENTS</b> <ul style="list-style-type: none"> <li>Technology Improvement</li> <li>Energy Efficiency</li> <li>Asset Improvement &amp; Reliability</li> <li>Asset Rationalization</li> </ul>	<b>RENEWABLE ENERGY</b> <ul style="list-style-type: none"> <li>Increase RE share in imported energy mix</li> <li>Approved strategy of facilitating 4 GW by 2025 and 12 GW installed capacity by 2030</li> </ul>	<b>ELECTRIFICATIONS</b> <ul style="list-style-type: none"> <li>Using Renewable Energy</li> <li>Electrification of different steam driven rotating equipment</li> <li>Electric cracking furnaces for olefins and aromatic based products</li> </ul>	<b>CARBON CAPTURE</b> <ul style="list-style-type: none"> <li>High concentration potential for utilization</li> <li>CCUS collaborations</li> </ul>	<b>GREEN/BLUE H2</b> <ul style="list-style-type: none"> <li>Commercially available solutions and under early R&amp;D</li> </ul>

In 2021, we commenced a new SABIC project to support the transition of the electricity industry toward a clean-air economy. Under this initiative SABIC developed solutions to help the industry optimize performance of electric vehicles (EVs). We have also developed two new applications – a plug-in hybrid EV battery pack cover with Honda and a Ford Mach-E EV tailgate structure – that address the need for light-weighting. The products support carbon emissions reduction and remove significant weight. Both products were nominated as finalists at the Society of Plastics Engineers' 2021 Automotive Innovation Awards.

## TRUCIRCLE™ PROGRESS

Waste, and in particular plastic waste, is a major global environmental problem that adversely affects humans, wildlife, and their mutual ecosystems. Plastics are deeply embedded in the fabric of human society; they are an invaluable, and perhaps, indispensable resource. Yet the questions of their manufacture, use, management, and mostly around their disposal (and the need to reuse or recycle) have to be urgently addressed.

Launched in 2019, the SABIC TRUCIRCLE™ initiative is dedicated toward developing practical and innovative solutions to address plastic waste under three categories: Mechanically Recycled Products, Certified Circular Products, and Certified Renewable Products.

After working closely with our Circular Economy business partners in 2021, we are well on track to hit 15 kt of certified circular and renewable feedstocks, which signifies a notable milestone in the journey toward a circular economy. Simultaneously, the construction of our first commercial demonstration unit at the Geleen site is progressing well, which will open opportunities for further expansion in 2022 and beyond.

In 2021, a strong portfolio of mechanically recycled polymer products was developed globally. Through our efforts in design, geared toward packaging solutions, we have created alternatives that can be easily recycled or eventually reused after the first usage. We offer PE-based solutions for processing technologies that support design for recycling and we are developing a new platform of “booster” grades for both rigid and flexible packaging. In 2021, we introduced a booster grade based on the SABIC proprietary metallocene catalyst for flex packaging applications.

Supporting the automotive industry's drive toward sustainability, we introduced our first automotive grades of resins with mechanically recycled content for potential use in interior and exterior automotive applications. The new TRUCIRCLE™ materials can extend the life of plastic waste and helps increase value from post-consumer products.

SABIC became the first in the industry to launch certified circular polycarbonate (PC), produced from post-consumer mixed plastic based on advanced recycling, reducing the need for incineration and landfills.

## AWARDS AND RECOGNITIONS IN 2021

- SABIC was named by global consulting firm Frost & Sullivan as the “Global Company of the Year” for best practices in Circular Economy (used plastics recycling and resource recovery).
- SABIC qualified as a finalist in Packaging Europe's 2021 Sustainability Awards, under the Resource Efficiency category, for our BOPE solution for frozen food developed jointly with Syntegon Packaging Solutions B.V.
- SABIC was recognized by CEFIC in the European Responsible Care® Awards 2021 for our TRUCIRCLE™ solutions in the category of Safe and Sustainable: from design phase to use phase.
- SABIC won the Rethink 2021 Sustainable Products Awards in the producers' category.
- SABIC was recognized by the China Plastics Recycle Association with a Golden Apple award.
- SABIC won the IHS Chemical Week 2021 Sustainability Award in the category of Best Recycling/Circularity Initiative.
- SABIC won the Edison Awards for three innovative technologies – Sanitizing Agents (two silver) and Sustainable Farming (bronze).

## COLLABORATIONS ON CIRCULARITY

SABIC is involved in several global alliances and frameworks working to make systemic change throughout the value chain. Due to the interconnectivity of the challenges, we respond to them through partnerships and collaborative approaches. ‘Closing the loop’ on plastic, preventing it from exiting the circular economy into the environment, can only be achieved on an industry-wide level.

SABIC is now the first in industry to offer a PC-based certified renewable product. We worked closely with the International Sustainability and Carbon Certification (ISCC) to provide proof of the incorporation of renewable feedstock in our PC production and the resulting sustainability claims were verified by independent third party auditors. CEPSA – the Spanish multinational oil and gas company – is a strategic value chain partner in this project. Our PC-based on ISCC PLUS certified feedstock, will be produced initially at our manufacturing facilities in Bergen op Zoom, The Netherlands, with global availability in the future.

Working toward new solutions for the packaging industry, SABIC joined the Digital Watermarks Initiative of HolyGrail 2.0. The project's objective is to prove the viability of digital watermarking technologies for sorting of plastics for better and more accurate sorting streams, and thereafter higher-quality recyclates, which would benefit the complete packaging value chain. The digital watermark technology could also play a key part in our TRUCIRCLE™ portfolio's Design for Recyclability service offering and our efforts to help brand owners and manufacturers create products which are optimized for recycling post-consumer use.

# INTELLECTUAL CAPITAL

SABIC Corporate Technology and Innovation (T&I) strengthened its global operations in 2021, powered by 1,660 full-time employees spread across 20 centers. Through innovation and sustainability, SABIC has developed a portfolio of 10,090 patents and pending applications, delivering differentiated and sustainable product and application solutions that address the demands of our customers and the value chain over the near-, mid-, and long-term.

Our global T&I operations recorded a strong performance in 2021 while continuing to align with SABIC's strategic vision to become the preferred world leader in chemicals. During the year, T&I continued to improve current asset efficiencies, deploying multiple projects that yielded an improvement of 2-3% in performance and strengthening reliability across our global operations to avoid unplanned losses. We focused on leveraging our global T&I resources and capabilities to broaden our innovations portfolio and increase return on investment to maintain our competitive edge in a recovering global market.

## IMPROVING PRODUCTION

A number of initiatives were implemented to increase production efficiencies across SABIC polyethylene (PE) production plants, resulting in better utilization of raw materials, carbon footprint reduction and a solid cost position. We developed new proprietary catalysts for gas phase polypropylene (PP) plants that are phthalate-free, meeting SABIC's product safety and quality benchmarks. Introducing catalysts and broadening the operating window of the high-density polyethylene (HDPE) slurry process resulted in enhanced product quality and an impressive throughput rise of >10% at one of our bimodal HDPE plants. Other initiatives carried out in 2021 included implementing 1-butene recovery systems at our plants, utilizing offgas at cracker plants, enhancing the polymerization process and optimizing production wheel efficiencies.

## PROCESS INNOVATION

T&I delivered significant value creation by improving feedstock utilization efficiency, enabling us to leverage the Saudi Energy Efficiency Center (SEEC) credit mechanism to close gaps in feedstock utilization and comply with SEEC second cycle targets. The tangible value created was quantified as 3% of additional MTBE production, along with a reduction of natural gas consumption and GHG emissions at the Petrokemya MTBE plant. The capability window of low-density polyethylene

(LDPE) copolymers was enhanced based on SABIC Clean Tubular Reactor (CTR) technology. With the  $i-C_4$  dehydrogenation pilot plant successfully commissioned at our manufacturing site in Geleen, The Netherlands, the dehydrogenation unit heat management was optimized to yield a total benefit of ~10% additional MTBE. In addition, this project was able to reduce fuel consumption and resulted in an equivalent reduction of 1,100 tons of carbon emissions. These initiatives also contributed to SABIC's intangible assets growth with new patent applications.

## PRODUCT INNOVATION PACKAGING

SABIC commercialized several PE products in 2021. The demand for a product with high heat sealability, processability and excellent mechanical properties was fulfilled by developing the 8600x polymer with solution technology. We successfully launched the new VM006 grade based on SABIC's proprietary metallocene technology to serve the industrial polymer film segment. S18, a new LDPE film grade to enable enhanced down gauging was successfully commercialized as well as MAH-G-LLDPE – a new tie layer grade based PE. To support the growth of



We focus on leveraging our global Technology & Innovation resources and capabilities to broaden our innovations portfolio.

SABIC caps and closure portfolio in rigid packaging, two new HDPE grades for carbonated soft drinks were launched.

## POLYPROPYLENE TECHNOLOGY

As the pandemic continued to constitute a global threat, SABIC introduced an improved, peroxide-free meltblown polypropylene (PP) material to meet the surging demand driven primarily by the need for facial masks, as well as other everyday personal hygiene products such as diapers and fem-hygiene. A mini-random PP grade was also developed for sheets and industrial pipes with enhanced processability. SABIC's global PP compound portfolio expanded in 2021 with new developments including a lightweight solution for exterior applications of electrical vehicles and a flame-retardant solution for foamed rigid packaging.

## ISOPROPANOL PRODUCTION

Addressing the growing demand for hand sanitizer across Saudi Arabia due to the pandemic, we formed a task force to evaluate options for producing isopropanol (IPA) — a common disinfectant and key ingredient used in hand sanitizer production. T&I along with the Manufacturing division collaborated with a team from the SABIC research center at King Abdullah University of Science and Technology (KAUST) to develop the technology within a short period for multi-purpose IPA production and commercialized the product this year. The domestic production of IPA drove sustainability across the local market by achieving self-sufficiency, and also contributed to the Kingdom's exports.

## PARTNERSHIPS FOR PROGRESS

SABIC entered into and continued a number of collaborative and highly strategic partnerships during the year. We partnered with NETSTAL – the Swiss subsidiary of KraussMaffei High Performance AG – for the expansion of its Thin-Wall Packaging Application Center located in Näfels, Switzerland.

SABIC continued to develop new technologies to further improve techno-economics of crude-oil-to-chemicals conversions and joined forces with Saudi Aramco to expedite their deployment. These technologies, following successful piloting and demonstration, are expected to deliver over 70-80% conversion to chemicals. Additionally, as part of Project New Journey, the Non-Metallic Initiative with Saudi Aramco focused on accelerating project deployment to create added value to crude oil by converting it to finished products along the petrochemical value chain. Oil & Gas, Packaging, Construction, Renewables and Automotive were identified as five main sectors where SABIC's current market position could be leveraged for deployment of non-metallic solutions.

SABIC signed a memorandum of understanding with NEOM, to identify opportunities for collaboration in the development of a green chemistry hub using renewable energy.



Automotive has been identified as one of the main sectors where SABIC's current market position could be leveraged for deployment of non-metallic solutions.

We continued research collaborations with universities, with the successful development of biaxially oriented polyolefin pipes with the University of Bradford, UK. New collaborations will focus on projects aligned with our One Portfolio initiative, competency development needs, and new breakthrough innovation opportunities. To develop a commercial scale process for the biaxially oriented polyolefin pipes, SABIC engaged in a partnership with Tecnomatic, an innovative company for pipe extrusion equipment and with Aquatherm, a producer of polypropylene random pipes. In order to expand our solution offering to markets including Oil & Gas, Automotive and Building and Construction, an Advanced Composites strategy was developed and agreements are being explored with third parties to gain access to continuous fiber-reinforced, thermoplastic tapes and prepregs.

## TECHNOLOGY LICENSING

With a significant portfolio of digital assets and technologies, Technology Licensing manages, secures and licenses the use of SABIC proprietary technologies in projects undertaken by SABIC, our affiliates, partners and selected third parties. In 2021, we made the technology for biaxially oriented polyolefin pipes available to SABIC partners through a licensing model. We also identified key T&I projects with licensing potential in areas such as energy reduction as well as water and chemical savings. We will continue detailed assessments for business value estimation following successful deployment of the technologies.

## OUTLOOK

T&I remains the cornerstone of SABIC's growth strategy, with a clear priority to strengthen our technology pipeline and accelerate sustainable innovation. The end of 2022 will mark a major milestone in our circularity efforts with the technical completion of our first commercial advanced recycling unit which will have capacity to process 20,000 tons of mixed and used plastics to produce certified circular feedstock for our crackers in Europe. SABIC aims to expand our circular product and technology offerings by rolling out market foundation initiatives to affiliates and partners in the US, APAC and MEA.

# HUMAN CAPITAL

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

## ADJUSTING TO THE NEW NORMAL

In 2021, we continued to build on our “New Norm” initiative, which we launched in October 2020. The initiative is an evolving journey and focuses today on building resilience by ensuring all employees have the capabilities in order for us to continue achieving our objectives and enhancing productivity in these challenging times. In essence, our New Norm program comprises of three key elements; Well-being, Future of Work and Stakeholder Outreach. In 2021, we focused on connecting strategic initiatives to align and converge through our aspirations, points of views and thought-leadership on our new norm.

## LISTENING TO OUR PEOPLE

We recognize that we have a diverse global workforce that has a variety of needs and concerns, and changing patterns of work have introduced unique challenges in terms of employee engagement. This means that we had to sharpen our focus on employee motivation by listening and engaging more via digital focus groups. Our 2021 SABIC COVID-19 Pulse Survey and Global Employee Town Hall initiatives were important vehicles to ensure we remain connected to the real employee sentiment of our 31,000+ strong global workforce.

## PULSE SURVEY 2

13,466 employees participated in the Pulse Survey 2 in January 2021. The findings highlighted challenges including increased stress, health concerns, and issues around the current work-life balance. This was not surprising, given the adjustments we have all had to make to adapt to the new normal. On the positive side, almost 90% of respondents felt that we were doing a good job of keeping them informed and treating them with dignity and respect, and 82% recognized the effort we were making to prioritize employee safety during the pandemic.

## EMPLOYEE ENGAGEMENT

Our annual Global Employee Town Hall was held virtually in January 2021, when all employees across the globe had the opportunity to participate with our Vice Chairman & CEO. The town hall provided an important connection to bring us all together and reaffirm SABIC’s vision, which also included the rationale behind the enterprise priorities for 2021.

SABIC APAC achieved the Top Employer Institute certification as Top Employers Asia Pacific and Top Employer in five of our key APAC markets – Greater China for the eleventh year, and India, Japan, Singapore and South Korea for the past eight years.

We continue to compare favorably with peer organizations in external scoring, indicating that we have responded well to the challenges of the global pandemic. An 83% “Would Recommend” score and an 88% “CEO Approval” score on Glassdoor (as of August 2021), in particular, suggest that our people share our overarching vision.

For the third consecutive year, SABIC was featured on the Financial Times Diversity Leaders Europe rankings which assesses employees’ perceptions of companies’ inclusiveness or efforts to promote diversity. The list assessed 850 businesses on a number of criteria within their workforces.

## HOUSING PROJECTS

SABIC is building high quality, sustainable housing facilities for its employees in Saudi Arabia. On the lines of our successful housing experience in Riyadh, Jubail and Yanbu, we are currently undertaking two projects for our employees. The Al-Matrafiya Housing Project in Jubail Industrial City comprises 2,701 housing units, with advanced structural specifications and features. The second housing scheme, Al-Jaar Housing Project, is in the Yanbu Industrial City, offering a range of contemporary facilities.



Our 2021 initiatives were important to ensure we stay connected with our global workforce.



We focus on developing leadership through several innovative programs.

## BUILDING UPON OUR CAPABILITIES

During the pandemic, the ability to learn on-the-job, face-to-face and in the same physical space has been severely impacted. Learning experiences have been transformed, posing challenges to both learners and instructors. Our HR teams have demonstrated agility to assure learning stability by converting our capability-building initiatives to virtual, interactive and hybrid learning. We have all had to upgrade our personal IT skills, and learn to be more flexible, creative and, above all, patient with ourselves and with one another through this transition. Through our “HR One” platform, our employees are able to progress their career goals and development needs by registering for professional certificates, courses, and conferences in all disciplines at SABIC. With capabilities for the New Normal as a priority, the 2021 staff development calendar also focused on developing leadership through several innovative virtual programs.

## SABIC LEADERSHIP WAY

The SABIC Leadership Way (SLW) framework recognizes and celebrates the impact and the role-modeling of observable behaviors. Launched in 2017, the SLW is a distinctive model to attract talent, engage employees and drive better industry recognition. In July 2021, global research and advisory firm Gartner selected SLW as a best-practice model of how to transform global business leadership in the light of new internal and external challenges. Our response to the COVID-19 pandemic is a testament to the success of this leadership behavioral model.

## ASIA LEADERSHIP ACCELERATION PROGRAM

The second cohort of candidates to our Asia Leadership Acceleration Program was accepted in 2021. The program, launched in 2020, strengthens cross-functional communication and collaboration and provides an opportunity for all participants to improve their strategic acumen, demonstrate leadership, and create organization-wide impact.

## NEW MANAGER LEARNING JOURNEY

At SABIC, we recognize the vital role that our managers play in developing the capabilities of their teams and motivating them. The New Manager Learning Journey is an on-the-job learning portal that focuses on providing learning support and skill building under the mentoring guidance of a manager in conjunction with a HR professional. This is a global initiative covering all our businesses and functions (outside of Manufacturing) and has fully matured during 2021.

## PROJECT ENDEAVOR

The second cohort of participants in our Project Endeavor program was enrolled in 2021. Project Endeavor, introduced in our Asia Pacific region in 2020, and later expanded to other regions, builds employee capability by providing the opportunity for employees to work on actual business projects sponsored by senior leaders in accordance with their performance, strengths, career interests and passions. Project Endeavor strengthens cross-functional collaboration and brings regional talent into the spotlight.

## BUILDING FOR THE FUTURE

### COLLABORATIVE SCHOLARSHIP

As part of our commitment to invest in people and ESG efforts, SABIC Americas donated US\$ 500,000 to FOSSI (The Future of STEM Scholar Initiative), a US-based industry program that provides scholarships to undergraduate students seeking STEM degrees at Historically Black Colleges and Universities (HBCUs). SABIC leadership is passionate about developing the next generation of STEM professionals for the chemicals industry and to ensuring a much-needed pipeline of diverse and talented students into the industry. The route forward is through scholarships and SABIC is joining forces with like-minded businesses to raise more than US\$ 10 million in the next two years for this talent development purpose.

### SABIC SCHOLARSHIP PROGRAM

Since 2005, the SSP has created, developed and maintained a global sustainable talent pool to fulfill SABIC’s growth ambitions through a comprehensive education strategy overlooking related programs for both graduates and undergraduates.

In 2021, our Scholarship Program continued to face significant logistical challenges. However, we successfully overcame these challenges with our ongoing educational support and wellbeing programs. In addition, this year, 12 scholarship students graduated from Chinese universities for the first time in our history.

### SABIC NETWORKS

In June 2021, the SABIC Young Leadership Council (SYLC) held a virtual event, iENGAGE, bringing together young leaders from over 25 countries across the world to find bold solutions to challenges around pressing business and people issues. SYLC is a platform at SABIC that empowers our young leaders to shape future business decisions through direct interaction with the CEO and Executive Leadership team.

SABIC Women’s Network (SWN) hosted a global town hall in November 2021 where they relaunched as “SHE” with a vision of making SABIC the most preferred brand for women working in the chemicals industry.

SHE empowers women to be leaders and achieve their aspirations by building visibility, capability, and a sense of community. SHE initiates and sustains meaningful stakeholder engagements internally and externally to attract and retain women and develop the next generation of women in science, technology, engineering, and mathematics.

# MANUFACTURING CAPITAL

Despite the challenges arising out of the pandemic in 2021, SABIC Manufacturing remained committed to achieving the highest levels of manufacturing excellence and safety standards, and ensuring continuous supply to our global customers.

Corporate Manufacturing at SABIC oversees all our plant operations and sites worldwide. In 2021, Corporate Manufacturing continued to strive for the highest levels of operational excellence and EHSS standards. The execution of our global manufacturing strategy enabled our manufacturing sites across the world to further build on their internal capabilities and develop the agility to mitigate the risks associated with our employees, equipment and processes while delivering business results – all under challenging conditions brought about by the pandemic. Manufacturing at SABIC has shown great resilience, plant reliability and integrity through the deployment of robust standards and process technologies, which have been supported by our talented and knowledgeable employees. Furthermore, our rigorous monitoring and reporting mechanisms ensured effective and disciplined strategy execution across geographical and cultural diversities.

## ASSET PERFORMANCE

In 2021, our new Asset Performance Index, which measures the reliability and integrity of strategic initiatives and program implementation against actual asset performance, indicated a consistent improvement throughout 2021. The methodology underlying this index fosters alignment, engagement and improvement at all levels. In addition, several programs are being implemented to address the top manufacturing risks.



Our endeavors to achieve manufacturing excellence rely on the skills and commitment of our people.

Asset performance is strengthened through technological innovation in line with international standards. SABIC has now implemented Advanced Process Control and Real-Time Optimization technologies, leading to improved reliability and variable cost in its plants. In 2021, Corporate Manufacturing led a number of initiatives aimed at improving asset reliability and availability, including development of best practices, publication of equipment strategies, conducting of maturity studies and implementation of state-of-the-art technology. In addition, we identified the most significant areas on which to focus our efforts for maximum asset integrity by introducing technology for the inspection, monitoring and maintenance of equipment.

## OPERATIONS MANAGEMENT SYSTEM

The implementation of the Operation Management System (OMS) in 2021 established a consistent SABIC-wide foundation for a best-in-class standard for Operations Management. This included guidance on development of site systems and procedures. We also started site assessments using the new Integrated Manufacturing Excellence Assessment methodology, streamlining our assessment process and bringing greater efficiency in execution. It also improved the effectiveness of our impact measurement. Our journey to operational excellence continues and we look forward to seeing the results that will provide value in the years to come.

## PROJECTS

Projects are integral to SABIC's growth initiatives, innovation and sustainability where Corporate Manufacturing provides essential technical support to project management teams. In 2021, several SABIC expansion projects were executed by Manufacturing, assuring that asset life cycle management elements are embedded and addressed. Reliability is built-in during the design phase of all projects, as part of SABIC's continuous improvement. This includes determining optimal design parameters and reliability targets based on Life-Cycle Costing (LCC) principles.



Manufacturing at SABIC has shown great resilience and plant reliability through the deployment of robust standards and process technologies.

## WORKFORCE DEVELOPMENT

Our endeavors to achieve manufacturing excellence rely on the skills and commitment of our people; they are the most important ingredient in our success. In 2021, despite the challenges, we remained committed to implementing and assuring the sustainability of our people development programs.

The year began with the successful launch of a new portal on JADEER, a program initiated in collaboration with Corporate Human Resources to develop our frontline teams. Available to all employees, the portal is a valuable source of information about the JADEER program, providing an easy-to-access central depository of all frontline learning content that includes EHSS and Process Safety, Asset Management, Work Processes and Theory and Principles.

Through the effective implementation of the SABIC Engineers early Development (SEeD) program across our global sites, as well as our Technical Ladder, we continue to improve our development programs for graduate engineers. As part of employee development, we have also reinforced our efforts to embed the LEAN waste elimination concept within our operational DNA, deploying it globally, across all sites.

Other activities include 5S and Kaizen “continuous improvement” events facilitated by a Lean Six Sigma Master Black Belt to deliver immediate bottom-line improvements in reliability and cost effectiveness, as well as EHSS and process risk discovery.

In the longer term, we want to continue building a working environment that inspires and connects people through a global Community of Practice, providing access to a wealth of experience and for the effective sharing of ideas and best practices.

## OPERATIONS DISCIPLINE

Operations Discipline is one of SABIC's Operation Excellence initiatives. Launched in 2018, it aims to improve EHSS and reliability performance through the universal adoption of the Operating Discipline concept. The program assures compliance of critical operational elements during a manufacturing process and capitalizes on best operational practices. The implementation of the Operation Discipline Program at our sites in Saudi Arabia is continuing smoothly and according to plan, and the self-assessment of the sites in Europe and the United States began in 2021.

## MAINTENANCE EXCELLENCE

Despite all the challenges of COVID-19, we met all our targets in 2021 for turnaround performance. We attribute this largely to the opportunity provided by Turnaround Management, an effective concept in Maintenance Excellence. As part of this value creation, our SABIC Turnaround Assurance team identified and developed initiatives to improve synergy, optimization and efficiency, where positive impact on the bottom line had already been realized.

## STRATEGIC ALLIANCES

Corporate Manufacturing is spearheading efforts to formulate strategic alliances to identify clear value-creation opportunities with key industry conglomerates, focusing on asset safety, reliability, effective life-cycle management, and optimized services and operational cost. These alliances are expected to facilitate effective knowledge and technology transfers.

# MANUFACTURING CAPITAL

## CONTINUED

### ENVIRONMENT, HEALTH, SAFETY AND SECURITY (EHSS)

Protecting the environment and maintaining high health, safety, and security standards at the workplace and surrounding communities are at the heart of our business. EHSS starts with stewardship – raising awareness among the stakeholders involved with our business and creating sustainable product life cycles, such as plastics recycling and resource recovery. Beyond compliance, we assess and manage risks and run system-wide safety initiatives. We aim for efficiency, whilst training and empowering our team members to recognize and address hazards.

### GLOBAL KEY PERFORMANCE INDICATORS

We monitor the EHSS performance of all our assets globally through a series of carefully formulated, proactive, Key Performance Indicators (KPIs) that: drive performance and enhance visibility; ensure focus on key Safety, Health & Environment Management (SHEM) priorities; provide accountability; allow for internal and global EHSS benchmarking; identify and bring insight to address chronic issues; provide inputs for site SHEM audits; and provide a mechanism to identify sites that need additional support and attention.

### RESPONSIBLE CARE® CERTIFICATION

In 2021, SABIC EHSS Corporate achieved recertification in Responsible Care® 14001:2015, (Including ISO 14001) at the corporate level, as well as, for all its sites. In Saudi Arabia, we also achieved certification in ISO 45001:2018, our first audit and certification of this standard. Through periodic auditing and re-certification, we are able to assure conformity with the best international EHSS standards of excellence, achieve our EHSS objectives, and meet regulatory and contractual requirements.



We monitor the EHSS performance of all our entities globally.

We won the following awards in 2021:

- Gulf Petrochemicals and Chemicals Association recognition as an Operation Clean Sweep® partner, having pledged to implement the OCS program to achieve zero plastic resin loss in Saudi Arabia.
- The European Chemical Industry Council Award (CEFIC) for SABIC'S certified Circular Polymers
- Responsible Care® Chairman's Award for SABIC Asia Pacific

### SHEM STANDARDS AUDITS

The SHEM Maturity Level concept is a new standard for risk-based assessment that is being embedded throughout our organization. It will supplement auditing as our primary means to assess sites' SHEM performance and progress. During 2021, we successfully completed our targeted audits through a combination of in-person and virtual assessment using the new eSHEM SAP Auditing system.

### EHSS INFORMATION ENABLEMENT

This year, the eSHEM Phase II initiatives project, which seeks to improve risk discovery and management, continued its global rollout with several modules enabled for improved identification, aggregation, and communication of key EHSS information. We implemented a smart database with an intelligent search capability that incorporates all EHSS resources globally. Optimizing resource utilization will enhance collaboration and improve visibility; enable faster and easier to access functional support; create opportunities for personal growth and development; and provide more efficient access to resources for assessments and audits. In 2021, we initiated the design of the EHSS Support Request System, which will be used alongside the intelligent database to facilitate information sharing and support for the sites.

### EHSS CULTURE SURVEY

Building on the outcomes of the global EHSS Culture Survey conducted in 2020, we continued to enhance SABIC's EHSS culture in 2021 through the Hearts and Minds Principles, which define critical organizational behaviors aimed at improving safety and operational performance. A key focus area has been leadership behavior to cultivate better leadership visibility and engagement.

### EHSS TRAINING INVENTORY

As we strengthened collaboration with Saudi Aramco in 2021, we explored the requirements for internal safety training and resources at both companies. This initiative assessed the opportunity for sharing physical safety training resources, programs and facilities to optimize the overall training portfolio.



Maintaining high health, safety, and security standards at the workplace are at the heart of our business.

### NEBOSH TRAINING

We conducted training sessions for the NEBOSH International General Certificate in Occupational Safety & Health to build the competencies of subject-matter experts at our affiliates in Saudi Arabia. In 2021, we successfully executed four competency development training programs for 50 participants as a part of the EHSS strategy execution.

### REGULATORY ENGAGEMENT

This year, we also engaged with the regulatory authorities in Saudi Arabia and in Europe to review the new regulations from the Ministry of Environment, Water and Agriculture, the Royal Commission Environmental Regulations (RCER 2020), and the Europe Industrial Emissions Directive) to understand the industry's challenges and to assess feasible alternatives.

### PROCESS RISK MANAGEMENT

Continuing the journey towards Process Safety Excellence, the Global Process Risk Management (PRM) function maintained focus on its 2025 key strategic initiatives:

### PROCESS SAFETY COMPETENCY AND TRAINING DEVELOPMENT

PRM continued to build Process Safety competency across the entire organization by developing and offering relevant Process Safety qualifications and training programs throughout 2021. Incorporated within the SABIC Process Safety competency framework, each program follows the continuous improvement approach to both content and delivery. Process Safety competency needs are also integrated into the OMS training. In response to COVID-19 challenges, PRM worked diligently with the competency program stakeholders to migrate all the face-to-face training to a virtual platform.

### RISK DISCOVERY AND MANAGEMENT

In keeping with our 2025 EHSS strategy, we focused on Risk Discovery and Management Capability, and incorporated the improvement of SABIC Assurance for EHSS Risk (SAFER) structures and work processes. Effective monitoring of Process Safety performance is achieved through carefully formulated KPIs designed to drive improvement. PRM analyzed the historical

performance of manufacturing sites and identified areas of EHSS focus. Accordingly, a Process Safety Maturity Index was developed to improve visibility and develop improvement remedies.

### EMERGENCY PREPAREDNESS AND RESPONSE CAPABILITIES

In 2021, the SABIC Emergency Response and Fire Protection (ER&FP) function dedicated their efforts toward improving planning and readiness. Pre-Incident Planning (PIPs), covering major risk scenarios at manufacturing sites, was upgraded and emergency scenarios were rehearsed using the upgraded PIPs and relevant competencies as a basis. ER&FP also conducted a major off-site drill in collaboration with key stakeholders as part of SABIC Responsible Care's commitment towards neighboring sites and community awareness and readiness.

### SECURITY MANAGEMENT

SABIC is implementing a global security program that includes the development of JADEER Site Security Program for security guards. It is scheduled to go live in 2022. The program also focuses on driving security maturity through security risk assessments at all our locations. It involves improvements to the digital ID system, including unified contractor ID and 12-hour shift control, to reduce employee stress, and to comply with local regulations.

### CRISIS MANAGEMENT

Crisis Management teams continue to respond to the COVID-19 pandemic and weather-related emergencies. Access controls were implemented at sites, to limit the possibilities of COVID-19 exposure. As travel gradually resumed, our regional and global security personnel worked with cross-functional groups on conducting global travel risk assessments. Our regional Crisis Management teams also conducted site-based and region-wide exercises focusing on both the pandemic and on cybersecurity. These exercises help raise awareness, ensure preparedness, and contribute to business continuity planning. We also set up a Global Crisis Management Network of senior managers from EHSS, Human Resources, Corporate Affairs and Legal Affairs who meet quarterly to discuss Crisis Management strategies, learn from one another's experiences, and share best practices.



Our Emergency Response and Fire Protection function is fully geared to protect our assets.

# SOCIAL AND RELATIONSHIP CAPITAL

Today’s global challenges are complex; they require innovative thinking and bold action in response. The global pandemic has reminded us of our fragility, but it has also shown how resilient we are when we join hands. At SABIC, it is first and foremost about recognizing our responsibility to our stakeholders – and understanding that we can play a significant role in effecting positive change in the communities in which we operate.



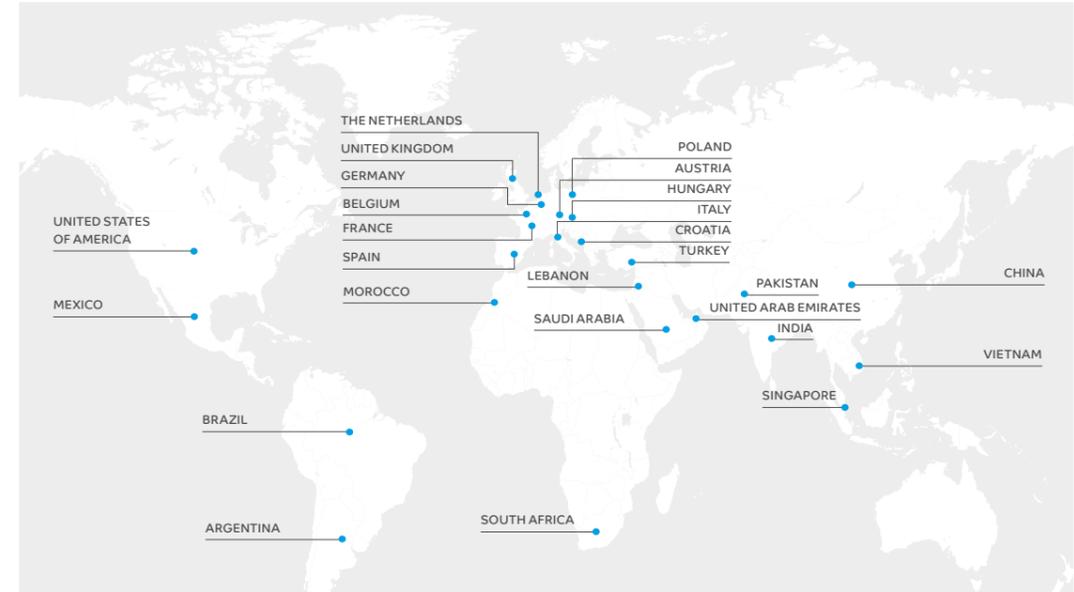
SABIC’s Corporate Social Responsibility (CSR) program, which contributes to 10 United Nations Sustainable Development Goals and three Saudi Vision 2030 pillars, is focused on four key priority areas: Health & Wellness, Science & Technology Education, Environmental Protection, and Water & Sustainable Agriculture. Across the year, we invested over US\$ 33.56 million in 127 global CSR programs, reaching around 345,000 people in 26 countries.

For our efforts in sustainability and CSR in 2021, SABIC was recognized by the American Chemistry Council with three Responsible Care Awards – two for energy efficiency and one for our COVID-19 response. In Spain, SABIC was publicly recognized by the Mayor of Cartagena for our efforts in COVID-19 relief. In China we were awarded the Open-to-Public Best Practice Award by the Association of International Chemical Manufacturers, and the Outstanding Contribution Award in Fighting COVID-19 by the China International Council for the Promotion of Multinational Corporations (CICPMC). We were also awarded the 2021 Excellence Award for Corporate Social Responsibility by Shanghai Daily, and the 2021 Innovative Volunteering Award by CSR World in China.

## HEALTH AND WELLNESS

Our focus on Health & Wellness encompasses our Global Health Initiative and our Global Social Initiative and seeks to promote a broad, holistic concept of wellbeing in the communities in which we work and in society at large. In 2021, we delivered 65 health and wellness programs globally, providing relief efforts to mitigate the impact of COVID-19 on families and communities but attending to a range of other areas as well. Our programs in Health & Wellness reached 19 countries – KSA, UAE, China, Vietnam, US, Argentina, Brazil, India, Netherlands, Germany, Spain, UK, Austria, Italy, Poland, Hungary, France, Croatia and Belgium.

Due to a resurgence of COVID-19 in India, the healthcare system in parts of the country was under severe pressure. SABIC provided life-saving equipment, ICU beds, oxygen concentrators, patient monitors, ventilators and liquid oxygen tanks to help curb the spread of the pandemic. In Argentina, SABIC gave financial aid in response to an appeal for emergency assistance from the government to support families impoverished by the pandemic.



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

Heavy and unseasonal rain caused massive flooding in Vietnam and China, leaving a large number of people in urgent need of shelter, water, food, and income support. In Vietnam, SABIC made a donation for critical aid to secure safe water to 13 schools and 7,326 students. In China, SABIC supported the Henan Flood Disaster Relief in the aftermath of floods and landslides by providing food for people whose houses and farmland had been underwater. In North India, extreme winter made life difficult for the homeless. SABIC’s Gurugram office collected and donated winter clothing for the homeless and for orphans and senior citizens residing in shelter homes. After many schools were damaged in a major earthquake in late December 2020 in Croatia, SABIC partnered with Red Cross Croatia to build five temporary schools as part of our “Better Shelter” initiative, allowing around 500 students to resume their education.

One of the far-reaching consequences of the pandemic is the toll it is taking on people’s mental and emotional well-being, with rates of depression and anxiety rising across the world. SABIC recognizes the need to prioritize mental health alongside physical health. For the second year, we sponsored the National Award for Mental Health Promotion and honored the winners on World Mental Health Day at our Riyadh headquarters. The SABIC award, facilitated in partnership with the National Committee for Mental Health Promotion, raises awareness about mental health issues and seeks to contribute toward a healthier society.

In the same spirit, SABIC employees and volunteers in Saudi Arabia and in China organized visits to hospitals and elderly care centers, bringing food and traditional festival gifts for those without families. In Germany, under the

SABIC “Better Shelter” initiative, facilities were provided for 50 local elderly people to meet safely and lift their sense of isolation. In Spain, SABIC provided electric bikes to a local medical institute to help elderly and disabled people to be healthy and independent.

The Halfway Home Center, a first-of-its-kind in the Kingdom drug rehabilitation center in cooperation with the Ministry of Health and Diriyah Governorate in Riyadh, was launched in 2021 helping recovered addicts to be productive members of the community and reintegrate fully into society. We believe in the importance of creating a healthy environment to integrate recovered people into society after they undergo effective rehabilitation treatment. The center is part of larger antidrug efforts by SABIC which include NEBRAS awareness campaigns through both digital media and public signage as well as virtual games to build and enhance community knowledge about the dangers of drugs.



We launched the Halfway Home Center, a drug rehabilitation center, to help recovered addicts reintegrate into society.

# SOCIAL AND RELATIONSHIP CAPITAL

## CONTINUED

An autism center was launched in Madinah, Saudi Arabia, in 2021 with support from SABIC. It specializes in early diagnosis and intervention of childhood autism as well as in increasing public awareness of the disorder. The center has contributed to the integration of many autistic children into society, and in developing the capabilities of families to deal with their autistic children. A blood-donation drive with mobile units was held in 2021 involving SABIC employees across Saudi Arabia in partnership with local government hospitals. SABIC also sponsored the Kanaf medical insurance program for 3,000 orphans and underprivileged families in Saudi Arabia. In the UAE, SABIC supported blue-collar workers and their families through in-kind donations for health and nutrition care packages benefitting 157 families.

### ENVIRONMENTAL PROTECTION

In 2021, we identified and contributed to addressing key environmental issues through effective partnership and engagement in communities where we operate and our employees live. Our Global Environmental Protection Initiative reached 16 countries – KSA, Lebanon, USA, Mexico, Brazil, UK, Netherlands, Germany, Spain, Austria, Italy, Poland, Hungary, France, China and Singapore.

Under the Global Clean4Change program, our employees and their families engaged in extensive clean-up activities across 13 countries globally. With the theme of “Protect the Blue Planet for a Sustainable Future,” our activities are raising awareness of the negative ecological impact of human activities, particularly on our oceans. We want people to understand that SABIC’s emphasis on technical innovation is also about finding solutions to these problems through recycling and reusing plastic waste that otherwise ends up in the ocean or in landfills. The coastline can be a place of intense human activity such as fishing or camping, and our awareness efforts aim to reduce garbage that is washed into the sea or left on the beach.

On World Clean-up Day, SABIC employees and their families in Saudi Arabia cleaned up over 450kgs of waste in Riyadh, Yanbu and Jubail in collaboration with Diriyah Gate Development Authority, Municipality of Yanbu, and Royal Commission of Jubail and Yanbu. In Singapore, we hosted a virtual environmental awareness session including talks on climate change, food waste and a hands-on workshop to make environmentally-friendly products such as cleansers and hand sanitizers.

The world’s wetlands provide a rich eco-system for wildlife to thrive, and their protection and preservation is critical to biodiversity. In Saltholme, UK, the water supply to the RSPB Saltholme Nature Reserve & Wetlands Centre was in need of renovation. SABIC stepped in to provide the resources to ensure that the birds and wildlife continue to flourish. In the US, we supported the Houston Wilderness alliance in conjunction with Earth Day in their tree-planting effort to combat flooding and erosion and absorb air pollution for the ecoregions of the coastal prairies, forests, wetlands, and waterways around Houston, Galveston Bay, and the Gulf of Mexico.

### WATER & SUSTAINABLE AGRICULTURE

Water source and sanitation management go hand in hand with better food and energy production and are key to ending hunger, achieving food security, and improving nutrition. At SABIC, we support farmers, and our technical specialists meet with them to share ideas and experiences on effective farming practices, crop productivity, quality and variety. In 2021, we sponsored Coffee Bean Al Dayer Festival, and a citrus festival in Al Hariq. In partnership with King Saud University and Diriyah Governance, SABIC also supported a Palm Tree Waste Utilization Project in Saudi Arabia to optimize the value proposition of agricultural waste. In Jubail, we launched an awareness campaign focusing on water use reduction habits along with interactive virtual games for children. In this way, the public learned how water is purified locally from waste water, which can be reused for industrial cooling and agriculture.



Employees and their family members take part in World Clean-up Day in Jubail, Saudi Arabia.

In South Africa, we supported educational programs within underprivileged communities under the iGardi Project on water-wise vegetable food gardening for food security by connecting volunteer teams and NGOs and providing avenues for investment and local community involvement. In Morocco, SABIC helped set up a pedagogical garden with renewable energy through solar power for students to learn about opportunities in agriculture and the environment around them. It is expected to benefit 1,000 students per year.

### SCIENCE & TECHNOLOGY EDUCATION

Quality education and lifelong learning have always been prime values for SABIC. Our goal is to foster innovation, particularly through scientific and technology education, and we have kept up momentum despite the unique challenges faced in 2021.

Our Global Back-to-School Initiative works with charities, NGOs, schools and communities across the world to help students succeed in their education. In 2021, this initiative reached students in 13 countries – KSA, Morocco, Turkey, Pakistan, USA, Mexico, Brazil, Argentina, Netherlands, Germany, Spain, China and India. The focus in 2021 was on helping children continue their schooling despite the challenges of COVID-19.

In Saudi Arabia, 50,000 students in 47 locations were given backpacks with school supplies, while 1,000 students were provided with online knowledge-enrichment courses in addition to robotic classes, in a joint initiative with the Ministry of Education and Takaful Foundation. In Morocco, SABIC provided a school with a library and a computer center – a place for students to stimulate their curiosity and enhance their knowledge of the world. In India, the pandemic forced the shutdown of academic institutions for prolonged periods and students scheduled to take the Secondary School Leaving Certificate Examination were among the worst affected. SABIC supported 986 students from the community around the SABIC Technology Center in Bengaluru, India by distributing SABIC-branded tablets loaded with learning software.

In China we set up ChemWorkshop, a virtual workshop in collaboration with China Petroleum and Chemical Industry Federation (CPCIF) to address talent shortages within the industry and provide employment opportunities for graduates. The platform invites a dialogue between opinion leaders, teachers, and professionals with students interested in pursuing a career in the chemical industry. In the Netherlands we supported virtual learning by providing primary schools with STEM home tool kits.



A SABIC employee participates in a blood-donation campaign in Saudi Arabia.

SABIC’s Global Initiative for Education and Innovation also continued in 2021, in partnership with Junior Achievement Worldwide and INJAZ Saudi Arabia. The initiative benefitted students in three countries this year – China, USA and KSA. In Saudi Arabia, we launched the Company Program with finalists reaching the Fekra Competition; a business simulation activity involving 1,450 high school and university students. The popular “Lights of Our Future” continued in China with the aim to build awareness and inspire creativity around environmental protection for youth. Through the speakers’ series in USA, SABIC employees volunteered by sharing their career path and experiences to inspire local high school students. Since 2014, this initiative has engaged over 124,000 students, bringing real-life case studies into the classroom and cultivating critical thinking and teamwork through experimental learning.

### LOOKING FORWARD

SABIC’s antidrug efforts will continue to expand to include the SABIC Mental Health and Drug Addiction Hospital expected to launch next year in partnership with the Ministry of Health. The hospital is intended to be a long-term treatment facility aiming to reduce patients’ suffering, enabling them to integrate fully back into society. The community is expected to continue to benefit from our mobile and permanent breast-cancer screening clinics in partnership with Zahra Cancer Association and the Saudi Ministry of Health.

SABIC will contribute in 2022 onward to the Saudi Green Initiative through cooperation with the Ministry of Environment, Water and Agriculture by planting five million trees in Saudi Arabia. The SABIC Life Gallery at King Salman Science Oasis will be opened for students and the public in 2022. MADAC Education Academy is also projected to be launched in 2022. It aims to build a world-class educational complex with a balanced environment for education and cultural values – one that applies the best educational theories and practices. SABIC will contribute to the construction of the academy’s museum and exploration center, which aim to provide investigative education for young people, encouraging them to understand the historical, cultural, and scientific aspects of civilization and to develop intellectual skills in science and culture.

# SOCIAL AND RELATIONSHIP CAPITAL CONTINUED

## TOWARD SAUDI VISION 2030

SABIC is committed to enabling Saudi Vision 2030 through NUSANED™, our pioneering local-content initiative designed to strengthen the local manufacturing base, diversify the national economy and create jobs. Ultimately, this initiative aims to reduce dependency on foreign imports by helping local businesses grow and thrive and by addressing some of the challenges investors and entrepreneurs face. NUSANED™ is structured around four pillars, creating a journey through an integrated localization process:

- **Entema** – a digital opportunity-gate platform
- **Da'aem** – tailored support packages
- **Access to Finance** – facilitation of financial support
- **Muahal** – technical and leadership competency development

**Entema:** The business-development journey begins with Entema, a portal that provides entrepreneurs and investors with a space to explore opportunities and test their viability and attractiveness for further investment and suitability for support through Da'aem. Due diligence is conducted on the submission of a pre-feasibility or business case, which involves evaluating ventures on the basis of national socio-economic impact, including potential GDP contribution, number of potential jobs created, impact on trade balance, and the long-term competitiveness and sustainability of the opportunity.

**Da'aem:** Da'aem is an individualized process designed to execute the proposed support packages identified during the Entema stage, and represents the tangible support SABIC provides to businesses. These packages will differ in scale and content depending on their broader socio-economic impact, and include aspects like the supply of materials and services to SABIC, product offtake from SABIC, technical support, product application and technology commercialization, and access to world-class practices at SABIC.



**Access to Finance:** The third pillar aims to provide financing for investment for NUSANED™-supported opportunities. SABIC has signed MoUs with several stakeholders to ensure that financial solutions are identified for commercially feasible projects.

**Muahal:** Muahal aims to develop the right technical and leadership capabilities within the local workforce to execute the investor opportunity in a competitive and sustainable way.

## SUPPLIER AND CUSTOMER DEVELOPMENT

Nomou is a local-content development program that supports SABIC's local customers and suppliers who have difficulty with existing or planned opportunities in the domain of downstream development or supply localization.



We seek to build technical competencies within the local workforce in Saudi Arabia.



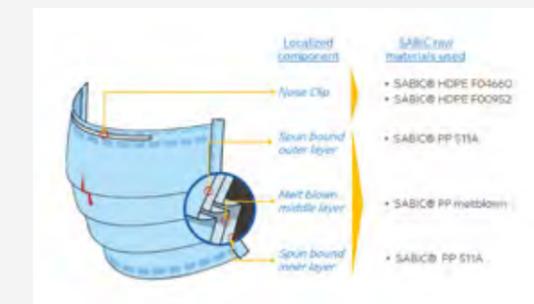
NUSANED™ aims to develop the right leadership capabilities to execute investor opportunities in a competitive and sustainable way.

The program aims to identify and overcome common roadblocks and maximize the business opportunities to enable Vision 2030, which increases the private sector contribution to GDP. It has successfully qualified 110 opportunities up to now across several priority national industrial sectors such as metals, renewables, and medical supplies, offering significant socio-economic impact potential nationally, in terms of GDP and job creation.

## KEY ACHIEVEMENTS IN 2021

- Successfully localized the production of medical masks when a local company applied SABIC's polymer solutions to produce N95 masks in Saudi Arabia for the first time.
- The number of candidates qualified to initiate new projects since the launch of NUSANED™ in 2018 reached 143. The annualized GDP impact of opportunities in 2021 was SAR 1.2 billion, reaching a total of about SAR 11.4 billion since the program was launched.
- As a part of Muahal, 5,660 jobs were created in 2021. 1,937 jobs were for women out of more than 11,500 jobs created since the launch of the initiative.
- The Chinese company, ShenGong, started the first of the five phases of the largest NUSANED™ project in Jubail, using 43,000 metric tons of SABIC materials to manufacture electrical and electronics parts for power-saving LED lighting, smart electronics, houseware, and automotive. On completion of all the phases, the project is expected to contribute US\$ 110 million to the GDP, create 233 jobs and export 70% of the overall production.

- Ten local factories were enrolled in our operational-excellence program, Tamayouz, to help local manufacturers optimize their productivity and remove manufacturing bottlenecks, saving approximately SAR 18 million in costs for three projects that applied the program.
- We supported the localization of various technologies in the local market in 2021 including:
  - Completion of Phase 1 and 2, and launching Phase 3 of a recycling platform for rPET bottles, under SABIC's TRUCIRCLE™ initiative, involving players across value chains such as PepsiCo, Green Kingdom, and Hypermarkets among others.
  - Completion of a recycled soft packaging test tray project as part of TRUCIRCLE™ for dairy customers
  - Completion of a bio-polymer lab scale test for Polymeron with promising results
  - Successful development of software that can analyze the syntax and technical details of active pharmaceutical ingredients, in collaboration with SABIC Technology Center in Bengaluru, India.
  - Successful graduation of 13 NUSANED™ applicants, such as Sabayek, Braq, and Emdad, to the stage where they can conduct lab experiments and test their proof of concept.
  - Successful localization of polymeric nose-clip for medical applications.



We successfully helped localize medical mask production.

# SUPPLY CHAIN

SABIC continued to invest in an integrated global supply chain and build a resilient network to meet customer requirements and sustain competitiveness in a highly challenging and volatile environment.

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

In a recovering logistics landscape facing a number of new challenges in 2021, we sustained optimal service levels and successfully delivered SABIC products to all customers in over 130 countries, working in close collaboration with over 500 logistics service providers worldwide.

## OPTIMIZATION AND EFFICIENCY

### 12-LAYER PALLETIZED PACKAGING

We scaled up our capabilities in packaging and payload by successfully regulating all palletized production to 12 layers for multiple products across many manufacturing sites, an initiative that will optimize logistics and transportation while improving cost performance for customers.

### UNINTERRUPTED ORDERS INITIATIVE

We took considerable steps to further automate repetitive activities under our Uninterrupted Orders (UIO) initiative and improve work efficiencies, building automated workflows for work-intensive areas such as order management order fulfillment and documentation. We increased operational efficiencies during 2021 with the end-to-end automation of a number of processes, resulting in touchless operations with minimum to zero human intervention to improve productivity, speed and accuracy. The integration of blockchain and other innovative technologies was also explored during the year.

## ENHANCEMENT OF LOGISTICS INFRASTRUCTURE

Together with SABIC Supply Chain Services (SSCS) – our logistics affiliate company in Saudi Arabia – we continued working closely to enhance our logistics infrastructure and operations for solid products, from product handling at manufacturing sites until delivery point. We have reached a key milestone, bringing us closer to our target of establishing SSCS as an integrated logistics operator and consolidating product-handling activities using economies of scale.

## SECURING SHIPPING CAPACITIES

We established cross-functional and cross-regional command teams to face pandemic-related challenges and secure shipping capacity across our global supply chain. From securing space in advance on dedicated vessels to our proven category sourcing strategy, we implemented a variety of initiatives to secure shipping capacity at optimal cost, reducing exposure to the spot market. The task force continued to take precautionary measures to mitigate the risk of container and shipping space limitation, supported by complementary initiatives such as the 'Fixed Cash Cost Plus' program that helped us further strengthen strategic relationships with partners while nurturing a value-creating mindset across the organization.



We consolidated and optimized warehouses and terminals to obtain less port calls



We continue to enhance our logistics operations – from product handling at manufacturing sites to delivery points.

## DIGITAL INITIATIVES

A number of digital initiatives optimized our processes and operations. These initiatives include:

- Implementing electronic submission of documents to banks, while also enabling automatic and instant notifications to financial document stakeholders, thereby reducing delays and increasing operational efficiencies across a more efficient supply chain
- Enhancing the Jeddah Chamber of Commerce platform for electronic legalization in Saudi Arabia, improving work efficiencies of the Documentation Department

## NETWORK AND PLANNING OPTIMIZATION

Understanding the trends and impacts of markets is crucial in building and bolstering resilience across our supply chain. We continued our network optimization journey by adopting digital-twin technology to simulate a digital representation of our real-world product flows and network operations. This initiative – in contrast to periodic network modeling and review – enables us to continuously review, optimize, and evolve our supply chain.

Over the last few years, we have been investing in an operating model with regional focus through hubs in Greater China, Rest of Asia, Middle East & Africa, Europe, and Americas, highly integrated by one supply chain network and a unified IT platform. This model provides the necessary visibility, resilience and ability to optimize operations and advance organizational capabilities, while serving both external and internal stakeholders better as an organization that strives to promote a culture of EHSS excellence.

In addition, we implemented a number of initiatives this year to further enhance our global supply-chain footprint:

- Consolidated and optimized warehouses and terminals to obtain fewer port calls, zero demurrage and lower rates

- Scaled up the use of efficient delivery models such as direct delivery to greatly improve on terminal/ distribution center utilization for small parcels
- Supported Business/ Sales teams in the exploration and penetration of new markets
- Made data driven and cost-based decisions for best-case scenarios on supply location and delivery modality as with the shift of the Yanbu/ Jubail/Singapore Hub

## OUTLOOK

With more COVID-19 variants expected to impact and disrupt global markets, we will carry on executing our strategy to proactively respond to market challenges and ensure business continuity. Building on our people capabilities and our agile organization, SABIC will continue capitalizing on sourcing strategies in response to market developments. This will further optimize and prime our network to accommodate our growth ambitions and create value throughout the entire ecosystem.

Within our Corporate Digitalization Program, we will continue our digitalization journey to embrace advanced solutions in the field of demand forecasting as part of our collaborative planning activities, deploy cutting-edge technology to enhance digital customer experience, and cultivate capabilities to boost process automation. Our investments in smart solutions to create fully digitalized value chains will continue, supported by new innovative business models. Additionally, we will continue to implement supply-chain visibility tools in order to increase our delivery reliability and provide customers with track-and-trace information.

Anticipating the upcoming global regulation on shipping decarbonization by the International Maritime Organization (IMO), we are transforming our hired chemical tanker fleet gradually by replacing the standard vessels with newer, optimal eco-designed, fuel-efficient vessels. In 2021, several brand new eco-vessels with 30% lower fuel consumptions – and thus 30% lower carbon dioxide emissions – were hired for multi-year periods.

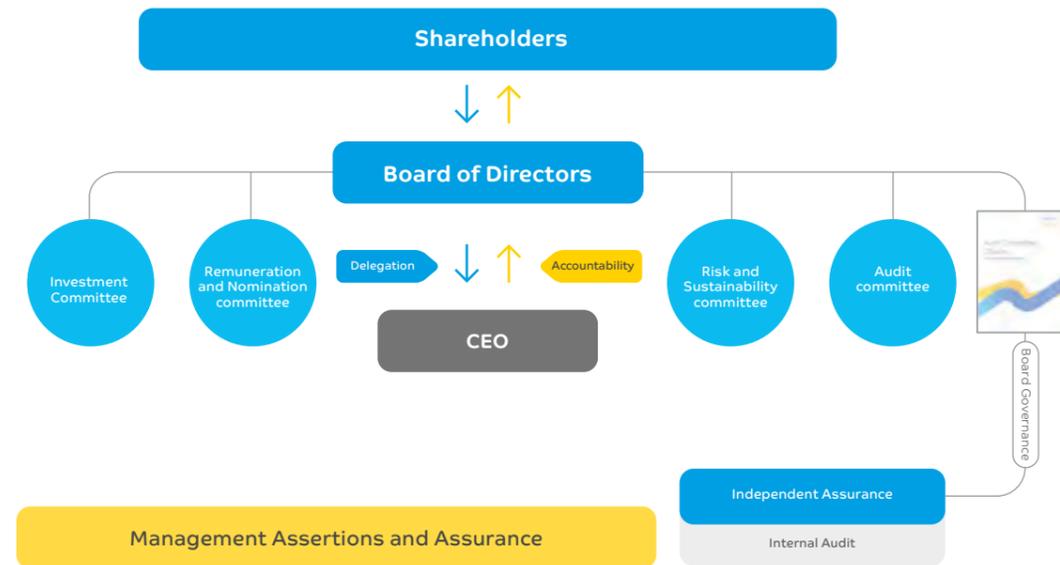
This comes on top of the fact that SABIC has been an early adopter of environmentally conscious shipping. Since 2014, we have been using two custom-designed gas carriers running on clean LNG gas in Europe – emitting 25% less carbon dioxide and hardly any sulfur oxides, nitrogen oxides or soot particles compared to convention marine bunker fuel. On a trans-Atlantic supply chain in 2016, SABIC was the first to use custom-eco-designed midsize gas carriers running on clean ethane gas as fuel, reducing carbon dioxide by 30% and other pollutants by over 80%.

# CORPORATE GOVERNANCE

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# SABIC GOVERNANCE FRAMEWORK – TO ACHIEVE STRATEGIC GOALS AND ENHANCE SUSTAINABILITY



## CORPORATE GOVERNANCE STRUCTURE

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

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

The SABIC governance framework also embodies the shareholders' rights and the manner of enabling them to exercise such rights in accordance with the relevant regulatory

provisions and the global best practices of governance. This includes enhancing communication with shareholders through Shareholders Management, as well as providing tools that aim to enhance the effectiveness of such communication.

The structure of SABIC's Board of Directors includes four committees helping the Board to fulfill its prescribed duties. These are: the Audit Committee, the Nomination and Remuneration Committee, the Risk and Sustainability Committee and the Investment Committee. The performance of the Board and these committees is subject to periodic review and assessment in order to enhance their effectiveness in achieving the targeted goals.

SABIC believes that governance, through its Corporate Governance Framework and its governance bodies, is a key enabler towards achieving its goals and enhancing its ability to sustain, and to build and maintain strategic relationships with various stakeholders.

# SHAREHOLDERS

## OWNERSHIP STRUCTURE

SABIC was established by the Government of Saudi Arabia as a 100% state-owned company. SABIC's shares were listed on the Saudi Stock Exchange in 1984, at which time the Government divested 30% of its shareholding in SABIC. On March 27, 2019 (corresponding to 20 Rajab 1440H), the Public Investment Fund (PIF) and Saudi Aramco signed a share purchase agreement, pursuant to which Saudi Aramco acquired all of the Government stake in SABIC. The transaction was completed on June 16, 2020 (corresponding to 24 Shawwal 1441H).

As of 31 December 2021, SABIC had issued and paid up share capital of SAR 30,000,000,000 consisting of 3,000,000,000 shares of SAR 10 Par value per share. The following entities hold more than 5% of SABIC's issued shares:

Name	No. of shares	Percentage of ownership
Aramco Chemical Company	2,100,000,000	70%
General Organization for Social Insurance	229,245,049	7.64%

The remaining SABIC shares are floating in the Saudi Stock Exchange and owned by other investors, including certain institutions and private investors. Certain shares are also held by SABIC's Board of Directors and Senior Executives. Other than the Aramco Chemical Company and General Organization for Social Insurance, SABIC is not aware of any shareholder that, directly or indirectly, owns or could exercise control over SABIC. In addition, SABIC has not been informed by persons (other than the Board, Senior Executives and their relatives) who owns SABIC shares, for their holdings, together with any change to such interests during 2021.

Note that the Board of Directors had approved 1st half dividend and recommended 2nd half to the General Assembly to distribute dividends for 2021 as follows:

Dividends cycle	Dividend per share	Percentage of distribution to share nominal value	No. of shares	Total distributed dividends	Date of eligibility	Distribution date
Second half of 2020	SAR 1.5	15%	3 billion	SAR 4.5 billion	13st April 2021	3rd May 2021
First half of 2021	SAR 1.75	17.5%	3 billion	SAR 5.25 billion	19th September 2021	3rd October 2021
Second half of 2021	SAR 2.25	22.5%	3 billion	SAR 6.75 billion	The end of the second trading day of the day of the General Assembly of the company, which will be announced later	Will be announced at the AGM invitation.

## DESCRIPTION OF DIVIDEND POLICY

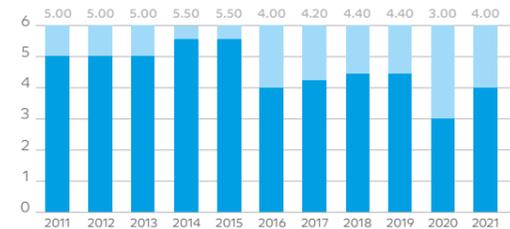
Dividend is subject to realized net income and free cash flow during the year and according to Article (42) of the Company Bylaws, which reads as follows:

- A. Annually, the Corporation shall set aside ten percent (10%) of the net profits to form the statutory reserve. The Ordinary General Assembly may decide to stop such set-aside whenever the said reserve amounts to thirty percent (30%) of the capital of the Corporation. If in any year, the reserve falls below thirty percent (30%) of the capital, the Corporation shall again set aside until the reserve amounts to thirty percent (30%) of the capital. The Ordinary General Assembly has the authority to decide other kinds of reserves.
- B. After deducting the statutory reserve and any other reserve that may be decided by the Ordinary General Assembly, an amount representing no less than five 5% of Corporation's paid up capital shall be distributed from the annual net profits of the Corporation.

The Corporation may distribute interim profits to its shareholder on half year or quarterly basis, in accordance with the regulations issued by the CMA.

# SHAREHOLDERS CONTINUED

## DIVIDEND PER SHARE FOR THE LAST 11 YEARS (SAR)



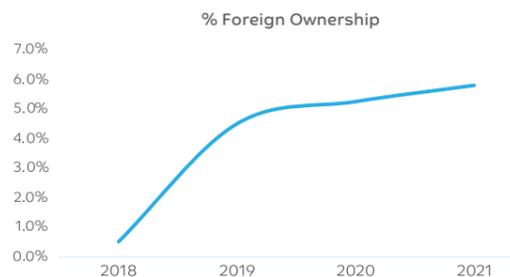
## SABIC IN CAPITAL MARKETS

We went public in 1984 by being listed in the Saudi Stock Exchange. At that time, the shareholder base was restricted to Saudi Arabia and other citizens in the Gulf Cooperation Council countries.

In recent years, international investment into Saudi Arabia has risen significantly. 2018 marked a major turning point for the nation as it continued its advancement and drive toward Vision 2030: global financial market indices reclassified the nation from Frontier Market to Emerging Market.

This was accompanied by a wave of interest from the international investment community toward listed companies on the Saudi Stock Exchange, including SABIC.

From having a foreign investor base well below 1% in 2018, the year closed nearly around 5.8% foreign ownership, with a mix of active and passive funds.



## SABIC SHARE PERFORMANCE

SABIC shares gained 14.4% in 2021 (8.9% in 2020) despite the continued challenges imposed by COVID-19. With a market capitalization of SAR 348 billion (US\$ 92.8 billion) at 31 December 2021, SABIC weights 3.48% of TASI. SABIC accounts for 45.23% of the market capitalization of all the Saudi-listed companies within the Materials sector.

SABIC's stock was also the third most actively traded stock during the year in terms of value, with SAR 50.03 billion (US\$ 13.34 billion).

SABIC's share price opened the year at SAR 101.40 and it traded broadly in line with TASI until the beginning of June. It fell to the lowest level for the year on February 2 at SAR 98.7, mostly reflecting global supply chain disruptions. Despite reaching the highest value of SAR 135.2 on October 25, the remaining of the year reflected the expectation of moderation of margins and outlook.

## SABIC DIVIDEND AND CAPITAL ALLOCATION

Our global business model and supply chain continued to be our key strengths during the pandemic. This provides a platform for growth and shareholder returns by generating a sustainable free cash flow throughout the cycle.

Our financial performance rebounded strongly in 2021. There was also a strong focus on capital discipline similar to 2020, which helped to support higher dividends and position SABIC well for future growth opportunities.

Distributing competitive dividends to our shareholders remained a key priority for SABIC in 2021. In December, SABIC declared cash dividends of SAR 2.25 per share to shareholders for the second half of 2021. This was 29% higher than SAR 1.75 per share declared in the first half of 2021. For the full year 2021, the declared dividends of SAR 4.0 per share were 33% higher than the SAR 3.0 per share declared dividends in 2020.

## STRONG ENGAGEMENT WITH INVESTMENT COMMUNITY

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

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

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

roundtables and conferences, some of which are listed below:

- Investor fire chat at Morgan Stanley virtual ChemTech Day
- Key note speaker at FIM Partners webinar: The Saudi Transformation from an ESG perspective
- Speaking at MEIRA 2021: An Odyssey, from ESG to IR
- Keynote speaker at the Bank of America webinar during the Energy Transition Day of the MENA conference: The GCC's role in Energy Transition.
- Keynote speaker at the Economic Times/Energy World summit in India: ESG Landscape to Future-Proof India businesses.

ESG disclosures have been embedded into the Earnings publications from the outset, acknowledging the need from investors to also understand the ESG performance and outlook.

## ESG AT SABIC

We continue to integrate ESG factors and disclosures into our core business strategy and processes as it is a part of our DNA. In 2020, we formed a cross-functional and regional ESG Reporting Steering Committee to support the organization on the ESG reporting integration journey and mobilize employees to implement their strategies and roadmaps.

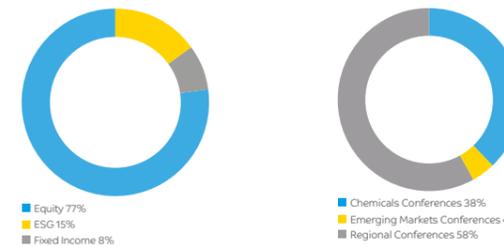
Investor Relations played an instrumental role in activating the ESG Reporting group with the purpose of unlocking the value of non-financial disclosures by bringing rigor and robustness to the reporting process.

Further details can be found in the ESG section of this report.

## DEBT INVESTORS AND CREDIT RATINGS

In August 2021, we refinanced the US\$ 2 bln Revolving Credit Facility (RCF) for five more years. The RCF is our bank relationship defining transaction and we were able to expand the pool of banks and add prominent international and regional new banks, with a total of twelve renowned banks and in line with the growth strategy of SABIC.

## INVESTOR ENGAGEMENTS' FOCUS CONFERENCES' FOCUS



The Investor Relations function is comprised of experienced professionals with a variety of backgrounds covering engineering, finance, banking, treasury, together with extensive business acumen. Most of the team is certified with CIRO certification (Certified Investor Relations Officer), including our listed affiliates, as well as, IFSAH certification.

The function is headed by the Investor Relations Officer who, in turn, is the Secretary of SABIC's Board of Directors. In addition, since early 2020, we have a dedicated team within Investor Relations to address ESG communications and disclosures.

## BEST-IN-CLASS DISCLOSURES

In 2019, we merged the Annual report and the Board of Directors report, an effort that has been recognized by the Middle East Investor Relations Association (MEIRA) for two consecutive years (2019 and 2020) as one of the best Annual Reports of Large Caps in the MENA region.

We have been issuing a dedicated Sustainability report since 2011. It has substantially been evolving over the years to include broader Environmental, Social and Governance (ESG) disclosures.



Our global business model continued to be one of our key strengths during the pandemic.

# SHAREHOLDERS

## CONTINUED

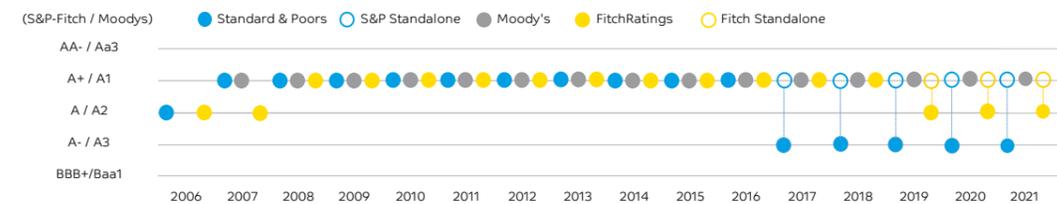
### OVERVIEW OF SABIC'S MAIN BONDS

ISIN Code	XS1890684688	XS1890684761	XS2228112954	XS2228113762
Coupon	4%	4.50%	2.15%	3%
Issuer	SABIC Capital II BV	SABIC Capital II BV	SABIC Capital II BV	SABIC Capital II BV
Format	144A/RegS Senior Unsecured	144A/RegS Senior Unsecured	RegS Senior Unsecured	RegS Senior Unsecured
Volume	US\$ 1 bln	US\$ 1 bln	US\$ 500 mln	US\$ 500 mln
Term	2018/2023	2018/2028	2020/2030	2020/2050
Listing	Ireland	Ireland	Ireland	Ireland

### SABIC CREDIT RATINGS

Our standalone credit ratings have been consistently on the A+/A1 band, among the highest rated global chemical companies, demonstrating consistent resilience over the last decade versus some of our

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



### NUMBER OF THE COMPANY'S APPLICATIONS FOR THE REGISTER OF SHAREHOLDERS AND THE DATES AND RATIONAL OF SUCH APPLICATIONS

No.	Application date	Application Rational
1	03 January 2021	Shareholder Data Analysis
2	11 April 2021	AGM
3	15 April 2021	Dividend Entitlement
4	18 May 2021	Shareholder Data Analysis
5	29 June 2021	Shareholder Data Analysis
6	21 September 2021	Dividend Entitlement

# SABIC BOARD

### BOARD OF DIRECTORS

The Board of Directors sets and reviews SABIC's corporate policies and procedures, including its main corporate objectives, strategic plans, and overall key performance indicators such as sustainability, social responsibility, and governance. The Board also approves SABIC's annual business plans and budgets, and ensures the availability of financial and human resources required to achieve these plans. In addition, the Board has the overall responsibility for identifying the optimal capital structure for SABIC, major capital expenditures, and asset acquisition and disposal decisions. The Board also oversees the implementation and monitoring of internal control systems.

SABIC is managed by a board of nine members with the right expertise for managing the company's business. They are elected by the Ordinary General Assembly for a term not exceeding three years, subject to renewal. The Board of Directors appoints – from among its members – a Chairman and a Vice-Chairman. The Ordinary General Assembly shall specify the remuneration and allowances of the members of the Board in compliance with Companies Law and the rules and instructions issued by the competent authority; whether such remuneration consists of a fixed pay, meeting attendance allowance, or a percentage of profit. The remuneration may consist of a combination of two or more of these benefits.

The Board is comprised of the following members:

Name	Title	Expiry of term
Khalid Hashim Al-Dabbagh	Chairman – Non-Executive Member	April 2022
Yousef Abdullah Al-Benyani	Vice Chairman and CEO – Executive Member	April 2022
Abdullah Mohammed Alissa	Board Member – Non-Executive Member	April 2022
Calum Grigor MacLean	Board Member – Non-Executive Member	April 2022
Ziad Thamer Al-Murshed	Board Member – Non-Executive Member	April 2022
Olivier Gerard Thorel	Board Member – Non-Executive Member	April 2022
Dr. Khaled Hamza Nahas	Board Member – Independent Member	April 2022
Mohammed Talal Alnahas	Board Member – Independent Member	April 2022
Nader Ibrahim Al-Wehibi	Board Member – Independent Member	April 2022

### BOARD PERFORMANCE ASSESSMENT

The Board established a comprehensive program to assess the Board and committees performance. It developed procedures for conducting periodical assessment of the Board and committees performance. These procedures are set out in the charters of the Board and committees.

## BOARD OF DIRECTORS



**KHALID HASHIM  
AL-DABBAGH**

Chairman  
Non-Executive Member

**YOUSEF ABDULLAH  
AL-BENYAN**

Vice Chairman and CEO  
Executive Member



**ABDULLAH  
MOHAMMED  
AL-ISSA**

Board Member  
Non-Executive Member

**CALUM  
GRIGOR  
MACLEAN**

Board Member  
Non-Executive Member

**ZIAD  
THAMER  
AL-MURSHED**

Board Member  
Non-Executive Member

**OLIVIER  
GERARD  
THOREL**

Board Member  
Non-Executive Member

**DR. KHALED  
HAMZA  
NAHAS**

Board Member  
Independent Member

**MOHAMMED  
TALAL  
AL-NAHAS**

Board Member  
Independent Member

**NADER  
IBRAHIM  
AL-WEHIBI**

Board Member  
Independent Member

We look forward to advancing our growth strategy with sustainability firmly in mind, while remaining deeply committed to achieving the transformational goals laid out in Saudi Vision 2030.

# BIOGRAPHIES OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS



**KHALID HASHIM AL-DABBAGH**  
Chairman  
Non-Executive Member

## CURRENT POSITION

- Eng. Al-Dabbagh is SABIC's Chairman of the Board of Directors. He also currently serves as a member of the Board of Directors of Saudi Aramco Oil Company (Saudi Aramco) and GCC Board Directors Institute.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Eng. Al-Dabbagh assumed a number of senior roles in Saudi Aramco, including Senior Vice President, Finance Strategy & Development, Financial Controller and Treasurer.
- In addition, he led several departments in Saudi Aramco, including the Joint Venture Development and Support, Business Analysis with Corporate Planning, and International Marketing and Sales.
- Prior to that, he held key positions in London, Tokyo, and New York at Saudi Aramco-owned companies and became the CEO of Saudi Petroleum International, Inc. (US) and the Managing Director of Saudi Petroleum Company in Tokyo, Japan.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

Saudi Aramco

- He chaired the boards of Wisayah Global Investment Company (WISAYAH) and Saudi Aramco Development Company (SADCO). He also served as a board member of Sadara Chemical Company, Malaysian Pengerang Refining and Pengerang Petrochemical Companies, ARLANXEO Holding B.V in the Netherlands, Showa Shell in Japan, Chinese Fujian Refining and Petrochemical Companies, Aramco Trading Company, Saudi Aramco Base Oil Company (Luberef), and Arab Petroleum Pipelines Company (SUMED) in Egypt.

## EDUCATIONAL QUALIFICATIONS

- He earned a Bachelor of Science in Industrial Engineering, University of Toledo. He has also completed a number of executive leadership programs, including the Senior Executive Program at the London Business School.

### PREVIOUS BOARD MEMBERSHIP

Sadara Chemical Company  
Pengerang Petrochemical Sdn Bhd  
Pengerang Refining Sdn Bhd  
ARLANXEO Holding B.V  
Showa Shell  
Fujian Refining and Petrochemical Company  
Aramco Trading Company  
Wisayah Global Investment Company (WISAYAH)  
Saudi Aramco Development Company (SADCO)  
Saudi Aramco Base Oil Company (Luberef)  
Arab Petroleum Pipelines Company (SUMED)



**YOUSEF ABDULLAH AL-BENYAN**  
Vice Chairman and CEO  
Executive Member

## CURRENT POSITION

- Mr. Al-Benyan is the Vice-Chairman and CEO of SABIC. Other positions he holds include Chairman of SABIC Agri-Nutrients Company, the SABIC Investment and Local Content Development Company (Nusaned Investment), and the Gulf Petrochemicals and Chemicals Association (GPCA). He is a board member of the Saudi Stock Exchange (Tadawul), and the Saudi Information Technology Company (SITE). He is also the Chairman of the Petrochemical Manufacturers Committee.
- In addition, he is a member of the International Business Council of the World Economic Forum, the Global Business Council of the Bloomberg Global Forum, and US Saudi Business Council. He also sits on the board of directors of the Boao Forum for Asia (BFA) and the International Council of Chemical Associations (ICCA). He is a key member in co-innovation of low-carbon technologies at the Royal Commission for Jubail & Yanbu and Saudi Ports Authority. In 2019, Mr. Al-Benyan chaired the B20, which was held as part of the G20 in Riyadh, Saudi Arabia.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Mr. Al-Benyan joined SABIC in 1987, just 11 years after the company's formation. His first role was as a business development specialist before joining the Corporate Communications. Mr. Al-Benyan relocated to Stamford, Connecticut as Operations Manager. In 1994, he became Commercial Manager for SABIC in the USA and Latin America, based in Houston, Texas. In 2002, he was promoted to General Manager of SABIC Asia, headquartered in Singapore, where he made significant contributions to SABIC's growth in Asia, especially in China.
- Mr. Al-Benyan returned to Houston in the fall of 2005 as the General Manager of SABIC Americas. In 2007, he took on the role of General Manager at Fiber Intermediates, before he was named in February 2008 as EVP Corporate Human Resources.
- As Chairman of the "1 SABIC" global unification initiative, he reorganized the company's business structure with a new, single, global organization and operating model, moving from a responsive transactional entity to a proactive, strategic global organization.
- In 2013, Mr. Al-Benyan was named as the EVP, Chemicals SBU, the largest Strategic Business Unit of SABIC, to help the Company achieve its goal of becoming the preferred global leader in chemicals.
- Prior to being named Vice-Chairman and Chief Executive Officer, Mr. Al-Benyan served as Executive Vice President, Corporate Finance and CFO.

## EDUCATIONAL QUALIFICATIONS

- Mr. Al-Benyan holds a BSc Economics degree and a Master's degree in Industrial Management, in addition to several specialized executive management course certifications.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

SABIC Agri-Nutrients Company  
SABIC Investment and Local Content Development Company (Nusaned Investment)  
Saudi Stock Exchange (Tadawul)  
Saudi Information Technology Company (SITE)

### PREVIOUS BOARD MEMBERSHIP

Saudi Yanbu Petrochemical Company (Yanpet)  
Al-Jubail Petrochemical Company (Kemya)  
Saudi Iron & Steel Company (Hadeed)  
Power and Water Utility Company for Jubail and Yanbu (Marafiq)  
SABIC Asia Pacific PTE  
Saudi Recycling Company  
Yanbu National Petrochemical Company (Yansab)

# BIOGRAPHIES OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS

CONTINUED



**ABDULLAH MOHAMMED AL-ISSA**

Board Member  
Non-Executive Member

## CURRENT POSITION

– Eng. Al-Issa is a member of SABIC Board. He is also the Chairman of Asila Investment Company, the Chairman of Riyadh Bank, and the Chairman of Dur Hospitality. In addition, he is a member of the boards of Etihad Etisalat (Mobily) and Clariant Company, and chairs the Board of the Office of Abdullah Mohammed Al-Issa (Consulting Engineers).

## WORK EXPERIENCE AND PREVIOUS POSITIONS

– Eng. Al-Issa is a prominent businessman and has previously served as CEO of Asilah Investment

Company. He also served as a board member of several companies, including Arabian Cement, National Medical Care, Jadwa Investment, National Shipping Company of Saudi Arabia (Bahri), National Chemical Carrier (NCC), and Saudi Arabian Mining Company (Ma'aden). He has extensive experience in management, investment, and banking.

## EDUCATIONAL QUALIFICATIONS

– Eng. Al-Issa holds a Master in Engineering Management and a Bachelor in Industrial Engineering from Southern Methodist University, United States.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

Riyad Bank  
Etihad Etisalat (Mobily)  
Dur Hospitality  
Asilah Investment Company  
Clariant

### PREVIOUS BOARD MEMBERSHIP

Arabian Cement  
National Medical Care  
Jadwa Investment  
National Shipping Company of Saudi Arabia (Bahri)  
National Chemical Carrier (NCC)  
Saudi Arabian Mining Company (Ma'aden)



**CALUM GRIGOR MACLEAN**

Board Member  
Non-Executive Member

## CURRENT POSITION

– Mr. MacLean is a SABIC Board member. He is also member of the board and Chief Executive Officer of Synthomer, and a board member of Clariant.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

– With 30 years' experience in the chemical industry, Mr. MacLean previously served as the Executive Officer and member of the Board of Ineos Olefins, a board member of Petroineos (a joint venture with PetroChina Group), Chief Executive Officer of Polymers Europe, and a board member of Styrolution (a joint venture with BASF Group). At various times, he served as the Chief Executive Officer and a member of board of EVC, Ineos ChiorVinyls, and Ineos Phenol. He also served as a member of the Board of Petroineos Refining, Ineos Olegins and Polymers Europe.

## EDUCATIONAL QUALIFICATIONS

– Mr. MacLean holds a Bachelor's degree in Chemistry from Aberdeen University, United Kingdom.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

Synthomer  
Clariant

### PREVIOUS BOARD MEMBERSHIP

Ineos Olefins Group  
Petroineos Refining  
Styrolution  
Ineos Olegins and Polymers Europe  
Ineos Phenol  
Ineos ChiorVinyls  
EVC

# BIOGRAPHIES OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS

CONTINUED



**ZIAD THAMER AL-MURSHED**

Board Member  
Non-Executive Member

## CURRENT POSITION

– Eng. Al-Murshed is a member of SABIC Board. He is currently the Senior Vice President for Finance Strategy and Development, Saudi Aramco Oil Company (Saudi Aramco). In addition, he sits on the boards of a number of companies including Aramco Lubricants and Retail Company, Aramco Trading Company, Fujian Refining and Petrochemical Companies, Saudi Aramco Base Oil Company (Luberef), Sinopec SenMei (Fujian) Petroleum Company Limited, S-Oil Corporation, and Wisayah Investment Company (WISAYAH).

## WORK EXPERIENCE AND PREVIOUS POSITIONS

– Eng. Al-Murshed occupied several leading roles at Saudi Aramco, including the Vice President, Fuels & Lubricants, International Operations and Downstream Growth and Integration; the Executive Director, New Business Development; General Manager, Transaction Development; Director, Strategic Planning; Director, Economic & Energy Analysis; and Manager, Yanbu NGL Fractionation Department.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

S-Oil Corporation
Wisayah Investment Company (WISAYAH)

– He also served as the Chairman of the Board of Directors of the Saudi Aramco Entrepreneurship Center (Wa'ed), and Board member of Saudi Arabian Industrial Investment Company (DUSSUR), Sadara Chemical Company (Sadara), Aramco Chemicals Company (ACC), Aramco Overseas Company B.V., Aramco Services Company (ASC), ARLANXEO Holding B.V., Industrialization & Energy Services Company (Taqa), Motiva Enterprises LLC, Saudi Aramco Asia Company (SAAC), Saudi Aramco Development Company (SADCO), Saudi Aramco Entrepreneurship Ventures (Wa'ed Ventures), Saudi Refining, Inc. (SRI), Tas'helat Marketing Company (TMC), and International Maritime Industries.

## EDUCATIONAL QUALIFICATIONS

– He received his Bachelor of Science in Chemical Engineering from Arizona State University, and a Master of Business Administration from Sloan School of Management of Massachusetts Institute of Technology. He is also a graduate of the General Management Program, Harvard Business School.

### PREVIOUS BOARD MEMBERSHIP

Aramco Chemicals Company (ACC)
Aramco Overseas Company B.V.
Aramco Services Company (ASC)
ARLANXEO Holding B.V.
Industrialization & Energy Services Company (Taqa)
Motiva Enterprises LLC
Sadara Chemical Company (Sadara)
Saudi Arabian Industrial Investment Company (Dussur)
Saudi Aramco Asia Company (SAAC)
Saudi Aramco Development Company (SADCO)
Saudi Aramco Entrepreneurship Center (Wa'ed)
Saudi Aramco Entrepreneurship Ventures (Wa'ed Ventures)
Saudi Refining, Inc. (SRI)
Tas'helat Marketing Company (TMC)
International Maritime Industries
Aramco Lubricants and Retail Company



**OLIVIER GERARD THOREL**

Board Member  
Non-Executive Member

## CURRENT POSITION

– Eng. Thorel is a member of SABIC Board. He is currently the Vice President, Chemicals, Saudi Aramco Oil Company (Saudi Aramco). He also serves as a member of the boards of Aramco Chemicals Company (ACC), Aramco Performance Materials LLC, and Saudi Aramco Technologies.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

– Prior to that, Eng. Thorel was the Executive Director, Chemicals, Saudi Aramco; and he also held several leading positions at Shell including Vice President, Chemicals Asia, Global Ventures & New Business Development; Vice President, Global Intermediates, Shell, Singapore; and Vice President, Supply, Distribution and Shell Pipeline, Shell - North America.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

Aramco Chemicals Company (ACC)
Aramco Performance Materials LLC
Saudi Aramco Technologies

– He was earlier a board member of several companies, including Pengerang Petrochemical Sdn Bhd, Pengerang Refining Sdn Bhd, Fujian Refining and Petrochemical Company Limited (FREP), Sadara Chemical Company, Saudi Aramco Total Refining and Petrochemical Company (SATORP), ARLANXEO Holding B.V., Sinopec SenMei (Fujian) Petroleum Company Limited, and Saudi Aramco Energy Ventures LLC.

## EDUCATIONAL QUALIFICATIONS

– Diplome d'Ingenieur (Master equivalent) in Science & Economics from Ecole Polytechnique.

### PREVIOUS BOARD MEMBERSHIP

Pengerang Petrochemical Sdn Bhd
Pengerang Refining Sdn Bhd
Fujian Refining and Petrochemical Company Limited (FREP)
Sadara Chemical Company (Sadara)
Saudi Aramco Total Refining and Petrochemical Company (SATORP)
ARLANXEO Holding B.V.
Sinopec SenMei (Fujian) Petroleum Company Limited
Saudi Aramco Energy Ventures LLC

# BIOGRAPHIES OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS

CONTINUED



**DR. KHALED HAMZA NAHAS**

Board Member  
Independent Member

## CURRENT POSITION

- Dr. Nahas is a member of SABIC Board. He is a businessman and a board member of Mithaq Holding Co. and Arsh Investment Co.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Dr. Nahas is a prominent businessman and held a number of positions in the past, including Deputy Chairman of the Industrial Committee of the Chamber of Commerce and Industry, a Member of the Consultative Council (Shura), and Mayor of Makkah.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

Mithaq Holding Co.
Arsh Investment Co.

- Dr. Nahas previously served as the chairman of the boards of the National Company for Spring Mattresses and Sponges, and Tabuk Hotels Company as well as a member of the boards of the Military Industries Organization, National Commercial Bank (NCB), Riyad Bank, Saudi Hotels Company, Saudi Investment Bank, Saudi Telecommunications Company (STC), Binladen Group, Clariant, National Water Company, Saudi Hotels & Resorts Co., Hassana Investment Company, Ta'am Company, and Saudi Arabian Investment Company (Sanabil Investments).

## EDUCATIONAL QUALIFICATIONS

- Dr. Nahas holds a Ph.D. in Engineering of Economic Systems from Stanford University, United States.

### PREVIOUS BOARD MEMBERSHIP

Riyad Bank
National Water Company
Saudi Investment Bank
Saudi Hotels & Resorts Company
Saudi Telecom Company (STC)
National Commercial Bank (NCB)
National Company for Spring Mattress & Sponges
Tabuk Hotels Company
Hassana Investment Company
Binladen Group
Clariant
Military Industries Organization
Ta'am Company
Saudi Arabian Investment Company (Sanabil Investments)



**MOHAMMED TALAL AL-NAHAS**

Board Member  
Independent Member

## CURRENT POSITION

- Mr. Al-Nahas is a member of SABIC Board. He is currently the Governor and member of the Board of the General Organization for Social Insurance (GOSI). He is also the chairman of the boards of several companies including Al Raidah Investment Company, the Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO), Raza Cooperative Real Estate Company, Al Taawuniyah Real Estate Investment Company, ASMA Capital, and Dammam Pharma. Mr. Al-Nahas is also a member of the boards of directors of Riyad Bank, Saudi Telecom Company (STC), and the International Company for Water and Power Projects (ACWA Power). He is member of various committees as well including the General Committee for Housing Programs.

## PREVIOUS POSITIONS

- With experience extending over more than 32 years, Mr. Al-Nahas previously held high-ranking banking, business development and managerial positions including General Manager, Branches, Al-Inma Bank; and Regional Manager, Central Region Branches, SAMBA Financial Group. He played a significant role in launching and operating the largest network of Islamic banking branches in Saudi Arabia and the Middle East for Al-Inma Bank. He was appointed Governor of the Public Pension Agency by virtue of Royal Order no. a/236 dated 16/11/1437H (19 August 2016). He previously served as a member of the boards of Public Pension Agency, Taiba Holding Company, Saudi Travellers Cheque Company, and National Center for Privatization & PPP. He developed and taught the Diploma in Banking at the Institute of Public Administration.

## EDUCATIONAL QUALIFICATIONS

- Mr. Al-Nahas holds a Bachelor's degree in Administration from King Saud University, Saudi Arabia, and is a graduate of the Executive Business Administration Program at the University of Michigan, United States.

## WORK EXPERIENCE AND BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

Riyad Bank
Saudi Telecom Company (STC)
International Company for Water, Power Projects (ACWA Power)
ASMA Capital
Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO) (Chairman)
Al Raidah Investment Company
Al Taawuniyah Real Estate Investment Co
Raza Cooperative Real Estate Company
Dammam Pharma

### PREVIOUS BOARD MEMBERSHIP

Tibah Holding Company
Saudi Travellers Cheque Company

# BIOGRAPHIES OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS

CONTINUED



**NADER IBRAHIM AL-WEHIBI**

Board Member  
Independent Member

## CURRENT POSITION

– Mr. Al-Wehibi is a member of SABIC Board. He is currently a member of Riyad Bank's Board of Directors and the Executive Committee, as well as the Nominations and Compensations Committee. He is also a member of the Board of Directors of Clariant and Mudad Business.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

– Mr. Al-Wehibi held several positions at the General Organization for Social Insurance, including the Assistant Governor for Insurance Affairs and General Manager of Planning and Development. He was previously a member of the boards of directors of the National Medical Care Company, and Jarir Marketing Company. He has extensive experience in corporate business, planning, and development.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

Riyad Bank  
Clariant  
Mudad Business

## EDUCATIONAL QUALIFICATIONS:

– Mr. Al-Wehibi holds a Master in Social Protection Policy, University Maastricht, The Netherlands, a Bachelor with honors in Insurance and Risk Management, Indiana State University, United States, and a Bachelor's in Insurance, Indiana University, United States.

### PREVIOUS BOARD MEMBERSHIP

National Medical Care  
Jarir Marketing

# BOARD MEETINGS

## BOARD MEETINGS

The Board of Directors meets at least twice a year at the Chairman's invitation. The Chairman may also convene a meeting if so requested by two members of the Board, the external auditor, the internal audit department, or the CEO. The quorum for a Board meeting is at least five members. A member of the Board has the right to authorize another member to attend the meeting on his behalf.

During the year ended December 31, 2021, the Board met four times.

Member name	Title	Attendance record				Total
		1 <sup>st</sup> meeting March 9, 2021	2 <sup>nd</sup> meeting June 22, 2021	3 <sup>rd</sup> meeting September 28, 2021	4 <sup>th</sup> meeting December 15, 2021	
Khalid Hashim Al-Dabbagh	Chairman	Attended	Attended	Attended	Attended	4
Yousef Abdullah Al-Benyan	Vice-Chairman and CEO	Attended	Attended	Attended	Attended	4
Ziad Thamer Al-Murshed	Board Member	Attended	Attended	Attended	Attended	4
Olivier Gerard Thorel	Board Member	Attended	Attended	Attended	Attended	4
Abdullah Mohammed Al-Issa	Board Member	Attended	Attended	Attended	Attended	4
Calum Grigor MacLean	Board Member	Attended	Attended	Attended	Attended	4
Dr. Khaled Hamza Nahas	Board Member	Attended	Attended	Attended	Attended	4
Mohammed Talal Al-Nahas	Board Member	Attended	Attended	Attended	Attended	4
Nader Ibrahim Al-Wehibi	Board Member	Attended	Attended	Attended	Attended	4

# BOARD MEETINGS

## CONTINUED

### BOARD OWNERSHIP

As on December 31, 2021, Board members, their spouses and their minor children had the following shareholding in SABIC and/or its subsidiaries:

Board Member	Beginning of the year, no. of shares				End of the year, no. of shares				Net change			
	SABIC	SABIC AGRI-NUTRIENTS	Saudi Kayan	Yansab	SABIC	SABIC AGRI-NUTRIENTS	Saudi Kayan	Yansab	SABIC	SABIC AGRI-NUTRIENTS	Saudi Kayan	Yansab
Eng. Khalid Hashim Al-Dabbagh												
Mr. Yousef Abdullah Al-Benyani	44,000	8,700	23,617	1,000	44,000	7,000	177,234	1,000	-1,700	+153,617		
Eng. Ziad Thamer Al-Murshed				30				30				
Eng. Olivier Gerard Thorel												
Mr. Abdullah M. Al-Issa	300,000	22,500			300,000				-22,500			
Mr. Calum Grigor MacLean												
Dr. Khaled Hamza Nahas	1,026,455	215,139			-	-			-1,026,455	-215,139		
Mr. Mohammed Talal Al-Nahas			200	25			-	25				-200
Mr. Nader Ibrahim Al-Wehibi	310		13,000	350	310		13,000	350				

### BOARD PARTICIPATION IN THE GENERAL ASSEMBLY MEETING

The company held its Ordinary General Assembly Meeting on April 13, 2021. The Board Charter requires a Board member to attend General Assembly meetings. By this mandate, the Board aims to meet with shareholders and receive their suggestions and observations about the company and its performance. The following table lists Board members' participation in the General Assembly Meeting:

Name	Meeting date April 13, 2021
Khalid Hashim Al-Dabbagh	Apologized
Yousef Abdullah Al-Benyani	Attended
Ziad Thamer Al-Murshed	Attended
Olivier Gerard Thorel	Attended
Abdullah Mohammed Al-Issa	Attended
Calum Grigor Maclean	Attended
Dr. Khaled Hamza Nahas	Attended
Mohammed Talal Al-Nahas	Attended
Nader Ibrahim Al-Wehibi	Attended

# BOARD COMMITTEES

## AUDIT COMMITTEE

According to its charter, the Audit Committee shall comprise three to five non-executive members of the Board, whether from shareholders or otherwise, provided one of whom shall be an independent Board member. These members are nominated by the Board and

appointed by a resolution of the General Assembly of SABIC's shareholders.

The following table lists Committee members, their membership, and their participation in the Committee meetings, as well as the meeting number and date.

Name	Membership	Attendance record					
		1 <sup>st</sup> meeting 28/1/2021	2 <sup>nd</sup> meeting 3/3/2021	3 <sup>rd</sup> meeting 28/4/2021	4 <sup>th</sup> meeting 4/8/2021	5 <sup>th</sup> meeting 27/10/2021	6 <sup>th</sup> meeting 21/12/2021
Abdulaziz Habdan Al-Habdan	Chairman, Member from outside the Board	Attended	Attended	Attended	Attended	Attended	Attended
Abdullah Mohammed Al-Issa	Member	Attended	Attended	Attended	Attended	Attended	Attended
Nader Ibrahim Al-Wehibi	Member	Attended	Attended	Attended	Attended	Attended	Attended
Khaled Dawood Al-Faddagh	Member from outside the Board	Attended	Attended	Attended	Attended	Attended	Attended
Salah Mohammed Al-Hareky	Member from outside the Board	Joined the committee on April 13, 2021	Attended	Attended	Attended	Attended	Attended

The Audit Committee's responsibilities include:

- Oversight of financial reporting, including: (i) reviewing the Group's financial statements; (ii) providing technical opinion(s) as to the Board Report and financial statements in terms of their compliance with the regulatory requirements; (iii) examining unusual transactions in the financial statements; (iv) verifying accounting estimates; and (v) reviewing financial and accounting policies of the Group;
- Oversight of internal control systems, including: (i) reviewing internal and financial control and risk management systems and ensuring their effectiveness through regular reports from the Internal Audit Department (or External Auditors) and following up on the implementation of recommended action; and (ii) reporting on the adequacy of internal control systems to the Board;
- Oversight of Internal Audit, including: (i) supervising the Internal Audit Department and verifying its effectiveness in carrying out its roles and responsibilities; (ii) reviewing and approving the annual audit plan; (iii) reviewing reports prepared by the Internal Audit Department and following up on the implementation of recommended action; (iv) ensuring the independence of the Internal Audit Department; and (v) evaluating the performance of the head of the Internal Audit Department;
- Oversight of external auditor, including: (i) recommending the appointment or dismissal of the external auditor and determining their fee after assessing their performance, independence, scope of work and terms of engagement; (ii) verifying the independence of the external auditor; (iii) reviewing the external audit plan and verifying its compliance with the applicable regulations; (iv) answering external auditor's queries and providing requisite support for conducting the external auditing; and (v) reviewing reports prepared by the external auditor and following up on the implementation of recommended action; and
- Oversight of compliance, including: (i) reviewing reports prepared by regulatory bodies in respect of the Company's compliance with the applicable regulations and following up on the implementation of recommended action; (ii) ensuring SABIC's compliance with relevant rules, regulations, and policies; (iii) reviewing proposed related-party transactions; (iv) establishing appropriate procedures for internal whistleblowing of violations of internal control systems; and (v) establishing appropriate procedures for following up on any reported violation (including ensuring independence of such procedures) and, where relevant, making recommendations to the Board in respect of the foregoing.

## BIOGRAPHIES OF THE COMMITTEE MEMBERS WHO ARE NOT BOARD MEMBERS

Mr. Abdulaziz Habdan Al-Habdan is the Chairman of the Audit Committee at SABIC. He is currently the General Manager at Health Oasis Hospital and board member and Chairman of the Audit Committee at SABIC Agri-Nutrients Co.

### WORK EXPERIENCE AND PREVIOUS POSITIONS

- He served as the Assistant Governor for Insurance Affairs at the General Organization for Social Insurance. In addition, he previously served as a board member of SABIC, Saudi Telecom Company (STC), Banque Saudi Fransi, Saudi Fransi Capital, Allianz Saudi Fransi Cooperative Insurance, Bank AlJazira, and Makkah Medical Center.

### EDUCATIONAL QUALIFICATIONS

- Mr. Al-Habdan holds a Master's Degree in Administrative Sciences and Bachelor in Business Administration, King Saud University.

Dr. Khaled Dawood Al-Faddagh is a member of the Audit Committee at SABIC. He is currently the President and co-founder of Misk Al Zad Commercial Development Company. He is also the Chairman of the Risk Committee at Bupa Arabia and the Chairman of the Risk and Compliance Committee at ACWA Power. He also serves as Board member at several boards and committees, including the Risk Committee at the Public Investment Fund, the Advisory Board of the Saudi Institute of Internal Auditors (IIA), the Board of Advisors of the Eastern Health Cluster, and member of the Board of Directors of Ettifaq FC.

### WORK EXPERIENCE AND PREVIOUS POSITIONS

- During his tenure with Saudi Aramco, he held several leadership positions, including Executive Director of the Internal Audit Department, General Auditor, and Director of Corporate Planning. He also served as President and CEO of Petron Corporation in the Philippines.

### EDUCATIONAL QUALIFICATIONS

- Dr. Al-Faddagh holds a Ph.D. in Applied Mechanical Engineering, Imperial College London, and a Master's degree in Applied Mechanics, The University of Manchester, UK. He also obtained a number of executive certificates from Harvard Business School, United States.

Mr. Salah Mohammed Al-Hareky is a member of the Audit Committee at SABIC. He is currently the Treasurer of Saudi Aramco. He is also Chairman of the Audit Committee, Aramco Trading Company; Chairman of the Board, Saudi Aramco Sukuk Co.; member of the Boards, Aramco Trading, Saudi Aramco Development Company (SADCO), Wisayah Global Investment Company (WISAYAH), S-Oil Corporation, and Saudi Aramco Total Refining and Petrochemical Company (SATORP).

### WORK EXPERIENCE AND PREVIOUS POSITIONS

- During his tenure with Saudi Aramco, he held several leadership positions in internal audit, treasury, financial control, financing and investment. He also served as General Manager of the Saudi Petroleum Overseas Ltd., United Kingdom, and President, King Abdullah University of Science and Technology Endowment.

### EDUCATIONAL QUALIFICATIONS

- He earned a Bachelor in Accounting and a Master's degree in Business Administration, King Fahd University of Petroleum and Minerals. He has also completed a number of executive leadership programs, including Finance Program, Indiana University; Executive Management Program, Harvard University, United States; and Petroleum Economics Program, London, UK.

# BOARD COMMITTEES

## CONTINUED

### REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee shall comprise three to five non-executive members of the Board, whether from shareholders or otherwise, provided one of them shall be an independent director. These members are appointed by the Board.

The following table lists Committee members, their membership, and their participation in Committee meetings, as well as the meeting number and date:

Name	Membership	Attendance record				
		1 <sup>st</sup> meeting 8/3/2021	2 <sup>nd</sup> meeting 15/6/2021	3 <sup>rd</sup> meeting 20/6/2021	4 <sup>th</sup> meeting 20/9/2021	5 <sup>th</sup> meeting 13/12/2021
Dr. Khaled Hamza Nahas	Chairman	Attended	Attended	Attended	Attended	Attended
Mohammed Talal Al-Nahas	Member	Attended	Attended	Attended	Attended	Attended
Ziad Thamer Al-Murshed	Member	Attended	Attended	Attended	Attended	Attended

The Remuneration and Nomination Committee's responsibilities include:

- Oversight of remuneration, including: (i) developing remuneration policies for Board members, Board committee members and Executive Management members and recommending them to the Board for approval by the General Assembly of SABIC's shareholders; (ii) reviewing remuneration policies regularly to ensure consistency with changes in relevant legislation and regulations, SABIC's strategic objectives and the skills and qualifications required, and recommending proposed changes to the Board; (iii) recommending to the Board the remuneration of Board members, Board committee members and Executive Management members in accordance with the policy approved by the General Assembly of SABIC's shareholders; (iv) preparing an annual report on the remuneration granted to the Board members, Board committee members and Executive Management members; and (v) specifying and recommending types of incentives for employees;
- Oversight of Board members appointments, including: (i) developing a Board membership policy and recommending it to the Board for approval by the General Assembly of SABIC's shareholders; (ii) reviewing such policy regularly to ensure its consistency with the changes in the relevant legislation and regulations, SABIC's strategic objectives, required skills and qualifications, and recommending proposed changes to the Board; (iii) conducting an annual review of the required skills for Board membership and preparing a description of the required capabilities and qualifications; (iv) recommending individuals for Board membership in accordance with the Board Membership Policy; (v) reviewing conflicts of interest for Board nominees, and making appropriate recommendations to the Board; (vi) reviewing the Board structure and

- recommending changes, if required or appropriate; (vii) reviewing and updating the Charter of the Board and its committees according to regulatory requirements and best practices; (viii) constantly updating board members about developments in corporate governance and best practices; (ix) establishing processes for addressing vacancies in the Board or Board committees; and (x) recommending performance measures for assessing the Board and Board committees;
- Oversight of Board performance, including: (i) ensuring independence of the independent Board members; (ii) recommending re-nominations/ dismissals of Board members and Board committee members; and (iii) assessing the Board member's competition with the company's business or is in competition with one of the branch activities that it conducts and informing the Board of the matter; (iv) reviewing Board member's competition with the company's business (approved by the Assembly) on annual basis; and (v) overseeing the implementation of an orientation program for new Board members; and
- Oversight of appointments of Executive Management members, including: (i) recommending to the Board appropriate policies and standards for the appointment of Executive Management members and identifying the required capabilities and skills; (ii) reviewing such policies and standards regularly to ensure their consistency with changes in SABIC's strategic objectives, identifying the skills and qualifications required to achieve such objectives; (iii) preparing job descriptions for Executive Management appointments; and (iv) developing succession planning process in the event of any vacancy in the Executive Management and making necessary recommendations.

### RISK AND SUSTAINABILITY COMMITTEE

According to its charter, the Risk and Sustainability Committee shall comprise three to five members of the Board. These members are appointed by the Board.

The following table lists Committee members, their membership, and their participation in Committee meetings, as well as the meeting number and date:

Name	Membership	Attendance record		
		1 <sup>st</sup> meeting 7/3/2021	2 <sup>nd</sup> meeting 27/9/2021	3 <sup>rd</sup> meeting 13/12/2021
Calum Grigor MacLean	Chairman	Attended	Attended	Attended
Nader Ibrahim Al-Wehibi	Member	Attended	Attended	Attended
Olivier Gerard Thorel	Member	Attended	Attended	Attended

The Risk and Sustainability Committee's responsibilities include:

- Risk management functions, including: (i) working with the Executive Management to develop a corporate risk management policy in accordance with SABIC's business and activities and pursuant to SABIC's objectives and strategy, and recommending such policy to the Board; (ii) reviewing the corporate risk management policy periodically to ensure consistency with changes that may occur in the internal or external environments in which SABIC operates, the legislation governing its business or strategic objectives, or otherwise, and recommending proposed changes to the Board; (iii) recommending to the Board an acceptable level of risk to SABIC and how to maintain it, and monitoring that this level is not exceeded; (iv) verifying business continuity and identifying risks facing SABIC annually; (v) overseeing the risk management systems and assessing their effectiveness and mechanisms of identifying, measuring and monitoring risks; (vi) re-evaluating, regularly, the ability to take or be exposed to, risks (for example through stress testing); (vii) preparing a report to the Board containing detailed risk exposure and proposed steps to manage these risks; (viii) providing recommendations to the Board on risk management issues; (ix) verifying the independence of risk management personnel; (x) ensuring that risk management personnel understand the risks facing the Company, and working to increase awareness of the risk culture; and (xi) reviewing any issues raised by the Audit Committee that may affect SABIC's risk management; and

- Sustainability management functions, including: (i) working with the Executive Management to develop a corporate sustainability strategy and policies (such as EHSS) that are commensurate with the nature of SABIC's activities and business; (ii) reviewing the sustainability strategy and policies periodically to ensure their consistency with changes in the internal or external environments in which SABIC operates, the legislation regulating its business or strategic objectives, or otherwise, and recommending proposed changes to the Board; and (iii) supervising SABIC's EHSS systems and ensuring they are in compliance with relevant legislation and regulations, and the availability of the skills and expertise necessary for their management.

## BOARD COMMITTEES

### CONTINUED

#### INVESTMENT COMMITTEE

According to its charter, the Investment Committee shall comprise three to five members of the Board. These members are appointed by the Board.

The following table lists Committee members, their membership, and their participation in Committee meetings, as well as the meeting number and date.

Name	Membership	Attendance Record	
		1 <sup>st</sup> meeting 19/09/2021	2 <sup>nd</sup> meeting 5/12/2021
Khalid Hashim Al-Dabbagh	Chairman	Attended	Attended
Yousef Abdullah Al-Benyan	Member	Attended	Attended
Dr. Khaled Hamza Nahas	Member	Attended	Attended
Abdullah Mohammed Al-Issa	Member	Attended	Attended
Ziad Thamer Al-Murshed	Member	Attended	Attended

The Investment Committee's responsibilities include:

- Working with the Executive Management to develop an investment strategy and policy commensurate with the nature of SABIC's business, activities and risks;
  - Reviewing the investment strategy and policy regularly to ensure consistency with changes that may occur in the external environment in which SABIC operates, the legislation regulating the business, or the strategic objectives or otherwise, and recommending proposed changes to the Board;
  - Overseeing investment activities and establishing appropriate processes for measuring and assessing investment performance;
- Evaluating the investment opportunities proposed by the Executive Management (such as mergers or acquisitions of companies, businesses or assets; termination, sale, or transfer of ownership, exit or disposition of an existing investment; and joint venture partnerships);
  - Examining financing prospects for such investment opportunities;
  - Ensuring that the proposed investment opportunities comply with relevant regulations and instructions;
  - Prioritizing investment proposals;
  - Reviewing the Executive Management's interim progress reports on approved investment opportunities.

## EXECUTIVE MANAGEMENT

#### EXECUTIVE MANAGEMENT

The day-to-day management of SABIC's business is led by its senior executives who together with the Vice-Chairman / CEO, represent the Company's Executive Management Team. As of December 31, 2021, the Executive Management Team comprises the following members:

Name	Title
Yousef Abdullah Al-Benyan	Vice Chairman and CEO
Abdulaziz Al-Oudan	Executive Vice President, Corporate Human Resources
Samir Al-Abdrabbuh	Executive Vice President, Agri-Nutrients
Anas Kentab	Executive Vice President, Europe Repositioning
Abdulrahman Al-Fageeh	Executive Vice President, Petrochemicals
Timothy D. Leveille	Executive Vice President, Corporate Finance
Bob Maughon	Executive Vice President, Sustainability, Technology and Innovation
Abdulrahman Shamsaddin	Executive Vice President, Shared Services
Ahmed M. Al-Jabr	Executive Vice President, Manufacturing
Ahmad Al Shaikh	Executive Vice President, Engineering and Project Management
Ernesto Occhiello	Executive Vice President, Specialties

## BIOGRAPHIES OF EXECUTIVE MANAGEMENT MEMBERS



**YUSEF ABDULLAH AL-BENYAN**  
Vice Chairman and CEO

### BIOGRAPHY OF MR. AL-BENYAN IS UNDER BIOGRAPHIES OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS



**ABDULAZIZ AL-UDAN**  
Executive Vice President  
Corporate Human Resources

#### CURRENT POSITION

- Mr. Al-Oudan is the Executive Vice President for Corporate Human Resources, and the Chairman of Eastern Petrochemical Company (Sharq), Secretary General of SABIC Nomination & Remuneration Committee, member of the Nomination & Remuneration Committee of Saudi Exports Development, and member of the Arabian Society for Human Resource Management (ASHRM).

#### WORK EXPERIENCE AND PREVIOUS POSITIONS

- Before assuming his current posting, Mr. Al-Oudan served as General Manager, Global Talent Management, and earlier General Manager, HR Middle East and Africa.

- During his 25-year career with SABIC, Mr. Al-Oudan has held other senior positions, including Director, Global Information Technology Center of Excellence, and Director, Global Information Technology Business Partnership. He was instrumental in starting the first Business Process Management department at SABIC. Prior to that, he was the Corporate IT Strategy & Planning Leader, SAP Financial Controlling Consultant for FANAR.

#### EDUCATIONAL QUALIFICATIONS

- Mr. Al-Oudan holds a degree in Management Information Systems from King Saud University, Saudi Arabia.



**SAMIR AL-ABDRABBUH**  
Executive Vice President  
Agri-Nutrients\*

#### CURRENT POSITION

- Mr. Al-Abdrabbuh is the Executive Vice-President for Agri-Nutrients, Chairman of the Board of Directors of Al-Jubail Fertilizer Co. (Al-Bayroni), Chairman of the Board of Directors of SABIC Supply Chain Services Co. (SSCS), Vice Chairman of SABIC Agri-Nutrients Company, Chairman of the Transformation Board Committee for the same company, Vice Chairman of GPCA Fertilizers Committee, Board Member of Arab Fertilizers Association (AFA), Board Member of International Fertilizers Association (IFA), Member of the Board of Directors and Managing Director of Gulf Petrochemical Industries Corporation (GPIC) and Member of the Board of Directors of the National Sustainable Agricultural Research and Development Center (Estidamah).

#### WORK EXPERIENCE AND PREVIOUS POSITIONS

- With over 35 years of experience in the petrochemicals industry, Mr. Al-Abdrabbuh has held a number of senior positions at SABIC, including Vice President, Global Supply Chain.
- Prior to that, he was the Vice President of SABIC's Oxygenates Business Unit, leading the global business of Methanol, MTBE, NDA, 2EH, DOP, IBAL, Normal Butanol, Iso-Butanol, ACN, NaCn, and MMA.

- Before that, he held the position of Vice President, Global Corporate Communications.

- Previously, Mr. Al-Abdrabbuh was Executive General Manager of SABIC affiliate, Tayf, where he was key to its successful business re-focus, leading a complete operational, financial and legal restructuring and transformation process.

- He has also held a number of prominent leadership positions in SABIC's wholly owned affiliate Petrokemya, as well as having served as Secretary of the Board of Directors.

- In addition, he was earlier the Chairman of the Board of Directors of SABIC affiliates Sabtank and Chemtank, and was Board member of Ibn Sina and Shrouq. He had also held the post of Chairman of the Board of Directors of the Asia Clean Fuels Association (ACFA), and Chairman of SABIC affiliate Saudi Organometallic Chemicals Company (SOCC) during its inception and set-up stages.

#### EDUCATIONAL QUALIFICATIONS

- He is a graduate of the King Fahd University of Petroleum & Minerals, where he earned a BSc in Computer Science & Engineering. Mr. Al-Abdrabbuh has also completed many professional courses in world-class institutions such as London Business School, UCLA and the University of Michigan.

\* Mr. Al-Abdrabbuh assumes the post of Executive Vice President, Strategic Growth, effective January 1, 2022

# BIOGRAPHIES OF EXECUTIVE MANAGEMENT MEMBERS

CONTINUED



**ANAS KENTAB**

Executive Vice President  
Europe Repositioning

## CURRENT POSITION

- Mr. Kentab is the Executive Vice President for Europe Repositioning. He is the Chairman of the Board of Petrokemya and United.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Before assuming his present position, Mr. Kentab served as Executive Vice President of Crude Oil to Chemicals (COTC) project. Prior to that, he served as Executive Vice President of the Agri-Nutrients strategic business unit. He has held a number of senior positions at SABIC, including the post of Vice President of a number of business units, such as Polyethylene, Polypropylene and Olefins and Industrial Gases. He was also the General Manager of Intermediate Operations and Planning.



**ABDULRAHMAN AL-FAGEEH**

Executive Vice President  
Petrochemicals

## CURRENT POSITION

- Mr. Al-Fageeh is the Executive Vice President for Petrochemicals. He is the Chairman of the boards of Kemya, Yanpet, and Gulf Coast Growth Ventures LLC, and Member of the Supervisory Board of SABIC Capital B.V.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Before assuming his present position, he was the Executive Vice President of the Polymers and Performance Chemicals business units. He has held a number of senior positions at SABIC, including Vice President of the Polyethylene Business Unit, General Manager of Operations and Planning of the Basic Chemicals Business Unit, General Manager of the Oxygenates

- He began his career at SABIC as Project Manager for Sharq. He held several positions in the former Intermediates business unit, where he managed financial and business reporting, strategy and investment planning, and operations planning. He was also a business manager for the monoethylene glycol business.

- He was a member of the boards of Kemya, Sharq, Safco, Al-Bayroni, Sadaf, Yanpet, SSTPC, and SOCC.

## EDUCATIONAL QUALIFICATIONS

- Mr. Kentab holds a Bachelor's degree in Mechanical Engineering from King Saud University in Riyadh. He has undertaken several management and executive leadership programs in GE, INSEAD, IMD, and London Business School.

Business Unit, President of Yansab and Chairman of the Project Committee of Yansab.

- Previously, he was the Vice Chairman of the board of Ibn Zahr, a board member of Petrokemya, and board member and marketing committee member of Ar-Razi.

- He was also the Chairman of the World Plastics Council, an NGO, working to promote the ethics of sustainability and the responsible use of plastics.

## EDUCATIONAL QUALIFICATIONS

- Mr. Al-Fageeh holds a Bachelor of Science degree in Chemical Engineering from the King Saud University, Riyadh, and an MBA from Bradford University, UK.



**TIMOTHY D. LEVEILLE**

Executive Vice President  
Corporate Finance

## CURRENT POSITION

- Mr. Leveille is the Executive Vice President for Corporate Finance, and Chairman of the Board of SABIC Capital B.V.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Before assuming his present position, Mr. Leveille was Senior Vice President, Chief Financial Officer, and Controller of Chevron Phillips Chemical Company, based in The Woodlands, Texas, United States.
- He served previously as Assistant Treasurer of Chevron Corp., with oversight over global cash management and financing activities for Chevron's operating companies worldwide.
- He has worked for the public accounting firm of PricewaterhouseCoopers, and in 1987, joined Caltex, an international joint venture between

Texaco and Chevron that was formed originally in 1936 to market oil from the newly discovered fields in Saudi Arabia.

- Mr. Leveille served in various overseas finance roles in Asia and Africa for roughly 17 years with Caltex, including as country Chairman and Chief Financial Officer of Caltex Philippines. In 2007, he assumed the position of Vice President of Finance for Chevron's global gas business, and in 2009 was Senior Director of International Finance in Corporate Treasury.

## EDUCATIONAL QUALIFICATIONS

- Mr. Leveille holds a Bachelor's Degree in Accounting and Computer Science from Boston College and a Master's of Business Administration in Finance from Columbia University School of Business, United States. He was certified as a US public accountant (CPA), licensed by the state of New York in 1985.



**BOB MAUGHON, PHD**

Executive Vice President  
Sustainability, Technology and Innovation

## CURRENT POSITION

- Dr. Bob Maughon is the Executive Vice President, Sustainability, Technology & Innovation and Chief Technology and Sustainability Officer. He oversees SABIC's 20 research centers around the world. Additionally, Dr. Maughon has the responsibility for Corporate Sustainability, Product Stewardship, Technology Licensing and Technology Ventures.

polymerization, homogeneous catalysis, and alternative feedstocks.

- In 2006, he was named the Director of Inorganic Chemistry & Catalysis, where he was responsible for leading inorganic chemistry, homogeneous and heterogeneous catalysis, and high-throughput research with responsibilities for the development of new technologies for chemical and renewable feedstocks and advantaged catalytic processes.

- From 2008-2010, he served as the lead R&D Director for the Hydrocarbons and Energy Business, and from 2010-2013, he served as the R&D director for Dow Pharma & Food Solutions in the Functional Materials Business Group.

## EDUCATIONAL QUALIFICATIONS

- Dr. Maughon earned a Bachelor's degree in Chemistry from Rice University and a PhD in organic chemistry from the California Institute of Technology.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Dr. Maughon joined SABIC after a 21 year career at Dow, where he most recently served from 2013-2019 as the R&D Vice President for Packaging & Specialty Plastics and Hydrocarbons at Dow.
- Bob began his career with Dow in 1998, working in the Central Research laboratories on a variety of programs ranging from heterogeneous hydrogenation catalysis, ring opening

# BIOGRAPHIES OF EXECUTIVE MANAGEMENT MEMBERS

CONTINUED



**ABDULRAHMAN SHAMSADDIN**

Executive Vice President  
Shared Services\*

## CURRENT POSITION

- Mr. Shamsaddin is the Executive Vice President for Shared Services. He is Chairman of Yansab, and also sits on other Boards and Committees.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Prior to his present posting, Mr. Shamsaddin held a number of senior positions at SABIC, including Vice President of Internal Audit.
- During his career, Mr. Shamsaddin played several operational and management roles, covering Process Safety Management, Reliability, Engineering/Project Management, Maintenance and Operations functions in refinery and petrochemical plants.
- He also took up the responsibility of the company's Enterprise Risk Management as General Manager, which encompassed Risk Management, Internal Controls, Business Continuity Management, Global Insurance and Credit Management.



**AHMAD AL SHAIKH**

Executive Vice President  
Engineering & Project Management

## CURRENT POSITION

- Mr. Al-Shaikh is the Executive Vice President for Engineering & Project Management. He is also the Chairman of Saudi Kayan, SSTPC and Takamul, and board member of Marafiq.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Mr. Al-Shaikh has held a number of senior positions at SABIC, including Executive Vice President of

- He was also a member of SABIC Risk Management's Executive Committee and the Secretary of the SABIC Board Risk & Compliance Committee. He was part of the Corporate Finance Leadership Team and led several projects and global initiatives. As the Company's Chief Audit Executive, he was accountable to the Board Audit Committee for the Corporate Internal Audit.

- In his early professional career, Mr. Shamsaddin served at Saudi Aramco-Exxon Mobil Refinery (SAMREF) with global secondment experiences at refinery and chemical sites. He then joined SABIC as Manufacturing Turnaround Senior Manager at SABIC Manufacturing and was promoted as Manufacturing Services/Planning General Manager. He also served as Operations General Manager at Ibn Rushd and Continuous Improvement General Manager at SABIC Manufacturing Center of Excellence.

## EDUCATIONAL QUALIFICATIONS

- Mr. Shamsaddin holds a Bachelor's Degree in Applied Mechanical Engineering (Hons) from King Fahd University of Petroleum & Minerals (KFUPM), Saudi Arabia.

\* Mr. Shamsaddin assumes the post of Chief Executive Officer, SABIC Agri-nutrients Company, effective January 1, 2022

Manufacturing, President of Yanpet and President of United, with over 25 years of experience in the oil and petrochemical industries.

## EDUCATIONAL QUALIFICATIONS

- Mr. Al-Shaikh holds a Bachelor of Science in Electrical Engineering from King Abdulaziz University, Saudi Arabia.



**AHMED M. AL-JABR**

Executive Vice President  
Manufacturing

## CURRENT POSITION

- Mr. Al-Jabr is the Executive Vice President for Manufacturing. He is also a board member of Marafiq.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Prior to his present posting, Mr. Al-Jabr was the President of SABIC Agri-Nutrients. He has also held the posts of President of Sharq and Al-Bayroni. He has more than 34 years of experience in different management, manufacturing, and technical functions where he has focused on facilitating operations, maximizing revenue and productivity, and ensuring future growth.

## EDUCATIONAL QUALIFICATIONS

- Mr. Al-Jabr holds a Bachelor's degree in Chemical Engineering from King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia.



**ERNESTO OCCHIELLO**

Executive Vice President  
Specialties

## CURRENT POSITION

- Ernesto Occhiello is the Executive Vice President for Specialties.

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Mr. Occhiello previously led SABIC Technology & Innovation as its Executive Vice President. He later joined Clariant as Chief Executive Officer.
- Prior to joining SABIC, he served as Global R&D Director of Dow Chemical Company.

## EDUCATIONAL QUALIFICATIONS

- A former professor from the University of Turin in Chemistry of Materials, Mr. Occhiello has co-authored two books, more than 100 scientific papers, and communications to congresses. He is responsible for more than 45 patents and has more than 120 citations in SciFinder. Mr. Occhiello holds a Laurea in Chemistry cum laude from the University of Turin.

## EXECUTIVE MANAGEMENT

## EXECUTIVE OWNERSHIP

As of 31 December 2021, Board members, their spouses and their minor children had the following shareholding in SABIC and/or its subsidiaries:

Board Member	Beginning of the year, no. of shares				End of the year, no. of shares				Net change			
	SABIC	SABIC Agri-Nutrients	Saudi Kayan	Yansab	SABIC	SABIC Agri-Nutrients	Saudi Kayan	Yansab	SABIC	SABIC Agri-Nutrients	Saudi Kayan	Yansab
Omar Abdullah Abdulrahman Al-Amoudi <sup>(1)</sup>		214,200					1,000					-213,200
Abdulrahman Saleh Abdulrahman Al-Fageeh			12,421				12,896					+475
Samir Ali Al-Abdrabbuh												
Abdulrahman Shamsaddin												
Abdulaziz Ali Abdulaziz Al-Oudan			70				-					-70
Ahmad Terais Saad Al-Sheikh		110,000	6,000				65,000	17,198				-45,000 +11,198
Anas Yusuf Kentab	15,000	12,000	10,000	12,000	15,000	12,000	10,000	12,000				
Timothy Leveille												
Bob Maughon												
Ernesto Occhiello												
Ahmed Mohammed Al Jabr <sup>(2)</sup>						342	1,000	13,046				

1. Exited the list of senior executives on May 27, 2021.  
2. Joined the list of senior executives on May 1, 2021.

## REMUNERATION

The Board, based on the recommendation of the Remuneration and Nomination Committee, shall determine the remuneration of Board members, committee members (both who are and who are not members of the Board), and Senior Executives. In addition, the remuneration is determined according to the conditions set by the Board and in the Remuneration Policy of the Board Members, Committees Members and Executive Management approved by the General Assembly of SABIC's shareholders. A member shall be entitled to the remuneration granted to him according to the foregoing conditions and principles.

## REMUNERATION POLICY

## OBJECTIVE

The objective of this Policy is to organize remuneration in a manner that attracts board or committee members having appropriate scientific, technical, and managerial expertise; and enable them to carry out their roles with the required professionalism and efficiency, taking into consideration SABIC's business environment and required skills and capabilities.

The Company aims to create an attractive environment to attract and retain talents with required skills and expertise to ensure sustained growth and achievement of its vision. This is maintained through the Company's remuneration structure for Executive Management that is consistent with the relevant regulations, legislation, and best practices.

## REMUNERATION PRINCIPLES AND RULES

Considering the provisions governing the remuneration of members of the Board of Directors and board committees – as stipulated in Companies Law, the Corporate Governance Regulations, the “Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies,” and the Company's By-Laws – remuneration of the members of the Board of Directors, its committees and senior executives, shall be in accordance with the following principles and rules:

## A. Board and Committee members

- The Board, based on the recommendation of the Remuneration and Nomination Committee, determines the remuneration of Board members and committee members based on the following principles:
  - The remuneration structure shall be consistent with the company's strategic objectives, act as an incentive for the members to achieve these objectives, and enhance the company's ability to develop and sustain its business.

- The remuneration shall be based on the nature of the company's business and its size as well as the skills and experience required.
- The remunerations should be a means to attract Board members with the right expertise and qualifications to enhance the company's ability to achieve its objectives.
- The Board of Directors, based on the recommendation of the Remuneration and Nomination Committee, determines the remuneration of the Board Chairman and members in the manner it deems appropriate, provided the total remuneration, financial or in-kind benefits and rewards that a member of the Board of Directors receive does not exceed an amount of one million eight hundred thousand (1,800,000) Saudi riyals annually. If the amount exceeds that limit, it must be presented to the General Assembly to decide as it deems appropriate.
- A member of a Board committee (including the Audit Committee), who is not a member of the Board, is entitled to a remuneration of two hundred thousand (200,000) Saudi riyals annually.
- The Company is entitled to claim compensation for damage to its reputation, and recover any paid remuneration, compensation, or other costs it incurred, in the event that the member:
  - Commits an act of dishonesty or breach of trust, forgery, or violation of the laws and regulations of the Kingdom of Saudi Arabia or any other country.
  - Fails to carry out his/her responsibilities and duties resulting in damage to the interest of the company.
  - Membership is terminated by a decision of the General Assembly – for being absent from three consecutive meetings within one year without a legitimate excuse acceptable to the Board.

# REMUNERATION

## CONTINUED

### B. Executive Management

– Based on the recommendation of the Remuneration and Nomination Committee, the Board determines the Executive Management's remuneration according to the following principles:

- Should be commensurate with the company's strategic objectives and be a motivating factor for Executive Management to achieve these objectives and enhance the company's ability to grow and sustain its business.

- Should be commensurate with the nature of the company's business and size as well as with the required skills and experience.
- Enables the Company to attract senior executives with skills and qualifications necessary to enable the Company to achieve its objectives.
- Should not cause conflict of interest which may adversely impact the Company's interest and ability to achieve its objectives.

### REMUNERATION PAID DURING 2021 (IN SAR)

The aggregate total remuneration paid by SABIC to the members of the Board (including their chairmanship and/or membership of Board committees) for the year ended December 31, 2021 is set out below:

Name	Fixed remunerations						Variable remunerations						Total	End of service award	Grand total	Expenditure allowance
	Fixed amount <sup>(1)</sup>	Attendance allowance for Board meetings	Total attendance allowance for Committee meetings	In-kind benefits	Remuneration of technical, administrative, and consulting works	Remuneration of the Chairman of the Board, the Managing Director, or the Secretary of the Board of Directors	Total	Profit rate	Periodic bonuses	Short-term incentive service	Long-term incentive service	Shares awarded (enter value)				
<b>FIRST: INDEPENDENT MEMBERS</b>																
Dr. Khaled Hamza Nahas	200,000	20,000	30,000	0	0	0	250,000	0	0	0	0	0	0	0	250,000	0
Mohammed Talal Al-Nahas	200,000	20,000	25,000	0	0	0	245,000	0	0	0	0	0	0	0	245,000	0
Nader Ibrahim Al-Wehibi	200,000	20,000	30,000	0	0	0	250,000	0	0	0	0	0	0	0	250,000	0
<b>Total</b>	<b>600,000</b>	<b>60,000</b>	<b>85,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>745,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>745,000</b>	<b>0</b>
<b>SECOND: NON-EXECUTIVE MEMBERS</b>																
Khalid Hashim Al-Dabbagh	200,000	20,000	10,000	0	0	0	230,000	0	0	0	0	0	0	0	230,000	0
Calum Grigor MacLean	200,000	20,000	15,000	0	0	0	235,000	0	0	0	0	0	0	0	235,000	0
Abdullah Mohammed Al-Issa	200,000	20,000	30,000	0	0	0	250,000	0	0	0	0	0	0	0	250,000	0
Eng. Ziad Thamer Al-Murshed	200,000	20,000	30,000	0	0	0	250,000	0	0	0	0	0	0	0	250,000	0
Eng. Olivier Gerard Thorel	200,000	20,000	15,000	0	0	0	235,000	0	0	0	0	0	0	0	235,000	0
<b>Total</b>	<b>1,000,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,200,000</b>	<b>0</b>
<b>THIRD: EXECUTIVE MEMBERS</b>																
Yousef Abdullah Al-Benyan	200,000	20,000	10,000	0	0	0	230,000	0	0	0	0	0	0	0	230,000	0
<b>Total</b>	<b>200,000</b>	<b>20,000</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>230,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>230,000</b>	<b>0</b>

Important Note:

<sup>(1)</sup> The fixed amount is the annual remuneration specified for membership of the Board of Directors for the year 2021.

# REMUNERATION

## CONTINUED

Remuneration of committee members for the year ended December 31, 2021 is set out below:

Committee	Fixed remunerations (excluding session attendance allowance)	Meeting attendance allowance	Total
<b>AUDIT COMMITTEE MEMBERS</b>			
Abdulaziz Habdan Alhabdan (Member from outside the Board of Directors)	200,000	30,000	230,000
Abdullah Mohammed Al-Issa	0	25,000	25,000
Nader Ibrahim Al-Wehibi	0	25,000	25,000
Khaled Dawood Al-Faddagh (Member from outside the Board of Directors)	200,000	30,000	230,000
Salah Mohammed Al-Hareky (Member from outside the Board of Directors) <sup>(2)</sup>	144,110	20,000	164,110
<b>Total</b>	<b>544,110</b>	<b>130,000</b>	<b>674,110</b>
<b>REMUNERATIONS AND NOMINATIONS COMMITTEE MEMBERS</b>			
Khaled Hamza Nahas	250,000	25,000	275,000
Mohammed Talal Al-Nahas	250,000	25,000	275,000
Ziad Thamer Al-Murshed	250,000	25,000	275,000
<b>Total</b>	<b>750,000</b>	<b>75,000</b>	<b>825,000</b>
<b>INVESTMENT COMMITTEE MEMBERS</b>			
Khalid Hisham Al-Dabbagh	250,000	10,000	260,000
Yousef Abdullah Al-Benyan	250,000	10,000	260,000
Abdullah Mohammed Al-Issa	250,000	5,000	255,000
Khaled Hamza Nahas	0	5,000	5,000
Ziad Thamer Al-Murshed	0	5,000	5,000
<b>Total</b>	<b>750,000</b>	<b>35,000</b>	<b>785,000</b>
<b>RISK AND SUSTAINABILITY COMMITTEE MEMBERS</b>			
Calum Grigor MacLean	250,000	15,000	265,000
Nader Ibrahim Al-Wehibi	250,000	5,000	255,000
Olivier Gerard Thorel	250,000	15,000	265,000
<b>Total</b>	<b>750,000</b>	<b>35,000</b>	<b>785,000</b>

Important Note:

<sup>(2)</sup> Mr. Salah Al-Hareky joined the Audit Committee on April 13, 2021.

The aggregate total remunerations paid by SABIC to five executives who received the highest remuneration, including the CEO and CFO, for the year ended December 31, 2021 are as below:

Senior Executives	Fixed remunerations				Variable remunerations							Total	End of service benefits	Total remunerations for Board	Total aggregate amount
	Salaries	Allowances	In-kind Benefits	Total	Periodic Profits	Short-term incentive plans*	Long-term incentive plans**	Granted shares (insert the value)							
<b>Total (SAR)</b>	14,455,020	4,907,492	407,472	19,769,984	-	-	6,451,345	6,259,634	-	12,710,979	-	220,000	<b>32,700,963</b>		

\* Remuneration for 2020

\*\* Remuneration for 2020 cycle

# INTERNAL AUDIT AND COMPLIANCE

## INTERNAL AUDIT

The Internal Audit Department carried out planned audits in accordance with the agreed schedule and changes required during the year, as approved by the Board Audit Committee to evaluate, objectively and independently, the adequacy and effectiveness of Internal Control Systems. Furthermore, Internal Audit participated in special assignments and conducted consulting services, including, for instance, reviews of compliance with the company's policies and with the Compliance team.

SABIC's Internal Audit Department reports functionally to Board Audit Committee and administratively to the Vice Chairman/Chief Executive Officer. In carrying out its duties, the Department has full access to SABIC's sites around the world, information, documents and employee-related issues. The Internal Audit Department operates in accordance with International Internal Auditing Standards (IIA Standards) as confirmed by External Quality Assurance & Improvement assessment. Furthermore, Internal Audit maintains an internal quality assurance and improvement program, covering all aspects of the internal audit activities, to evaluate and continuously improve these activities.

- Throughout 2021, Internal Audit Department regularly issued audit progress reports to the Board Audit Committee during the year covering the audit plan progress, audit activities / observations, progress on internal audits' outcome and overall update / view on internal controls effectiveness and related subjects. During 2021, Internal Audit continued its significant progress made in closing and verifying audit findings along with strengthening the follow-up / closure process.
- The Internal Audit Department continued to pursue the IA Strategy in 2021, with impactful outcomes. The four strategic pillars of the IA Department are Audit Functional Excellence, Stronger 3-Lines of Assurance, Broader Technology / Data Analytics; and Talents Focus, which enabled conducting deeper, smarter and faster audits with tangible influence on Governance, Internal Controls & Risk Management across SABIC's Corporate Functions and Regions. The Department is committed to continuous improvement through the role of dedicated Audit Expertise Center.

- In strengthening the 3-Lines of Assurance, the IA Leadership team continued the structured engagement sessions with the company leadership teams, proactively sharing key risks and enhancing internal controls.
- The Internal Audit Department's focus on advancing its capabilities through technology/ data analytics remains a top priority. In 2021, significant improvements were made toward automating key audit processes and continuously auditing and monitoring the company's critical processes.
- The Internal Audit Department's focus on human capabilities remains a top priority; attracting and developing talents and equipping them with required skills and qualifications to perform the audit activities in an effective manner. In 2021, pronounced progress was made in the hiring of new talents and the introduction of the Audit Capability Program – a rotation program for high-caliber employees to be seconded into SABIC Internal Audit
- The Certified External Auditor, Ernst & Young was assigned to audit the accounts of the company for 2021 in addition to reviewing the Internal Control System within the scope of its review of the final financial statements of the company. SABIC Internal Audit kept an active collaboration with the External Auditor, in line with the recognized audit standards, to help fulfil both missions and add greater value to the organization.

The Committee is of the opinion that the Company's Executive Management has maintained an effective internal control system capable of providing reasonable assurances; and that the audits outcome together with the Audit Committee meeting discussions, have all provided reasonable grounds for formulating this opinion.

## COMPLIANCE

At SABIC, compliance is an ongoing process that seeks to engage our workforce, customers, suppliers, investors, community members and other stakeholders with a framework for conducting business in an ethical manner, addressing risk and mitigating issues and concerns.

Starting with our Code of Ethics, we lay out the foundation for our employees to act with integrity and comply fully with the laws and regulations of the countries in which we operate, and also adhere to the company's internal policies that often exceed legal requirements. Our leaders embrace the Code and incorporate it into the daily activities of their teams.

To build the right foundation for ethical compliance and avoiding violations, all employees are required to attend comprehensive compliance training, refresher courses, and special training on specific topics based on work duties, such as antitrust legislation, fair employment practices and trade controls. This training takes various forms, including face-to-face or online training, with training materials and formats being updated regularly.

SABIC's Chief Compliance Counsel is responsible for managing the implementation of the compliance program, supported by a team of lawyers and professionals working in each region where we conduct our business. The Chief Compliance Counsel regularly reports to the Audit Committee of the Board on progress at the program level, risks, as well as on any significant results. We encourage employees to report any compliance concerns, and we encourage them to inquire and ask for guidance if there is any doubt.

In order to stay abreast of the latest regulatory developments, to have a broader perspective, to learn best practices and in some cases, to act collectively to impact change, we partner with external organizations that lead on important compliance issues. Since 2013, SABIC has participated in the annual G20/ B20 policy process on anti-corruption. In 2021, we were part of the Italian B20 Integrity and Compliance Task Force. In the Middle East, we are part of an organization called the Pearl Initiative – a group for Gulf-based companies to share best practices on compliance and good governance. Through these partnerships, we learn about pioneering efforts that other companies are taking and we also have the

opportunity to share our learnings with others.

Building compliance capacity in our business environment is important to our customers, suppliers and other third parties. They are not satisfied with just knowing what SABIC is doing internally, but want to have visibility over the entire supply chain and know that these are free of corruption, forced and child labor, environmental violations and other elements. In 2021, SABIC launched

comprehensive compliance training program for 3rd party business partners including suppliers, distributors and contract workers. Through this online, local-language training, we are able to ensure that our third parties have a grounding in the compliance concepts that we adhere to.

All of these internal and external efforts benefit us in many ways, including through independent recognition. SABIC was awarded the Ethisphere Compliance Leader Verification®, valid through 2022. The Compliance Leader Verification process takes a deep dive view of all aspects of a company's program, including its ethics and compliance program structure and oversight, training and communication, risk measurement, monitoring for misconduct, disciplinary measures and ethical corporate culture and employee perceptions. The rigorous review process and verification signals to SABIC and our stakeholders that our compliance efforts are recognized.

We were also awarded a Platinum EcoVadis Medal. This result placed SABIC among the top 1 percent of companies assessed by EcoVadis, the world's largest provider of sustainability ratings. Notably, SABIC scored a 90 out of 100 for its Ethics program.

## RELATED PARTY TRANSACTION

The company assumes marketing and sales of affiliates' products in various local, regional and global markets through marketing agreements signed with those companies. For example, we have agreements with Aramco to buy feedstock used for the production of SABIC products. Similarly, through marketing agreements, SABIC and Aramco each sell certain products for the other.

The affiliates sign services agreements with our corporate functions to provide various business services. Our Corporate Finance function provides accounting services. Engineering is provided by our Engineering and Project Management organization. Corporate Human Resources provides human resources support. Shared Services provides information technology. The company also provides its affiliates with procurement services, involving transportation, warehouse services and delivery of materials related to spare parts through the SABIC Shared Services function.

SABIC's Legal Affairs, Enterprise Risk Management, Internal Audit and EHSS 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 Legal Department protects the business against legal risks, through legal advice, employee training, and developing and leading corporate legal strategy to promote and protect the company's goals, strategies and priorities. The Legal Department safeguards compliance with the laws and regulations of the jurisdictions where we operate.

Enterprise Risk Management focuses on ensuring a risk mindful culture, addressing key business interruption risks, ensuring a comprehensive consolidated insurance program and improving our data and process governance structure.

Internal Audit performs operational reviews of all aspects of activities in the business units and functions of SABIC and affiliates inside and outside Saudi Arabia. In addition, our Environment, Health, Safety and Security Department is responsible for supporting and protecting the Company and its affiliates to identify risk and ensure safety in compliance with government rules and regulations and industry standards.

## DECLARATIONS BASED ON CORPORATE GOVERNANCE REGULATIONS

### BOARD OF DIRECTORS DECLARATIONS

The Board of Directors acknowledges the following:

- The accounting records were properly prepared.
- The internal control system was founded on a sound basis and implemented effectively.
- There are no doubts about the company's ability to continue business.

### COMPANY DECLARATIONS

The company acknowledges the following:

- The Company applies all the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority (CMA), except the provisions quoted below:

Article /Clause no.	Provision of Article/Clause	Reason
Article 54: Audit Committee Formation, Clause B	The chairman of the audit committee shall be an independent member.	The Board of Directors is of the opinion that the formation of the Audit Committee from five members, including one independent member of the Board of Directors and three members from outside the Board, is capable to achieve the independence that enhances the efficiency of the Committee's work. It should be noted that the Committee chose a member from outside the Board as its Chairman based on its charter approved by the General Assembly.
Article 95: Formation of a Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations, at least once annually.	Based on Article 50 of the Corporate Governance Regulations, which stipulates that the Board of Directors shall form specialized committees, based on the need and circumstances of the company, in a manner that enables it to perform effectively, the Board of Directors does not see a need to form a specialized committee on "corporate governance". When the Board and all its existing committees, carry out their duties and achieve their objectives, they do inherently realize the corporate governance function and objectives.

- The company has not concluded any works or contracts of substantial interest to a member of the Board of Directors, or the Senior Executives, or any person related to any of them.

# APPENDIX



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# RISK FACTORS

## OPERATIONAL AND MARKET RISKS HIGHLY COMPETITIVE INDUSTRIES

SABIC is exposed to the competitive characteristics of several different geographic markets and industries, which gives rise to exposure of operational and market risks (e.g., higher cost of production and selling price). SABIC's principal competitors vary from product to product and range from large global petrochemical companies to numerous smaller regional companies. Some of SABIC's competitors are larger and more vertically integrated than SABIC (in terms of their upstream and/or downstream productions). Therefore they may be able to manufacture products more economically than SABIC. In addition, some of SABIC's competitors have greater technical, research, and marketing resources. A lack of some of these advantages will lead to a high production cost and selling price, which, in turn, may result in a shrinking of the available market for SABIC's products.

The competitive landscape in which SABIC operates may also change in a manner currently unanticipated by SABIC – for instance, existing competitors may commit more resources to the markets in which SABIC operates and/or raw material suppliers may expand their value chains. Additionally, worldwide and regional refining capacity expansions may result in refining production capability exceeding refined product demand. Such events may, in turn, lead to short- or long-term downward pricing pressures. Competition and innovation in the industries in which SABIC operates may put pressure on the product prices SABIC is able to charge customers. As such, the products manufactured by SABIC may be subject to the risk of product substitution as a result of technological advancements or change in consumer preferences.

The implementation of SABIC's strategy to remain competitive may require continued technological advances and innovation in its operations. Most of SABIC's operations are based on licenses on process technologies from third party licensors. While such licensors provide SABIC with process and product improvements on their technology licenses, there can be no assurance that SABIC will have access to the most advanced technology developments from its licensors in the future; or that it will have the ability to reach adequate and competitive technology advances based on its own research and development capabilities.

A key component of SABIC's strategy is to introduce new products and applications that offer distinct value to customers. SABIC intends to continue to devote substantial resources to the development of new technologically advanced products and processes and support the expenditure of the research and development functions of its business. However, there can be no assurance that SABIC will be successful in developing new products or processes, or bringing them to market in a timely manner; that the products or technologies developed by others will not render SABIC's product offerings obsolete or non-competitive; that the market will accept SABIC's new products and innovations, or that competitors will not be able to produce similar products at a lower cost. As a result, the implementation of these strategies may be costly and ineffective. SABIC's financial condition and results of operations may be adversely affected if SABIC's innovation lags behind the rest of the industry while competitors develop or acquire intellectual property rights to technology.

## THE CYCLICAL NATURE OF THE PETROCHEMICALS INDUSTRY

The petrochemicals industry is subject to the cycles of expansion and contraction in line with movements in the global economy, which creates swings in the supply and demand of petrochemicals products and volatility in the prices of feedstock as well as finished petrochemical products. Due to this cyclical nature, the global petrochemical markets have experienced alternating periods of limited supply followed by an expansion of production capacity. SABIC cannot accurately predict these economic trends and cycles or the duration and dates of such trends and cycles. This could significantly influence SABIC's operations and or financial condition.

Net margins within the petrochemical sector tend to be driven mostly by a combination of supply-demand dynamics and the rising cost of raw materials. Therefore, SABIC's financial results are significantly impacted by the margin between the prices at which SABIC sells products and the prices at which SABIC purchases feedstock for use. However, the price of SABIC's feedstock and the price of the product sold to customers depend on the type of product, the location of the production, and the location of the customer.

SABIC's results of operations can be significantly impacted by fluctuations in the prices of a number of commodities, primarily oil, its derivatives and gas. SABIC's two main feedstock in Saudi Arabia (methane and ethane) are based on prices set by the Ministry of Energy, Industry and Mineral Resources in Saudi Arabia. The rest of SABIC's

feedstock, both gas and liquid, are subject to various fluctuations in feedstock prices. SABIC's petrochemicals manufacturing operations outside Saudi Arabia generally use oil-derivatives (mainly naphtha) as feedstock and purchase such feedstock in the international markets at market prices. Many of SABIC's sales relate to petrochemical products and sales prices for these products generally change in tandem with changes in oil prices, albeit sometimes with a time delay and with different dynamics in different regions. During times of increasing oil prices, when manufacturers are unable to shift all such increases to their customers, the cracker margin of SABIC's operations outside Saudi Arabia can decrease in comparative terms. As a result, the margins in the SABIC's gas-based operations (mostly in Saudi Arabia) may improve significantly in conjunction with higher oil prices (and higher petrochemical prices) and decline in periods of low oil prices; while the margins in SABIC's naphtha-based operations (mostly outside Saudi Arabia) can see increases in profitability in periods of low oil prices.

## CONDITIONS AFFECTING TRANSPORTATION OF PRODUCTS

SABIC's operations rely on the transportation of materials by sea and overland. Although SABIC seeks cost efficiencies in the distribution of its finished products, there can be no assurance that these transportation costs will not significantly increase in the future, which may reduce SABIC's competitive advantage compared to regional producers. Any issue affecting cargo transportation by sea, such as special taxes, dangerous conditions or natural disasters, among others, could affect SABIC's operations. In addition, potential delivery delays and significant increases in shipment costs due to limitation of space and containers can result in financial losses and reputational damages. Due to the supply chain issues caused by the COVID-19 pandemic over the past two years, this issue is an emerging risk that has recently become more relevant, and we intend to monitor it closely.



SABIC's operations rely on the transportation of materials by sea and overland.

## INSUFFICIENT INSURANCE POLICIES

The operations of SABIC companies are subject to hazards and risks inherent in refinery and petrochemicals operations. These hazards and risks include fires, explosions, pipeline ruptures, storage tank leaks, chemical spills, discharges or releases of hazardous substances, mechanical failure of equipment, war, terrorism, sabotage and natural disasters. Many of these risks may cause personal injury and loss of life, environmental pollution, severe damage or destruction of SABIC's properties or the properties of others. This may result in the suspension of operations and the imposition of civil or criminal penalties.

SABIC maintains insurance coverage in amounts that are consistent with relevant industry practice, including coverage for the risk of property damage, business interruption resulting from fire, or machinery breakdown and third-party liability. SABIC could be subject to a material loss to the extent that a claim is made against SABIC that is not covered in whole or in part by insurance and for which third party indemnification is not available. If SABIC's affiliates suffer large uninsured losses or if any insured loss suffered by any such affiliate significantly exceeds its insurance coverage, the business, results of operations, or financial condition of such affiliates may be materially and adversely affected. This would in turn affect the ability of the portfolio companies within SABIC to pay dividends and make other distributions to SABIC and could have a material and adverse effect on SABIC's business, results of operations, or financial condition.

## USE OF INFORMATION TECHNOLOGY

SABIC relies on a number of information technology (IT) systems for its day-to-day operations. SABIC is exposed to various IT-related risks, such as the loss or theft of data, cyber-attacks, systems failure and technical obsolescence of IT systems. Increased global information security threats and more sophisticated cyber-crimes pose a risk to the confidentiality, availability and integrity of data, operations and infrastructure of the IT systems, networks, facilities, products and services of SABIC. The non-availability, violation of confidentiality, or the manipulation of data in critical IT systems and applications can lead to the uncontrolled outflow of data and expertise and have a direct impact on SABIC's business operations.

While SABIC maintains back-up systems and performs cyber-security attack simulations, there are no assurances that these will work as efficiently or quickly as expected when needed. Should such threats overcome the information security measures implemented by SABIC, they could potentially lead to the compromise of confidential information, improper use of systems and networks, manipulation and destruction of data, production downtime and operational disruptions. This in turn could have a material and adverse effect on SABIC's business, results of operations and financial condition.

# RISK FACTORS

## CONTINUED

### OPPORTUNITIES TO CAPITALIZE ON DIGITAL TRANSFORMATION

SABIC is accelerating its efforts and adding more investment to enhance its IT infrastructure and to be able to effectively utilize Big Data Tools and Analytics to achieve superior market intelligence and be more proactive to changes in customers' preferences and customer base shifts, increasing the retention of customer loyalty and achieving higher productivity and efficiency.

### PROJECTS UNDER DEVELOPMENT

SABIC has a number of significant capital-intensive projects that are under development or in the planning stages. These projects include investment in new production plants and expansion or upgrade of existing plants. Each of these projects entails a number of risks during construction such as investment cost over-run, delay or incomplete start-up, availability of feedstock, unanticipated liabilities, changes in taxes or duties, difficulties in achieving projected efficiencies, synergies, ability of appointed contractor to comply with contractual obligations, and changes in market conditions. If any of these risks materializes, the overall profitability of the relevant projects will be adversely affected. If any new project fails to achieve the expected levels of performance or profitability, this could have a material and adverse effect on SABIC's business, results of operations or financial condition.

### THE USE OF INTELLECTUAL PROPERTY AND TECHNOLOGY LICENSES

SABIC depends upon a wide range of intellectual property to support its businesses and has obtained licenses for certain technologies, which are used in its manufacturing facilities. SABIC's petrochemical operations in Saudi Arabia are primarily based on technology process licenses from joint venture partners and other third parties. Any termination of a material technology license or dispute related to its use could require the relevant SABIC entity to cease using the relevant technology and therefore possibly adversely affect such entity's ability to produce the relevant products. SABIC's inability to maintain any license, which is the subject of a sub-license of technology to any subsidiary of SABIC, could require the relevant subsidiary to cease using the technology and to license such rights from other third parties on less favorable commercial terms or obtain substitute technology of lower quality or performance standards at greater cost. Any of the foregoing could have a material and adverse effect on SABIC's business and results of operations

### SUSTAINABILITY RISKS

#### EHSS LIABILITIES

SABIC's affiliates must comply with all applicable environment, health, safety and security (EHSS) related laws and regulations that are applicable to our operations. These laws and regulations set various standards regulating certain aspects of EHSS quality, provide for civil and criminal penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be applicable in environmentally sensitive areas of operation.



SABIC must comply with all applicable laws and regulations related to environment, health, safety and security (EHSS).

SABIC cannot predict what EHSS legislation or regulations will be enacted in the future or how existing or future EHSS laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by SABIC for the installation and operation of systems and equipment for remedial measures. Any or all of the foregoing could have a material and adverse effect on SABIC's business, results of operations or financial condition.

### STRICTER GREENHOUSE GAS EMISSIONS REGULATIONS

The costs associated with controlling carbon dioxide emissions could significantly increase SABIC's operating costs. SABIC expects more political attention to issues concerning climate change adaptation or mitigation through regulation that could materially affect SABIC's operations.

Internationally, the United Nations Framework Convention on Climate Change and the Paris Agreement address greenhouse gas emissions. Carbon dioxide (CO<sub>2</sub>) is a by-product of the burning of fuels (including oil and gas) and is considered a greenhouse gas. SABIC's operations result in the emission of carbon dioxide, which in 2019 was 3.4 million metric tons (mmt). Saudi Arabia is a signatory of the Paris Agreement and has ratified it. Compliance with the Paris Agreement may require the reduction of CO<sub>2</sub> emissions in Saudi Arabia, and the responsibilities of Saudi companies (including SABIC) may change following the implementation of any CO<sub>2</sub> mitigation regulations. Such regulations could affect the costs to operate and maintain SABIC's manufacturing facilities and/or additional costs to install new emission controls.

### DEFECTIVE PRODUCTS

A number of products manufactured by SABIC affiliates are developed from complex technical manufacturing processes. Accordingly, there is a risk that defects may occur in any of SABIC products. Defects in products manufactured by SABIC can give rise to significant costs, including expenses related to recalling end-use products by downstream customers or their own customers, replacing defective items, recording defective inventory and loss of potential sales. In addition, the occurrence of such defects may give rise to product liability and warranty claims, including liability for damages caused by such defects. Any or all of such events could have a material and adverse effect on SABIC's business, results of operations or financial condition as well as its reputation. While SABIC limits its liability to its customers for product defects under sale and purchase agreements, the legal systems in a number of countries impose a strict liability on the manufacturer or the importer of products.

### ACCIDENTS INVOLVING SABIC'S PRODUCTS

Accidents involving SABIC's products could cause severe damage or injury to property, environment and human health, which could materially adversely affect SABIC's business, results of operations and financial condition. SABIC's business is inherently subjected to the risk of spills, discharges or releases of hazardous substances into the environment. SABIC feedstock and products are mostly volatile and explosive chemicals, which may result in the following:

- Fire/explosions at SABIC's production or logistics facilities
- Discharges of toxic gases into the atmosphere
- Discharge of hazardous chemicals on land or in waterways.

Occurrence of the above events could result in fatality, personal injury, equipment failures or shutdowns, damage to environment, civil lawsuits, criminal investigations and regulatory enforcement proceedings, all of which could lead to significant liabilities for SABIC. Any damage to persons, equipment or property or other disruption to SABIC's ability to produce or distribute its products could result in a significant decrease in SABIC revenues and profits and significant additional cost to replace or repair SABIC's assets. Depending on the nature of the incident, SABIC may not be fully insured, or not insured at all, all of which could result in a material adverse effect on SABIC's business, results of operations and financial condition.

In addition, certain environmental laws impose strict liability, without regard to fault, for clean-up costs on those who have disposed of or released hazardous substances into the environment. As a result, given the nature of SABIC's business, it may incur environmental clean-up liabilities in respect to its current or former facilities, adjacent or nearby third-party facilities or offsite disposal locations. Pollution risks and related clean-up costs are often impossible to assess unless environmental audits have been performed and the extent of liability under environmental laws is clearly determinable. The costs associated with future clean-up activities that SABIC may be required to conduct or finance is unknown. Additionally, SABIC may become liable to third parties for damages, including personal injury and property damage, resulting from the disposal or release of hazardous substances into the environment.

Furthermore, SABIC's properties have a long history of industrial operations and its plants generate large amounts of waste materials. SABIC incurs substantial costs to manage and dispose of such waste materials. Any further findings of contamination from a comprehensive environmental audit could require removal and reclamation action and result in other liabilities that could have a material adverse effect on SABIC's business, results of operations and financial condition.

# RISK FACTORS

## CONTINUED

### SAFER CHEMISTRY REGULATIONS

SABIC's Petrochemicals business is subject to a variety of laws and governmental regulations regarding the use, discharge and disposal of toxic or hazardous materials. For example, to obtain regulatory approval of certain new products and manufacturing processes, SABIC must demonstrate to the relevant authorities that the product or process is safe for its intended uses and that SABIC is capable of manufacturing the product in accordance with applicable rules. Compliance with such laws and regulations can be costly, and SABIC incurs and will continue to incur costs, including capital expenditures, to comply with these requirements. Furthermore, failure to observe such regulations or any changes thereto, including the introduction of additional regulations, could have a material and adverse effect on SABIC's business, results of operations or financial condition.

SABIC uses and manufactures hazardous chemicals that are subject to regulation by many national, provincial and local governmental authorities in the countries in which SABIC operates. In order to obtain regulatory approval of certain new products and manufacturing processes, SABIC must, among other things, demonstrate to the relevant authorities that the product or process is safe for its intended uses and that SABIC is capable of manufacturing the product in accordance with applicable rules. The process of seeking such regulatory approvals can be time-consuming and subject to unanticipated and significant delays. Any delay in obtaining, or any failure to obtain or maintain, these regulatory approvals would adversely affect SABIC's ability to introduce new products, to continue distributing existing products and to generate revenue from those products, which in turn could have a material adverse effect on its business, results of operations or financial condition.

In addition, new laws and regulations may be introduced in the future that could result in additional compliance costs, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution and sale of SABIC's products. The regulation or re-classification of any of SABIC's raw materials or products could adversely affect the availability or marketability of such products, resulting in a ban on its import, purchase or sale, or require SABIC to incur increased costs to comply with notification, labelling or handling requirements, each of which could adversely affect SABIC's business, results of operations or financial condition.

Additionally, many of SABIC's products are used in the production of other consumer goods, such as plastic packaging. Negative public perceptions or bans, restrictions or disincentivization from regulators relating to the use of plastic, due to environmental concerns with respect to the production and disposal of plastic, could reduce demand for SABIC's products. In addition, some jurisdictions have introduced legislation (or in some cases, more stringent legislation) to ban, restrict or disincentivize the use of certain types of plastic packaging or products, such as single use plastic bags. For instance, a number of countries have introduced regulations to ban the use of polyethylene-based lightweight non-biodegradable plastic bags, while others have imposed taxes on their use. Further legislative action could lead to a reduction in demand for SABIC's products and could adversely affect its business, results of operations or financial condition.

Laws and regulations and their interpretation and application may change from time to time. Any such change of law, regulation or interpretation (or divergence of views by any authority from that of SABIC's) could have a material and adverse effect on SABIC's business, results of operations or financial condition.

### POLITICAL AND SOCIAL RISKS

#### INTERNATIONAL TRADE CONTROLS

SABIC exports products to countries who have adopted trade control measures such as national security export controls and economic sanctions laws. Failure to comply with such laws and regulations may result in penalties or loss of export privileges. SABIC considers that the use of trade defense measures such as anti-dumping and anti-subsidy cases by some countries is likely to increase in the future. Any trade defense measures or duties imposed on exports or imports from SABIC, its suppliers or customers could have a material and adverse effect on SABIC's operations and financial condition.

For example, prior to a trade deal with China in January 2020, the U.S. had increased restrictions on international trade and significantly increased tariffs on certain goods imported into the U.S. China responded with similar measures on goods imported from the U.S. SABIC serves the U.S. market primarily through exports, but it also imports raw materials and exports products manufactured in the U.S. Therefore, SABIC might be adversely affected should additional protectionist measures be adopted by the U.S. administration and countermeasures adopted by other countries, in particular China, which is a

significant export market for SABIC. The worsening of such trade relations, in particular between the U.S., China and the European Union, could result in negative repercussions in these countries and have a knock-on effect on global trade and the economic environment. SABIC is exposed to such measures since its main products (i.e., plastics and chemicals) may be a target of such instruments and some of SABIC's main export markets like China are affected by these measures. Any trade defense measures or duties imposed on exports or imports from SABIC, its suppliers or customers could have a material and adverse effect on SABIC's business, results of operations or financial condition.

### AGRI-NUTRIENTS BUSINESS

The agricultural industry is heavily influenced by local weather conditions and government policies. Significant deviations from typical weather patterns of a given region, variations in local climates or major weather-related disasters may reduce demand for SABIC's Agri-Nutrients products, particularly in the short term. If agricultural products or the land on which they are grown are damaged or if such deviations variations or disasters reduce the incomes of growers, this, in turn, may impair their ability to purchase SABIC's products. The effects of adverse weather conditions, in particular, can be very significant, resulting in delays or intermittent disruptions during the planting and growing seasons, which may, in turn, cause agricultural customers to use different forms of fertilizer (because fertilizers are applied at specific times). Similarly, adverse weather conditions following harvest may delay or eliminate opportunities to apply fertilizer in the autumn, which is the season when fertilizers are applied in certain geographies. Weather can also have an adverse effect on crop yields, which lowers the income of growers and could impair their ability to purchase fertilizers.

SABIC benefits from government programs that promote the agricultural industry in a number of global markets. These include policies and commodity support programs that provide subsidies to farmers for the export duties and purchase of agri-nutrient products. However, SABIC's agri-nutrient business may be impacted by certain government policies that are imposed on: i) the prices of raw materials used in agri-nutrient production; ii) the number of hectares that could be planted; iii) the particular type of crop to be grown; and iv) the use of agri-nutrient products in certain areas.

Furthermore, governmental policies may regulate the amount of land that can be used for growing crops, the mix of crops planted, or crop prices, any of which could adversely impact the demand for SABIC's products. A change in government policies due to these or other factors may result in a decrease in demand and prices for agri-nutrient products, which could have a material adverse effect on SABIC's business, results of operations and financial condition. International treaties and agreements, including those promulgated by the World Trade Organization, may also result in

reductions in subsidies for agricultural producers or in other adverse changes to agricultural state support programs, which could undermine the growth of, or cause a decline in, demand and prices for agri-nutrient products.

In addition, a number of jurisdictions, including the European Economic Area, are considering and may adopt limitations on the use and application of agri-nutrient products due to concerns about the impact of these products on the environment. Risks might arise by imposing limits on the content of cadmium and other heavy metals in fertilizers due to health concerns of harmful effects from these elements. Statutory limitations on agri-nutrient products use, if adopted, could materially adversely affect the demand and prices of agri-nutrient products, including demand and prices for agri-nutrient products produced by SABIC.

### DISPUTES AND/OR LITIGATION

SABIC is subject to risks related to legal and regulatory frameworks. These may include product liability, competition and antitrust law, export control, data protection, patent law, procurement law, tax legislation, and environmental protection. Furthermore, litigation and regulatory proceedings are unpredictable, and legal or regulatory proceedings in which SABIC is or becomes involved (or settlements thereof) could result in substantial penalties, which may give rise to significant losses, costs and expenses. Such losses, costs and expenses may not be covered, or fully covered, by insurance benefits. Violations of such legal or regulatory laws may result in civil or criminal penalties, effect on reputation and/or other adverse financial consequences on SABIC.

### POLITICAL AND SOCIAL INSTABILITY IN THE MENA REGION

SABIC is centrally located in a region that is strategically important and parts of this region have been subject to political and security concerns. Several countries in the region are currently subject to armed conflicts and/or social and political unrest, including conflicts or disturbances in Yemen, Syria, Libya and Iraq. Instability within the Middle East region may have a material adverse effect on Saudi Arabia's attractiveness for foreign investment and capital, its ability to engage in international trade and, subsequently, its economy and financial condition.

In addition, unrest and conflict in the Middle East and North Africa remains a significant concern with regard to business operations and it may cause continued uncertainty in forecasting performance in the near- to mid-term future. Further, important SABIC shipping line routes could be compromised. For example, the Strait of Hormuz is a key passageway for import and export of products to and from Saudi Arabia, and in particular into and out of the Port of Jubail where SABIC maintains large-scale manufacturing operations. Any shutdown or compromise of shipping routes via this Strait would substantially impede SABIC's ability to transport products.

# RISK FACTORS

## CONTINUED

### TALENT MANAGEMENT

SABIC's future success depends in part on its continued ability to hire, integrate, and retain highly skilled employees. Experienced and capable personnel in the industries in which SABIC operates remain in high demand and there is continuous competition for their talents. The inability to recruit new qualified personnel to support SABIC's growing business or the unexpected loss of SABIC's key and skilled personnel could have a material and adverse effect on SABIC's business, results of operations or financial condition. As a result, SABIC may need to offer competitive compensation and other benefits in order to attract and retain highly skilled employees in the future.

### FINANCIAL AND ECONOMIC RISKS

#### GLOBAL ECONOMIC MARKET CONDITIONS

Any downturn in regional or worldwide economies, market crisis or prolonged periods of instability could have a material and adverse effect on SABIC's business. SABIC's performance is particularly influenced by economic cycles affecting end-user industries, such as construction and automotive industries among others. In the last decade, the global economy has continued to experience periods of slowdown, high volatility, reduced business activity, unemployment, decline in interest rates and erosion of consumer confidence, all of which have affected downstream demand for chemical and plastic products in certain industry sectors and regions. SABIC cannot predict adverse trends in the global economy and their effect on the market demand for SABIC's products and SABIC's profitability.

An extended recession in any of the geographies that SABIC operates (or globally) could substantially decrease the demand for SABIC's products. Accordingly, adverse conditions in the global economy could affect SABIC's business.

#### FULFILLING OUR FINANCIAL OBLIGATIONS

Any disruption in the global credit markets, re-pricing of credit risk and any difficulties in the conditions of the financial market may affect SABIC's ability to fund its businesses or projects. If the repayment of any loans or other debt instruments in respect of financing taken by SABIC or its subsidiaries cannot be refinanced or extended at acceptable terms, or paid with the proceeds of other transactions, SABIC's cash flows and financial results would be adversely affected. If prevailing financing costs or other factors at the time of any refinancing that resulted in higher financing costs, could adversely affect SABIC's financial results.

External funding may not be available to SABIC on acceptable terms. If SABIC raises additional debt in the future, it may become subject to additional or more restrictive financial covenants and ratios or may be required to extend security over its assets for the benefit of lenders. Any such increased indebtedness may require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest (to the extent payable) on SABIC's indebtedness, thereby reducing SABIC's ability to use its cash flow to fund its operations and future business opportunities. Additionally, this may limit SABIC's ability to raise capital to fund any future capital expenditure or operations, expose SABIC to the risk of increased interest rates and/or increased costs to hedge interest rates and expose SABIC to refinancing risk to the extent that SABIC is unable to repay its borrowings out of internally generated cash flow. If SABIC is not able to obtain adequate financing or other capital contributions to fund capital and investment expenditures in the future, this could require SABIC to alter, reduce the scope of, defer or cancel such projects which may, in turn, affect the profitability and competitiveness of SABIC's operations. Any of the foregoing could have a material and adverse effect on SABIC's business, results of operations or financial condition.

#### CUSTOMER CREDIT

SABIC provides services and products to a variety of customers and is subject to the risk of non-payment for the services and products that it has supplied, primarily through trade receivables. These risks are heightened when conditions in the industries in which its customers operate, or general economic conditions, deteriorate. While SABIC has procedures in place to monitor credit risk on their receivables and continuously monitors customers' credit limits and risk associated with it, there can be no assurance that such procedures will prevent the occurrence of credit losses.

#### INTEREST RATE AND FOREIGN EXCHANGE

SABIC is subject to interest rate risks in the ordinary course of business, primarily because of its long-term debt obligations with floating interest rates. Interest rate risks result from potential changes in prevailing market interest rates. These can cause a change in the present value of fixed-rate instruments and fluctuations in the interest payments for variable-rate instruments, which would positively or negatively affect earnings. Any future unhedged interest rate exposure may result in an increase in SABIC's interest expense.

Furthermore, SABIC's global operations are exposed to foreign exchange risks arising from various currency exposures, primarily with respect to fluctuations of other currencies against the Saudi Riyal (SAR). This exposure is primarily through account receivables, trade payables and certain non-SAR denominated bank accounts and borrowings.

However, as long as the Saudi riyal is pegged to the US dollar and SABIC's business is primarily conducted in US dollars, SABIC does not have any significant exposure to US dollars. As a result, the most significant foreign currency to which SABIC is exposed is the euro. SABIC is also exposed to a lesser extent to the British pound, Japanese yen and Chinese yuan. While SABIC centrally manages all derivative executions, its policies require subsidiaries to conduct a regular review of currency exposures. However, there can be no assurance that any hedges will adequately protect SABIC or that any future currency exchange rate fluctuations may not have an adverse effect on SABIC's business, results of operations or financial condition.

In response to the declining price of crude oil since June 2014, certain regional oil-producing countries that have traditionally "pegged" their domestic currencies to the US dollar have faced pressure to remove these foreign exchange pegs. Kazakhstan, Nigeria, and Azerbaijan have chosen to unwind the US Dollar peg of their domestic currencies. While the likelihood of the GCC states pursuing a similar course of action is unclear, it remains a risk that any such future de-pegging by the GCC states could result in a devaluation of any such de-pegged currency against the US dollar and could impact open cross-currency positions leading to currency fluctuations. Any change to the existing exchange rate policy that results in a significant depreciation of the Saudi riyal against the US dollar or other major currencies could have a material and adverse effect on SABIC's business, results of operations or financial condition.

#### PERFORMANCE AND DIVIDEND DISTRIBUTIONS

SABIC's cash flows and ability to meet its cash requirements, including its obligations, depend upon the profitability and cash flows from its subsidiaries, joint ventures and affiliates. This includes their ability to make dividend distributions to SABIC, repay interest on intercompany loans extended to them by SABIC and pay fees to SABIC for any inter-company services provided to them (such as the sale of their products, providing/sub-licensing technology licenses and providing catalyst supplies as well as providing certain administrative and other technical services).

Some of SABIC's joint ventures with third parties are managed by the respective joint venture's own board of directors who are mandated to make business, financial and management decisions including in relation to dividend distributions. Such decisions may therefore not be solely in the interests of SABIC and may reflect the interests of the other joint venture partners. In addition,

SABIC's joint venture partners may breach their obligations to SABIC or the joint venture, which might have economic or business interests inconsistent with SABIC's or the joint venture's interests and/or take actions contrary to SABIC's objectives or policies, any of which may result in disputes between SABIC and its joint venture partners. Any decline in such subsidiaries, joint ventures or affiliates profitability could affect their ability to pay dividends, interest and/or make other payments to SABIC, which could have a material and adverse effect on SABIC's results of operations and financial condition.

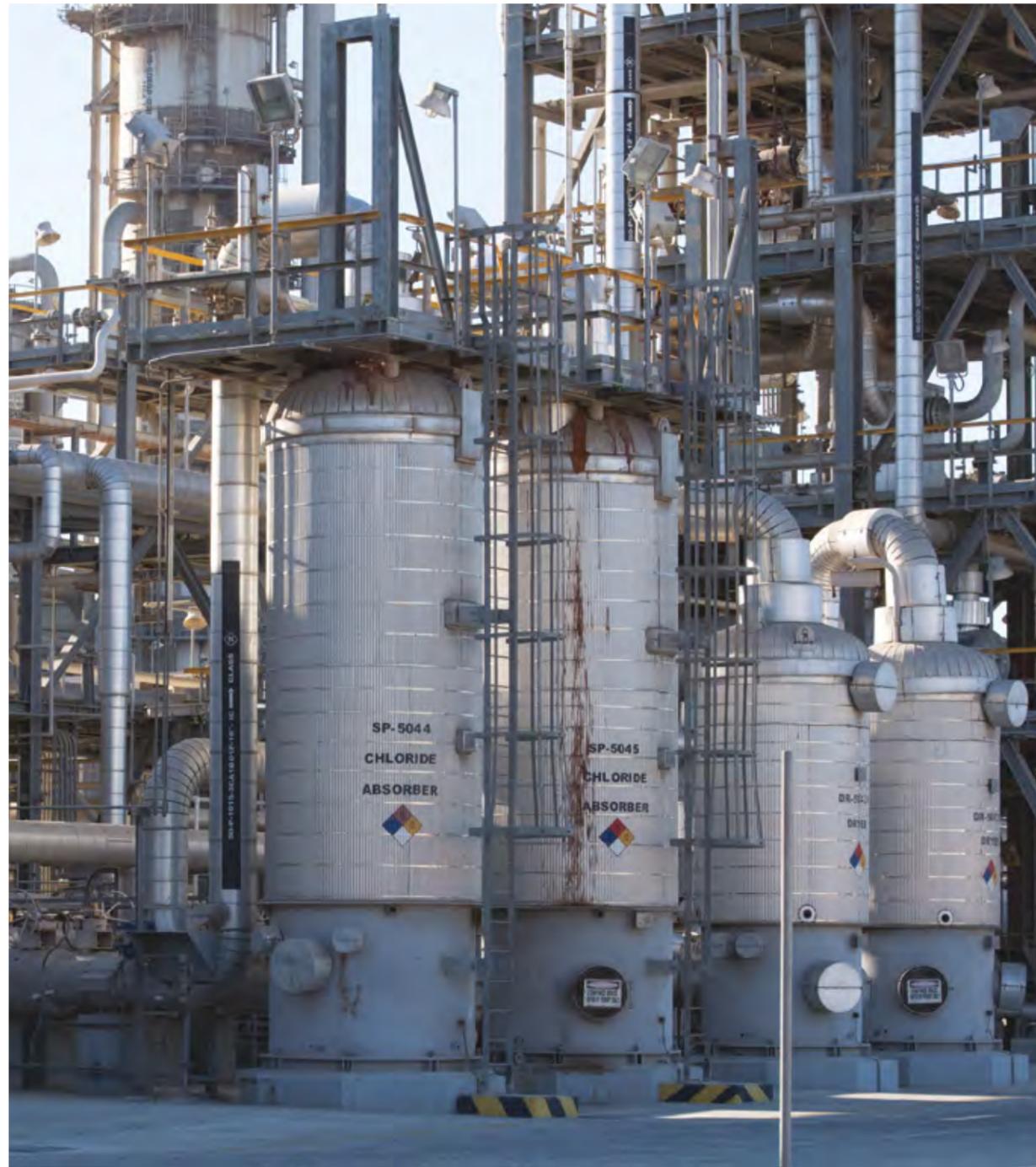
#### PENSION OBLIGATIONS

SABIC has defined benefit contribution pension plans in various countries. The relevant SABIC companies have funding and other obligations with respect to such pension schemes in accordance with the rules applicable to the respective pension, or benefit plan. The accounting for these plans requires that management make certain assumptions related to the long-term rate of return on plan assets, discount rates used to measure future obligations and expenses, salary scale, inflation rates, health care cost trend rates, life expectancy and other assumptions. The selection of assumptions is based on historical trends and known economic, and market conditions at the time of valuation. However, these estimates are highly susceptible to change from period to period based on the performance of plan assets, actuarial valuations, market conditions and contracted benefit changes. Unfavorable changes of those estimates, as well as actual results substantially differing from the estimates, might result in a significant increase in SABIC's obligations or future funding requirements. This, in turn, could have a material and adverse effect on SABIC's results of operations and financial condition.

#### DE-RISK POST-COVID-19

The petrochemicals industry, including SABIC, is gradually recovering from the effects imposed by the COVID-19 pandemic. However, the pandemic is still ongoing and the duration, impact, and severity of the outbreak cannot be predicted and may be significant, particularly in the short-term.

Even though the introduction of the COVID-19 vaccine in early 2021 has resulted in lessening many restrictions on travel and public transport, trade and transportation of goods, and prolonged closures of workplaces, SABIC continues implementing thorough measures, at all levels, to control and minimize the risks and effects of COVID-19 on its employees and businesses. As a result, SABIC was able to conduct its business as close to normal as possible and all of SABIC's plants around the world remained in operation.



SABIC aims to expand ethylene glycols production with a new plant at its manufacturing affiliate, United, in Jubail.

# ESG DISCLOSURES

The table below links SABIC's World Economic Forum disclosures with the Global Reporting Initiative. The full disclosure story can be found on SABIC's portal.

GRI Standards	Topic	Reference	GRI Standards
Governing Purpose	Setting purpose	- Governance Framework, SABIC annual report, Pages 74-75 - ESG Reporting Steering Committee, SABIC annual report, Pages 52-53 - <b>Our Brand Manifesto</b> in <a href="http://www.sabic.com/en/about/our-brand">www.sabic.com/en/about/our-brand</a>	102-26
	Purpose-led management	- <b>Our Strategy</b> in SABIC annual report, Pages 20-21	102-26
Quality of Governing Body	Governance body composition	- <b>SABIC Board</b> in SABIC annual report, Page 79 - <b>Risk and Sustainability Committee</b> in SABIC annual report, Page 97 - <b>Sustainability Governance</b> in <a href="http://www.sabic.com/en/sustainability/governance">www.sabic.com/en/sustainability/governance</a>	102-22
	Remuneration	- <b>Remuneration</b> in SABIC annual report, Pages 107-111	102-35
Principles of Governance	Stakeholder Engagement	- <b>Stakeholder engagement</b> in SABIC Sustainability report - <b>Impact of material issues on stakeholders</b> - <b>Our Workforce</b> in SABIC Sustainability report - <b>Materiality</b> in SABIC Sustainability report	102-43, 102-47
	Ethical Behavior	- <b>Anti-corruption</b> - <b>SABIC Code of Ethics</b> in <a href="http://www.sabic.com/en/about/our-compliance-culture/sabic-codeof-ethics">www.sabic.com/en/about/our-compliance-culture/sabic-codeof-ethics</a> - <b>Ethics and Compliance</b> in SABIC sustainability report - <b>Our Compliance Culture</b> in <a href="http://www.sabic.com/en/about/our-compliance-culture">www.sabic.com/en/about/our-compliance-culture</a>	205-2, 205-3 102-17
Risk and Opportunity Oversight	Integrating risk and opportunity into business process	- <b>Risk Assessment and Governance</b> in SABIC annual report, Pages 26-27 - <b>Risk Factors</b> in SABIC annual report, Pages 118-125	102-15
Planet	Climate Change	- <b>GHG emissions</b> - <b>GHG emissions and other operational footprint details</b> in SABIC Technical Supplement report	305-1
		- <b>Paris-aligned GHG emissions targets</b> - <b>Climate Change and Greenhouse Gas</b> in SABIC Sustainability report	
	Fresh water availability	- <b>TCFD Disclosures</b> - <b>Water section</b> in SABIC Sustainability report	303-3
People	Dignity and Equality	- <b>Diversity &amp; Inclusion</b> in SABIC Sustainability report - <b>Risk for incidents of child, forced &amp; compulsory labor</b> - <b>SABIC Code of Ethics Fair Employment Practices Policy</b> in SABIC Code of Ethics: <a href="http://www.sabic.com/en/about/our-compliance-culture/sabic-codeof-ethics">www.sabic.com/en/about/our-compliance-culture/sabic-codeof-ethics</a>	406-1 408, 409
	Health and Well Being	- <b>Health &amp; Safety</b> - <b>Environment, health, safety, and security (EHSS) and Product Safety</b> section in SABIC Sustainability report	403-2, 4
	Skills for the Future	- <b>Training</b> - <b>Our Workforce - SABIC Academy</b> in SABIC Sustainability report	404-1
Prosperity	Employment and wealth generation	- <b>Infrastructure investments and services supported</b> - <b>Engagement and Collaboration: our approach and our performance</b> in SABIC Sustainability report - <b>Significant indirect economic impacts</b> - <b>Nusaned Investment</b> at <a href="http://www.nusanedinv.sabic.com">www.nusanedinv.sabic.com</a>	203-1 203-2
	Community and social vitality	- <b>Total Tax Paid</b> - <b>Global Tax Strategy</b> in <a href="http://www.sabic.com/en/investors/corporate-governance">www.sabic.com/en/investors/corporate-governance</a> - <b>Taxes overview</b> in SABIC annual report (page 33) and Consolidated Financial statements for the year ended 31 December 2021 at <a href="http://www.sabic.com/en/newsandmedia/media-centre-publications">www.sabic.com/en/newsandmedia/media-centre-publications</a> - <b>Social impact and community relationships</b> in SABIC Sustainability report - <b>Global CSR initiatives reach and focus areas</b> in SABIC Sustainability report	207 413-1
Universal matters	UNGC	- <b>commitment</b> - <b>UNGC Principles</b> at SABIC: <a href="http://www.sabic.com/en/sustainability/corporate-reporting/ungc-principles">www.sabic.com/en/sustainability/corporate-reporting/ungc-principles</a>	
	SDGs	- <b>commitment</b> - <b>SABIC SDGs roadmap</b> : <a href="http://www.sabic.com/en/Images/Sustainable-Development-Goals-2019-Roadmap_tcm1010-21094.pdf">www.sabic.com/en/Images/Sustainable-Development-Goals-2019-Roadmap_tcm1010-21094.pdf</a>	

## DETAILS OF AFFILIATES, JOINT VENTURES AND ASSOCIATED COMPANIES IN THE FINANCIAL STATEMENTS, WHERE APPROPRIATE

### SUBSIDIARIES, AFFILIATES, AND JOINT OPERATIONS

No.	Subsidiaries, Affiliates, and Joint Operations	Percentage of ownership Direct or indirect	Main activity	Country of operation	Country of foundation (Parent Entity)	Capital in SAR
<b>Subsidiaries &amp; Affiliates</b>						
1	SABIC Luxembourg S. A. R. L. (SLUX) and its subsidiaries	100.00%	Operation of major petrochemical complexes, production and sale of hydrocarbon products, innovative plastics, polymers and chemicals	Europe, America and Asia	Luxembourg	34,387,500
2	SABIC Industrial Investments Co. (SIIC) and its subsidiaries	100.00%	Establishment of metal, petrochemical, chemicals and fertilizer plants	Middle East and North Africa	Saudi Arabia	300,000,000
3	Arabian Petrochemical Company (PETROKEMYA)	100.00%	Operation of complex to produce olefins, derivatives and polymers	Saudi Arabia	Saudi Arabia	1,955,540,000
4	Saudi Iron & Steel Company (HADEED)	100.00%	Manufacture of long and flat steel products	Saudi Arabia	Saudi Arabia	1,070,000,000
5	SABIC Investment and Local Content Development Co. (NUSANED)	100.00%	Involve in promoting local business and provides financial and non-financial support.	Saudi Arabia	Saudi Arabia	10,000,000
6	SABIC Supply Chain Services Limited Company (SSCS)	100.00%	Carry out all works and operations related to logistics, transport, distribution, warehousing, shipping, export, unloading and loading networks.	Saudi Arabia	Saudi Arabia	500,000
7	Saudi European Petrochemical Company (IBN ZAHRA)	80.00%	Operation of a Complex for manufacture of methyltethyl butyl ether (MTBE) and polypropylene	Saudi Arabia	Saudi Arabia	1,025,666,000
8	Jubail United Petrochemical Company (UNITED)	75.00%	Operation of a major petrochemical complex for the production of ethylene, polyethylene, ethylene glycol and linear alpha olefins	Saudi Arabia	Saudi Arabia	2,495,620,000
9	Saudi Methanol Co (AR-RAZI)	75.00%	Processes for developing, creating, owning and operating chemical methanol complex industry	Saudi Arabia	Saudi Arabia	259,000,000
10	National Industrial Gases Co (GAS)	70.00%	Production of industrial gases and supply to different industries	Saudi Arabia	Saudi Arabia	248,000,000
11	Yanbu National Petrochemical Company (YANSAB)	51.95%	Operation of petrochemical complex for the production of ethylene, propylene, polyethylene, glycol ethylene, polypropylene, methyl tertiary-butyl ether (MTBE), a mixture of aromatic compounds, butane, thermal gasoline, styrene, and methanol	Saudi Arabia	Saudi Arabia	5,625,000,000
12	(SABIC Agri-Nutrients Company (AGRI-NUTRIENT)	50.10%	Manufacturing and marketing of urea and ammonia	Saudi Arabia	Saudi Arabia	4,760,354,040
13	National Chemical Fertilizers Company (IBN AL-BAYTAR)	50.10%	Production of chemical fertilizers	Saudi Arabia	Saudi Arabia	494,700,000
14	SABIC Agri-Nutrients Investment Company (SANIC)	50.10%	Facilitate the restructuring transaction of Agri-Nutrients business	Saudi Arabia	Saudi Arabia	25,000
15	National Methanol Company (IBN SINA)	50.00%	Operation of petrochemical complex, to produce methanol, methyl tertiary-butyl ether (MTBE)	Saudi Arabia	Saudi Arabia	558,000,000
16	Arabian Industrial Fibers Company (IBN RUSHD)	48.07%	Production of aromatic components and derivatives and a pure terephthalic acid, acetic acid, polyethylene terephthalate	Saudi Arabia	Saudi Arabia	2,000,000,000
17	Saudi Kayan Petrochemical Company (SAUDI KAYAN)	35.00%	Investment in industrial projects, including petrochemicals, owning and constructing supporting industrial ventures feeding raw materials to company activities and facilities	Saudi Arabia	Saudi Arabia	15,000,000,000
18	Al Jubail Fertilizer Co (AL-BAYRONI)	25.05%	Build, develop and operate petrochemical complex, which produces urea, ammonia gas, ethyl hexanol, and Diocetyl phthalate	Saudi Arabia	Saudi Arabia	671,500,000
<b>Joint Operations</b>						
19	Gulf Coast Growth Venture LLC ("GCGV")	50.00%	Production of petrochemical products	USA	USA	112,500,000
20	Saudi Methyl Acrylate Company (SAMAC)	50.00%	Production of methyl methacrylate and polymethyl methyl methacrylate	Saudi Arabia	Saudi Arabia	1,350,000,000
21	Saudi Butanol Company (SABUCO)	11.67%	Production of butanol and Isobutanol	Saudi Arabia	Saudi Arabia	486,000,000

### JOINT VENTURES AND ASSOCIATED COMPANIES

No.	Joint Ventures and Associates	Percentage of ownership Direct or indirect	Main activity	Country of operation	Country of foundation	Capital in SAR
1	Sinopec SABIC Tianjin Petrochemical Co., Ltd (SSTPC)	50.00%	Production and sale of petrochemical products	China	China	5,222,504,262
2	Saudi Yanbu Petrochemical Company (YANPET)	50.00%	Operation of petrochemical complex to produce ethylene, glycol ethylene, polyethylene, polypropylene, propylene, thermal gasoline	Saudi Arabia	Saudi Arabia	4,596,000,000
3	Al-Jubail Petrochemical Company (KEMYA)	50.00%	Operation of ethylene cracker and polyethylene, propylene, rubber plants	Saudi Arabia	Saudi Arabia	2,149,200,000
4	Eastern Petrochemical Company (SHARQ)	50.00%	Operation of petrochemical complex to produce glycol ethylene, linear low density, high density polyethylene, and olefins plant	Saudi Arabia	Saudi Arabia	1,890,000,000
5	SABIC SK Nexlene Ltd (SSNC)	50.00%	Operation of complex to produce low linear density polyethylene	Singapore	South Korea	1,125,037,500
6	CosMar Company	50.00%	Manufacturing of petrochemical products	USA	USA	910,994,588
7	Nusaned Fund	50.00%	Investment Fund	Saudi Arabia	Saudi Arabia	72,888,582
8	SABIC Plastic Energy Advanced Recycling BV	50.00%	plastic waste to pyoil demonstration plant	Netherlands	Netherlands	2,305,313
9	Utility Support Group BV (USG)	50.00%	Utilities manufacturing and purchasing	Netherlands	Netherlands	76,430
10	Scientific Design Beteiligung GmbH & Co KG	50.00%	Holding company	Germany	Germany	424,612
11	Scientific Design Lizenzverwertung GmbH & Co KG	50.00%	Intellectual Property	Germany	Germany	424,612
12	Scientific Design Verwaltung GmbH	50.00%	Holding company	Germany	Germany	106,153
13	Mauritania Saudi Mining & Steel Company S.A.(TAKAMUL)	50.00%	Investment in metals, iron and related business operations	Mauritania	Mauritania	96,750,000
14	Advance Energy Storage System Company (AESSC)	43.00%	Battery Manufacturing	Saudi Arabia	Saudi Arabia	500,000
15	German Pipeline Development Company GMBH (GPDC)	39.00%	Exploration of Propylene pipeline	Germany	Germany	106,250

## DETAILS OF AFFILIATES, JOINT VENTURES AND ASSOCIATED COMPANIES IN THE FINANCIAL STATEMENTS, WHERE APPROPRIATE

CONTINUED

### JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

No.	Joint Ventures and Associates	Percentage of ownership Direct or indirect	Main activity	Country of operation	Country of foundation	Capital in SAR
16	Gulf Petrochemical Industries Company (GPIC)	16.70%	Manufacturing of petrochemical products	Bahrain	Bahrain	600,000,000
17	Clariant AG	31.50%	Manufacturing of specialty chemical products	Global	Switzerland	4,680,069,491
18	Gulf Aluminium Rolling Mills Company (GARMCO)	30.40%	Manufacturing and production of aluminum	Global	Bahrain	386,843,998
19	Ma'aden Phosphate Company (MPC)	30.00%	Operation of complex for the production of phosphate and fertilizers	Saudi Arabia	Saudi Arabia	6,208,480,000
20	Mallinda, Inc	26.20%	Plastic resin manufacturer	USA	USA	28,137,277
21	Saudi Arabian Industrial Investment Company (Dussur)	25.00%	Investment in downstream industries	Saudi Arabia	Saudi Arabia	2,000,000,000
22	Power and Water Utility Company in Jubail and Yanbu (MARAFIQ)	24.81%	Maintenance, management and implementation of saline water cooling and treatment systems	Saudi Arabia	Saudi Arabia	2,500,000,000
23	Saudi Pallet Manufacturing Company (SPMC)	23.00%	Pallet Manufacturing	Saudi Arabia	Saudi Arabia	61,273,340
24	Aluminum Bahrain Company (ALBA)	20.62%	manufacturing and production of Aluminum	Bahrain	Bahrain	1,420,000,000
25	National Chemical Carrier Company (NCC)	20.00%	Purchase, chartering and operation of petrochemical carriers (carriers and ships)	Saudi Arabia	Saudi Arabia	610,000,000
26	ARG mbH & Co KG	25.00%	exploration of an Ethylene pipeline	Germany, Netherlands, Belgium	Germany	28,585,875
27	ARG Verwaltung GmbH	25.00%	An administrative company	Germany	Germany	95,625
28	Ma'aden Wa'ad Al Shamal Phosphate Company (MWSPC)	15.00%	Operation of complex for the production of phosphate and fertilizers	Saudi Arabia	Saudi Arabia	7,942,501,875

## DETAILS OF STOCKS AND DEBT INSTRUMENTS ISSUED BY EACH AFFILIATE

(Note: Debt instruments do not include internal loans among companies that were excluded for consolidating the financial statements)

No.	Affiliate name	No. of shares and nominal value	Debt instruments in SAR '000
1	SABIC Industrial Investments Co. (SIIC) and its affiliates	300,000 shares, SAR 1,000 each	1,799,737
2	SABIC Luxembourg S. A. R. L. and its affiliates	262,000 shares, SAR 131.25 each	14,896,332
3	Arabian Petrochemical Company (PETROKEMYA)	195,554 shares, SAR 10,000 each	564,771
4	Saudi Iron & Steel Company (HADEED)	1,070,000 shares, SAR 1,000 each	505,231
5	Saudi-European Petrochemical Company (IBN ZAHR)	1,025,666 shares, SAR 1,000 each	65,552
6	Jubail United Petrochemical Company (UNITED)	2,495,620 shares, SAR 1,000 each	1,085,259
7	National Chemical Fertilizers Company (IBN AL-BAYTAR)	494,700 shares, SAR 1,000 each	38,589
8	National Industrial Gases Co (GAS)	248,000 shares, SAR 1,000 each	902,517
9	Yanbu National Petrochemical Company (YANSAB)	562,500,000 shares, SAR 10 each	143,160
10	Al Jubail Fertilizer Co (AL-BAYRONI)	13,430 shares, SAR 50,000 each	40,613
11	National Methanol Company (IBN SINA)	5,580 shares, SAR 100,000 each	689,982
12	Arabian Industrial Fibers Company (IBN RUSHD)	200,000,000 shares, SAR 10 each	2,905,012
13	Saudi Arabian Fertilizer Company (SAFCO)	416,666,666 shares, SAR 10 each	86,451
14	Saudi Kayan Petrochemical Company (SAUDI KAYAN)	1,500,000,000 shares, SAR 10 each	13,371,095
15	Saudi Methyl Acrylate Company (SAMAC)	135,000,000 shares, SAR 10 each	808,031
16	SABIC Supply Chain Services Limited Company (SSCS)	50,000 shares, SAR 10 each	23,943
17	International Shipping and Transportation Co. (ISTC)	40,000 shares, SAR 1,000 each	363,139
18	SABIC Terminal Services Company (SABTANK)	300,000 ordinary shares, SAR 100 each	32,006
19	Saudi Methanol Company (AR-RAZI)	25,900,000 shares of SAR 10 each	73,728



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