SABIC APPROACH TO CORPORATE CARBON MANAGEMENT

COP24 PRESENTATION

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As the largest listed company in the Middle East, Saudi Basic Industries Corporation (SABIC) is a leader in sustainability and climate change management.

This presentation outlines the company approach to climate change that is the basis of its comprehensive carbon management strategy.

It describes some of the world class projects as well as GHG reduction achievements not only within its boundaries but also in broader supply chain and product life cycle framework.
AGENDA

- WHO WE ARE
- CLIMATE CHANGE IMPACT & OUR RESPONSE
- ACHIEVEMENTS
WHO WE ARE
SABIC AT-A-GLANCE

1976
Company established

34,000
Employees around the world

50
Countries of operations

3rd
Largest global chemical company*

120th
Largest public company in the world*

4
Core businesses

1976
Company established

34,000
Employees around the world

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Countries of operations

3rd
Largest global chemical company*

120th
Largest public company in the world*

4
Core businesses

86
US$ B**
Total assets

4.9
US$ B**
Net income

39.9
US$ B**
Annual revenue

≈ 150
New products each year

11,534
Global patent filings

64
World-class plants worldwide

*Forbes 2018  **Billion
OUR GLOBAL PRESENCE

- Global Headquarters
- Product Application Centers
- Technology and Corporate Research and Innovation Centers
- Distribution, Storage Facilities and Logistical Hubs
- International Subsidiaries & Sales Offices
- Manufacturing and Compounding Companies
OUR BUSINESSES

BUSINESS PORTFOLIO

PETROCHEMICALS
- Polyolefins
- PVC, Polyester and Polystyrene
- Synthetic Rubbers
- Specialty Polymers & Polymer Additives
- Olefins, Oxygenates and Aromatics
- Chemical Intermediates & Industrial Gases

SPECIALTIES
- Engineered Thermoplastics
- Specialty Compounds
- Sheet & Film
- Composites
- Additive Manufacturing
- Fluids
- Thermosets and Additives

AGRI-NUTRIENTS
- Nitrogen
  - Prilled Urea
  - Granular Urea
  - Ammonia
- Phosphate
  - DAP and Dark DAP
  - MAP
- Specialty
  - NPK
  - TGU

METALS*
- Long Steel
  - Rebar
  - Wire Rod
  - Rebar in Coil
- Flat Steel
  - Hot Rolled Coils
  - Cold Rolled Coils
  - Galvanized Rolled Coils
  - Pre-painted Rolled Coils

* Supplied under SABIC brand through Hadeed, a fully-owned SABIC Affiliate
A GLOBAL INDUSTRY LEADER

We are global leaders in the production of:

- Ethylene
- Polycarbonate
- Specialty Compounding
- Polyether Imide
- Methanol
- Polyethylene
- Mono-ethylene Glycol
- Polyphenylene Ether
- Methyl Tertiary Butyl Ether
- Polypropylene
- Polybutylene Terephthalate
CLIMATE CHANGE IMPACTS & OUR RESPONSE
2015 RISK HEAT MAP

PRELIMINARY AND CONSERVATIVE ASSESSMENT

<table>
<thead>
<tr>
<th>ID</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Failure to comply with existing carbon regulations in China, Europe, US (fines and affecting reputation).</td>
</tr>
<tr>
<td>2</td>
<td>Incorrect or insufficient sustainability reporting (Greenwashing) affecting reputation</td>
</tr>
<tr>
<td>3</td>
<td>Changing customer preferences leading to sales loss</td>
</tr>
<tr>
<td>4</td>
<td>Assets physically affected by Climate Change</td>
</tr>
<tr>
<td>5</td>
<td>Pending climate regulations leading to increased costs</td>
</tr>
<tr>
<td>6</td>
<td>Additional costs due to compulsory low carbon technology requirements</td>
</tr>
<tr>
<td>7</td>
<td>Poor/absence of carbon management (emission reduction) affecting reputation</td>
</tr>
<tr>
<td>8</td>
<td>Inability to adequately raise capital (investors refusing to invest or demanding higher premium)</td>
</tr>
</tbody>
</table>
SABIC 2025 STRATEGY & SUSTAINABILITY GOVERNANCE

GLOBAL LEADERSHIP IN CHEMICALS

FINANCIAL  MARKET  FEEDSTOCK  TECHNOLOGY

LEVERAGING KSA ADVANTAGE
GLOBALIZATION
TOP QUARTILE PERFORMANCE
SUSTAINABILITY
ORGANIZATION AND CULTURE
TALENT DEVELOPMENT

CHAIRMAN

BOARD OF DIRECTORS

SUSTAINABILITY COUNCIL
(Chaired by CEO)

STEERING COMMITTEE
(Chaired by leader of Corporate Sustainability department)

OPERATING COMMITTEE
(Manufacturing footprint; reporting teams; product qualification; energy and resource efficiency)

Sub-teams may include members from throughout SABIC as approved by the Steering Committee and Sustainability Council
ACHIEVEMENTS
<table>
<thead>
<tr>
<th>KPI</th>
<th>GHG Intensity</th>
<th>Energy Intensity</th>
<th>Water Intensity</th>
<th>Material Loss Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2025</td>
<td>-25%</td>
<td>-25%</td>
<td>-25%</td>
<td>-50%</td>
</tr>
<tr>
<td>2017</td>
<td>9.3%</td>
<td>7.6%</td>
<td>8.8%</td>
<td>35%</td>
</tr>
</tbody>
</table>

(*) Limited assurance by third party
WORLD’S LARGEST CO₂ UTILIZATION PLANT

Supplying CO₂ for converting into valuable chemicals:

- Urea
- Methanol
- For beverage industry

Annual capacity: up to 500,000 MT CO₂
CLEAN DEVELOPMENT MECHANISM (CDM)

2 projects approved and registered with UNFCCC
The KSA’s first carbon issuance under UN’s CDM (>100,000 CERs)

Energy efficiency (boiler optimization)
- received “first of its kind” status from UN
- expected savings over lifetime: 600K tCO2e
BUILDING A CLEANER SUPPLY CHAIN

The world’s first low-emission Liquid Natural Gas (LNG) carriers.

The new ships reduce:

- CO₂ emissions by 20%
- Nitrogen oxide emissions by >85%
- Virtually eradicate emissions of sulfur oxides and soot
1st petrochemicals company to offer polyethylene (PE) and polypropylene (PP) based on renewable feedstock sources
1st major manufacturing company in Middle East to develop MACC
Home of Innovation™, a SABIC growth initiative, is the first LEED-Platinum rated home in the Middle East and is designed to achieve a net-zero energy balance using renewable energy.

- 40% savings in water and energy use
- Generates as much electricity as it consumes
- For every 100,000 houses, 1.8 Million barrels of oil per year are saved
INDUSTRIES WE HELP

AGRI-NUTRIENTS
Our portfolio of high quality agri-nutrients play a vital role in helping to secure adequate global food supply and make it possible to produce more food from less land.

CLEAN ENERGY
SABIC’s specialty and polymer products can help create sustainable renewable-energy solutions.

ELECTRICAL & ELECTRONICS
Our materials are the foundation for the next generation of sustainable and efficient electronic devices.

CONSTRUCTION
We provide products to architects and builders who seek solutions to satisfy public demand for environmentally responsible structures while providing design freedom.

PACKAGING
SABIC polymers seek to help food and drink producers meet their goals while still providing sustainable benefits like lightweighting and environmentally-focused initiatives.

TRANSPORTATION
Automobiles, aircraft, rail interiors, trucks and other vehicles require new approaches to meet ever-rising requirements. Our material technologies enable lightweight solutions for increased fuel economy and lower emissions.
CARBON DISCLOSURE PROJECT (CDP)

World largest rating platform of climate action:
- Carbon management strategy
- Corporate governance
- Emission management
- Risks and opportunities management

Best result achieved: 97/100 points (2015) and “A-” (2016)

One of the top results among:
- Middle East based organizations and
- Industry peers worldwide
IEA CLEAN TRANSITION PATHWAYS* / SABIC ROLE

SABIC leads by example in all de-carbonisation pathways of petrochemical industry

*IEA CTS Scenario: 45% reduction in direct CO₂ by 2050 (700 m tCO₂), relative to current levels, despite demand for primary chemicals increasing by 40%.
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