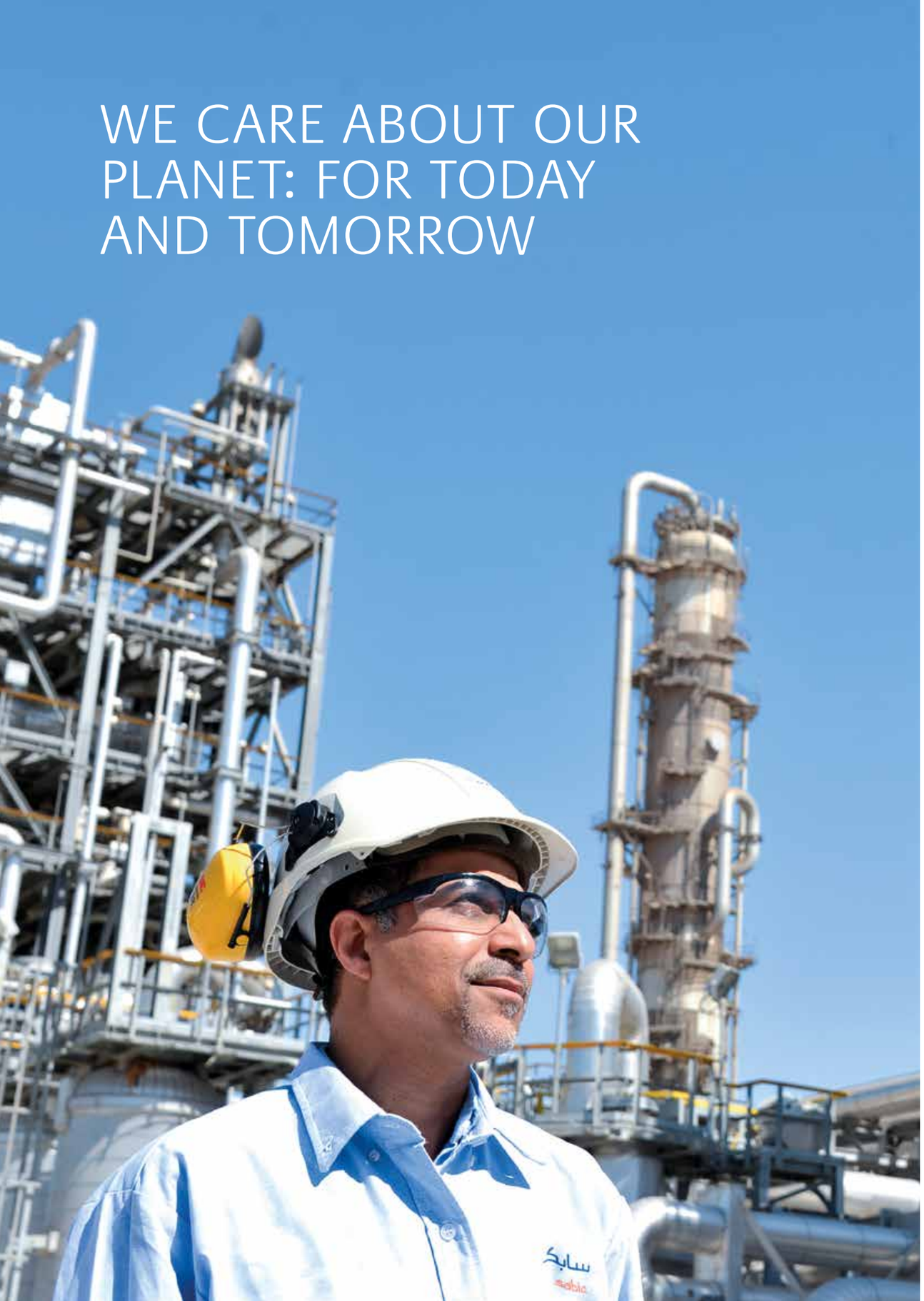
CHEMISTRY THAT MATTERS™

ENABLING TOMORROW'S SOLUTIONS

SUSTAINABILITY REPORT 2015

WE CARE ABOUT OUR PLANET: FOR TODAY AND TOMORROW



CO_2 PURIFICATION AND UTILIZATION

In 2015, SABIC completed an innovative and unique new cross-site project that converts CO_2 waste from one facility into valuable products in other facilities. This project will significantly improve our resource efficiency, decrease greenhouse-gas intensity, improve economic performance, and provide inspiration for similar solutions that can help build a sustainable future for the planet.

In the early stages of SABIC's sustainability program, we developed a material-loss metric. The measurement helps to reduce the amount of materials we release to the environment by identifying ways we could more efficiently use resources. Since then, our first focus has been on the most significant opportunity to reduce material loss: the venting of carbon-based resources, including CO_2.

SABIC is uniquely positioned to share byproducts and otherwise wasted materials, such as CO_2, between our Saudi manufacturing affiliates, because they are in close proximity. We are one of the world's largest producers of ethylene glycol. Concentrated CO_2 vent streams are byproducts of the production process. Near the source of these streams, several of our manufacturing affiliates use CO_2 as a feedstock, presenting an opportunity to improve resource efficiency through the integration of materials between sites.

The first step toward capitalizing on this opportunity involved innovation at United, a SABIC affiliate that produces ethylene glycol in Jubail. To do so, SABIC assisted in building a purification process unit to remove impurities from the CO_2 vent stream, making the output so pure that the gas can be sold to the food and beverage and medical industries. Our facility, which came online this year, is now the world's largest CO_2 purification plant, with the capacity to handle up to 500,000 metric tons per year.

The second step was our first significant sustainability project requiring cross-site collaboration. To share CO_2 from the new purification plant, we built a grid to deliver the purified stream to other nearby SABIC affiliates that use the gas to produce products such as urea, methanol, and 2-ethylhexanol.

This project increases economic returns, enhances the social value of producing more products from the same amount of raw material, and improves environmental emissions. It is an excellent example of how we are building value for all the dimensions of sustainability and creating 'Chemistry that Matters™'.

THIS IS SABIC

3RD
LARGEST DIVERSIFIED CHEMICAL COMPANY

40,000
EMPLOYEES

50
COUNTRIES

US$
NET INCOME 5.0 BILLION
SALES 39.5 BILLION
ASSETS 87.5 BILLION

CHAIRMAN'S WELCOME

"SUSTAINABILITY IS SUPPORTING SABIC'S JOURNEY TO BECOME A MORE MARKET-FOCUSED COMPANY

PRINCE SAUD BIN ABDULLAH
BIN THENAYAN AL-SAUD
CHAIRMAN

In 2015, we took great strides in our continued commitment to be ever more sustainable in our practices. The jewel in the crown in this ongoing effort to build sustainability into everything we do was the successful and eagerly anticipated startup of the CO_2 purification plant at United, a SABIC affiliate, in Jubail, Saudi Arabia.

The project is an excellent example of how we are creating value from waste, investing in technology to address international concerns about climate change, and delivering value to shareholders by increasing the efficiency of our operations. As the largest facility of its kind in the world, the plant also demonstrates how our scientists and engineers have the ingenuity to overcome enormous challenges.

SABIC is investing in this type of advanced technology despite the challenging global market landscape, when gas feedstock and commodity prices have fluctuated and growth has slowed in many economies. Our dedication remains strong because projects such as this – which our approach to sustainability helped identify – provide a host of long-term benefits to mankind in addition to short-term financial returns.

This practical application of sustainability principles is the perfect example of why sustainability is embedded as a foundational element of our 2025 strategy. That strategy is designed to ensure we become more distinctive in our product offering and more integrated in our operations. Sustainability is a thread that runs through this transformation, helping us emerge as a global leader in the industry.

Our technological and environmental accomplishments are only a part of the benefit we bring to the world. As a successful business, we know the importance of investing in healthy societies for future stability and growth through corporate and social responsibility.

As recognition of the importance of sustainability grows throughout the world, innovative new products and services increase our appeal as a supplier. Customers are always on the lookout for lighter, stronger, and more durable materials for use in novel products that can help them achieve their own sustainability goals. In this regard, sustainability is supporting SABIC's journey to become a more market-focused company.

SABIC has always been keen to align with the plans developed by the competent authorities in the Kingdom of Saudi Arabia. This role involves utilizing the excess natural gas from the production of oil and transforming it – through our manufacturing complexes – into valuable petrochemicals that provide value to the Saudi people.

These benefits have included creating high-value products that are a catalyst for industrial growth and rewarding jobs. Over the years, a huge range of businesses in downstream industries has benefited from the opportunities provided by SABIC, and our shareholders have been rewarded for their loyal support.

Perhaps even more importantly, SABIC puts the development of people first. We build human capital through learning and development programs, including the SABIC Academy, university collaborations, and internal and external scholarships. And we are dedicated to providing an even brighter future for the industry by giving support to innovative thinkers with promising ideas.

We dedicate ourselves every day to passing this benefit to all of society.

We would like to thank all of our customers, investors, employees, the Government of Saudi Arabia, and all other stakeholders for their commitment and confidence.

By enabling tomorrow's solutions, we can continue the progress to a more affluent and sustainable future, delivering 'Chemistry that Matters™' to you.

VICE CHAIRMAN AND CEO INTERVIEW

YOUSEF AL-BENYAN
VICE CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

> SUSTAINABILITY PROMOTES PROFITABLE INITIATIVES IN THE SHORT TERM AND ENHANCES OUR ATTENTION TO LONG-TERM RISKS

WHAT WERE THE MILESTONES FOR SUSTAINABILITY THIS YEAR?

Our progress to further integrate sustainability into our global operations was a highlight of SABIC's performance in a challenging year. Our major achievements include a groundbreaking CO_2 utilization plant, increased operational efficiency, new sustainability solutions for our growing portfolio, and a heightened focus on our supply chain, especially regarding environment, safety, and ethics.

Not only have these efforts enhanced our reputation as a sustainable company and strengthened our relationship with stakeholders, but they have also increased profitability at a time when we are transforming our business for even closer alignment with customer needs.

One of the defining features of SABIC has always been the company's dedication to its people. That is why we are known as an employer of choice throughout our global operations. This year, we built on our record by expanding investment in career development, functional excellence, and leadership training. We will continue to reap the rewards of this policy as more young SABIC employees mature into leaders.

SABIC's next generation of leaders will one day take control of a company that is investing in technology and innovation today. We saw a clear example of this drive with the opening of the CO_2 utilization plant at United, a SABIC affiliate, in Jubail, Saudi Arabia. The facility purifies and processes CO_2 before distributing it through a network to other SABIC affiliates, where it is turned into valuable products. We have had considerable global interest in this project.

While these achievements are something to be proud of, we must always strive for new ways to improve. The drive to become the world's leader in petrochemicals is an enormous task that demands constant innovation. Sustainability, a foundational element of our 2025 strategy, helped us to move toward this goal in 2015.

HOW DOES SUSTAINABILITY SUPPORT CAPITAL PERFORMANCE?

Sustainability helps us move toward greater operational efficiency and provides targets for resource and energy use. The CO_2 utilization plant is a superb example of efficient networking, and we are looking at ways to expand this profitable model to other manufacturing operations.

On an equally important note, we are steadily growing our sustainability portfolio of products. These are products with built-in sustainability benefits: materials that are lightweight, more easily produced and manufactured, or that replace less sustainable alternatives.

For example, SABIC's stabilized nitrogen urea products are highly efficient agricultural nutrients that could reduce costs for farmers. They also reduce greenhouse-gas emissions and help protect groundwater. Products such as these show how we provide our customers with the products they need through understanding their challenges and sustainable innovation.

Supply chain is another area where sustainability-inspired metrics are resulting in increased capital efficiency and increasing returns.

Sustainability promotes profitable initiatives in the short term and enhances our attention to long-term risks. These practical benefits, combined with our commitment to make the world a better place, mean that investment in sustainable practices, such as environmental protection and human capital development, is an intelligent and attractive business approach.

> WE ARE STEADILY GROWING OUR SUSTAINABILITY PORTFOLIO OF PRODUCTS. THESE ARE PRODUCTS WITH BUILT-IN SUSTAINABILITY BENEFITS: MATERIALS THAT ARE LIGHTWEIGHT, AND MORE EASILY PRODUCED AND MANUFACTURED

HOW IS SABIC MEASURING PROGRESS?

SABIC has robust programs in place to measure and evaluate our sustainability progress. We believe in continuous improvement in every field, and this can only be achieved with accurate and honest feedback.

Our initiatives include the development of key performance indicators throughout the company. We have set targets to reduce greenhouse-gas, energy and water intensities by 25 percent – and material intensity by 50 percent – between 2010 and 2025. This year's manufacturing figures indicate we are moving in the right direction to meet these goals.

We are also on course to meet targets set by the Saudi Energy Efficiency Program, SEEP, which uses international benchmarks for efficiency in industry, buildings, and transportation.

We are committed to these stringent targets not only because they enable us to improve our performance, but also because this is the approach a leader should take. We know that SABIC and the petrochemicals industry are part of the solution when it comes to many of the challenges facing the world, especially relating to the long-term health of economies, societies, and the environment.

MATERIALITY

SABIC's sustainability effort is guided by a materiality process to ensure that our business and sustainability strategies are aligned. Aligning the strategies enables us to focus resources on the risks and opportunities that are most important to our stakeholders and business success. Our five most material issues, detailed in the illustration below, have been the focus areas to which we have matched our sustainability priorities since 2013.

As part of continuous efforts to communicate our sustainability progress, we have organized this year's report around these five most material issues and dedicated a chapter to social impacts and community relationships, an area of increasing importance to SABIC and our stakeholders. We are beginning to explore the newly adopted United Nations Sustainable Development Goals and the ways that SABIC's products and services can improve human welfare, promote inclusive and sustainable industrialization, and foster innovation.

We believe this reorganization of our sustainability reporting further helps us to prioritize our activities, allocate resources, and decide where we need to develop key processes and metrics to track our performance today and in the future. We will periodically review and assess these focus areas through an ongoing materiality analysis to ensure that we are concentrating our work in areas that address changing risks, opportunities, and stakeholder expectations.

SABIC'S MOST MATERIAL SUSTAINABILITY ISSUES

RESOURCE & ENERGY EFFICIENCY

INNOVATION & SUSTAINABILITY SOLUTIONS

EHSS & PRODUCT SAFETY

HUMAN CAPITAL DEVELOPMENT

SUPPLY CHAIN

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ABOUT SABIC

STRATEGY

When we launched SABIC's 2025 vision – a comprehensive strategy to ensure we become more global, more distinctive in our product offering, and more integrated in our operations – we identified sustainability as a foundational element. Placing sustainability at the core of our operations enables us to meet the changing needs of markets, communities, and other stakeholders, while continuing to provide substantial business value and improve the quality of life for people around the world.

Global megatrends and the challenges they pose to our business influence our sustainability strategy. Understanding potential risks, such as climate change, urbanization, resource scarcity, unemployment, and pollution enable SABIC to develop solutions, increase our business resilience, and benefit internal and external stakeholders. We prioritize issues with high potential impacts, while paying attention to financial performance, market changes, feedstock use, and innovation.

Sustainability touches every aspect of SABIC's business. Setting milestones and goals, and tracking key performance indicators, promotes continued improvement. Our sustainability governance structure dedicates resources to spreading sustainability expertise, an inspired culture, and innovative ideas that accelerate the pace of change, while sharing our progress in a transparent way.

SABIC is helping to create a world where more than nine billion people can live well – and within our planet's limits. This world requires society to reinvent itself, and our products and solutions are crucial for this change.

Our products enable customers to meet their own sustainability needs, whether those needs are higher crop yields, smarter packaging, stronger buildings, or better healthcare solutions.

In our operations, we are dedicated to using the world's limited natural resources efficiently and minimizing the potential impact on climate change. We aspire to be an industry leader in operational energy and greenhouse-gas intensities, by building and operating the most efficient and sustainable plants possible.

People are our most important resource, so we aim to be the employer of choice by investing in the skills and leadership of our employees.

We also benefit our communities by investing in local economies, and health and education, wherever we operate.

Sustainability increases our profitability and decreases our exposure to longer-term risks. By placing it at the heart of our business, we can create value through building economic, natural, human, and social capital. We believe this effort is worthwhile because sustainability provides the guiding path that will enable tomorrow's solutions.

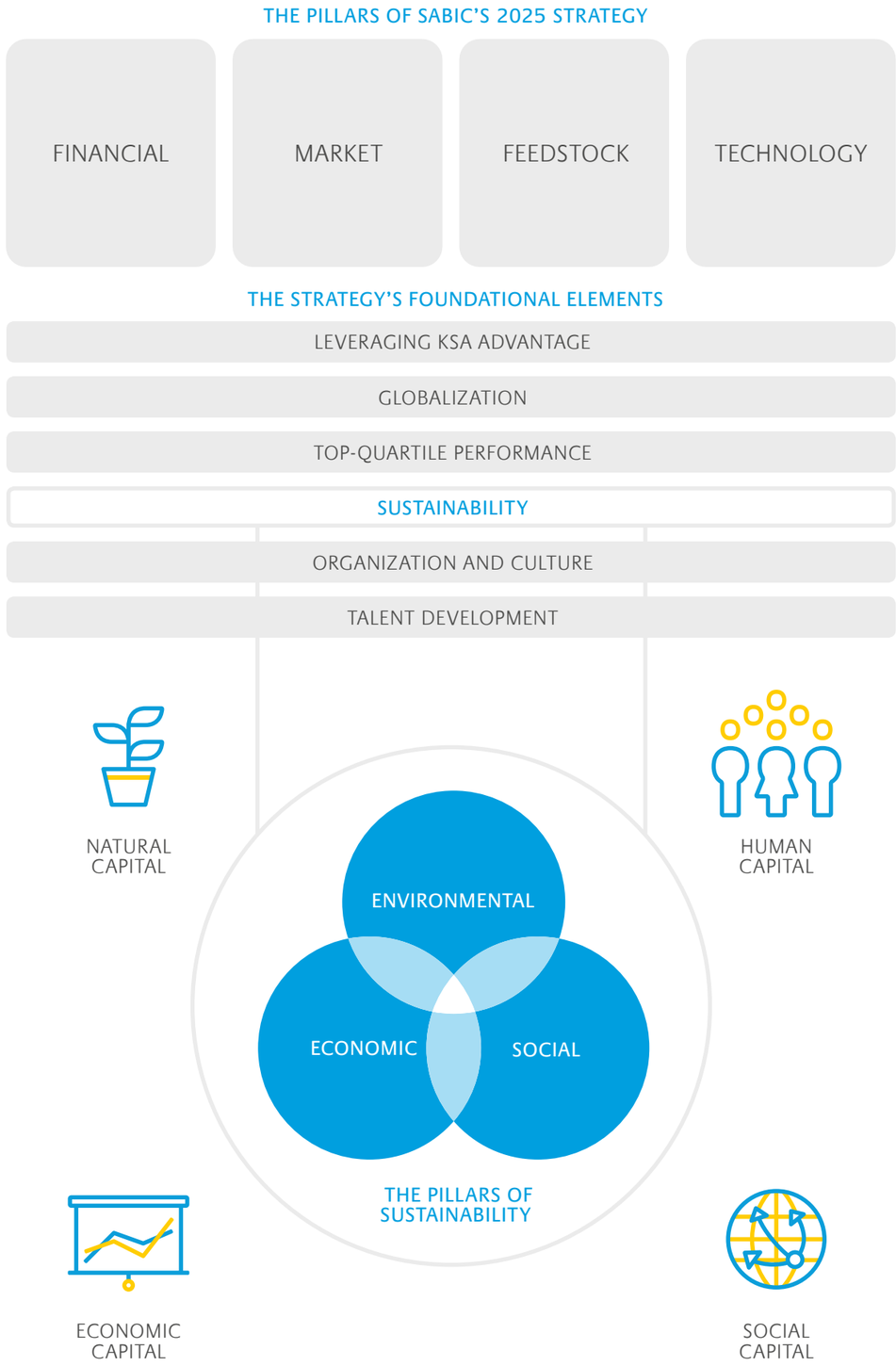
TRANSFORMING FOR TOMORROW

This year, SABIC launched an initiative to support our 2025 strategy to become the preferred world leader in chemicals. The change makes SABIC more agile, more cost-efficient and even better prepared for today's fast-moving business environment.

The transformation reorganized the company so that commodity and specialty products each has its own home, better positioning them to tackle the respective challenges of feedstock innovations and the need for collaborations. The transformation and the continued integration of sustainability into our business are bringing us closer to customers, enabling us to create solutions that are even more tailored to their needs.

Page 11: SABIC's headquarters in Riyadh, Saudi Arabia

GLOBAL LEADERSHIP IN CHEMICALS



CORE MARKETS

SABIC is one of the world's leading chemical companies. We are one of the top producers of polyethylene, polypropylene, advanced thermoplastics, glycols, methanol, and agricultural nutrients, and one of the Middle East's largest producers of steel. In order to achieve our ambition of becoming the preferred world leader in chemicals, we are changing from a provider of commodity chemicals and plastics to a provider of advanced plastics that support specific customer needs.

SABIC'S CORE MARKETS

CLEAN ENERGY | MEDICAL DEVICES | PACKAGING | CONSTRUCTION

TRANSPORTATION | ELECTRICAL & ELECTRONICS | AGRI-NUTRIENTS

ENGAGEMENT AND COLLABORATION

Engaging with stakeholders to understand and meet their ever-changing needs is important to our strategy and business expansion.

This year, SABIC participated in a number of high-profile events, including the historic United Nations Conference on Climate Change, known as COP21, in Paris, where we showcased our investments in sustainable technologies and solutions – initiatives that inspire and enable emissions reductions in Saudi Arabia and beyond. SABIC exhibited our new CO_2 utilization project and products that save CO_2 when used, such as groundbreaking lightweight transportation solutions.

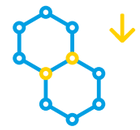
We also participated in the Carbon Sequestration Leadership Forum (CSLF), an international climate change initiative that focuses on cost-effective technologies for CO_2 capture, use, and storage. At the forum, SABIC received a certificate of recognition for the Jubail CO_2 utilization project.

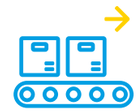
Further details of our stakeholder engagement can be found in the supplement to this report at www.sabic.com/sustainability

VALUE CHAIN

SABIC supplies chemical and material solutions for a wide variety of markets, industries and applications. Our customers often process these value-added products before using them in buildings, trains, airplanes, packaging, electronics, medical devices, and many other applications. Through this process, our solutions are essential to the daily lives of billions of people.

UPSTREAM	LOWER-CARBON OR RENEWABLE FEEDSTOCKS
OPERATIONS	RESOURCE EFFICIENCY AND ENERGY-REDUCTION PROJECTS; OPERATIONAL EXCELLENCE
CUSTOMERS	MATERIALS THAT ENABLE LOWER ENERGY FOR PROCESSING
USE PHASE	ENERGY SAVINGS OR REDUCED MATERIAL TO MEET CONSUMER NEEDS
END OF LIFE	CHEMISTRY TO ENABLE RECYCLING; DEVELOPING TECHNOLOGY TO PROMOTE CIRCULAR ECONOMY





ETHICS AND COMPLIANCE

Each year, we seek to ensure that our compliance program meets the needs of our business. We want to be in a position to respond proactively to the fast-paced changes of our internal business and the larger environment in which we operate.

The SABIC Code of Ethics underpins our compliance program and integrates our culture of compliance into our daily business. The code guides employees' behavior in working with customers, suppliers, government officials, colleagues, and communities. We also offer employees the necessary tools and mandatory and recurrent trainings to prevent compliance violations.

Our compliance-reporting helpline is another aspect of our framework. We investigate all credible employee reports of suspected misconduct and address confirmed violations with corrective actions, including employee discipline or dismissal.

This year, we piloted an executive workshop on compliance and ethics with the theme: "The Importance of Ethical Leadership." As part of SABIC's commitment to compliance and sustainability, we were part of the inaugural United Nations Global Compact and Pearl Initiative Forum for the Gulf Region held in Dubai. The Pearl Initiative is the leading independent, not-for-profit institution run by and for businesses working across the Middle East to influence and improve corporate accountability and transparency.

SABIC joined the Pearl Initiative in 2013 and we are working to build that collaboration as a forum for bringing global best practices to Saudi Arabia and the Gulf.

SOCIAL IMPACTS

This year, we began extending compliance deeper into our supply chain, including the development of expanded supplier due diligence.

At a panel discussion on corporate integrity, transparency, and competitiveness in Dammam, Saudi Arabia, in September, Ahmed Al-Shangiti, SABIC Vice President for Procurement, announced that SABIC would begin conducting compliance due diligence on our suppliers to meet stakeholder expectations of sustainable procurement.

This event was held in conjunction with the Pearl Initiative. SABIC and the Pearl Initiative will continue to collaborate in 2016 to build capacity throughout our supply chain in the Middle East by educating suppliers on compliance due diligence and giving them the tools to build their own compliance programs.

HUMAN RIGHTS

The SABIC Policy on Fair Employment Practices, from the Code of Ethics, is central to our human rights position and performance. Regardless of personal backgrounds or characteristics, we rely on each other to perform our job duties so that we can reach our full potential. Therefore, all employees must be treated with respect and dignity in all interactions. We expect all employees to be cognizant of, and to respect, the cultural differences that exist among us. Any employee or other stakeholder who has a concern about a violation of the Fair Employment Practices Policy is free to raise that concern without fear of retaliation or discrimination.

We comply with all labor and employment laws wherever we operate, including those that pertain to freedom of association, privacy, the right to engage in collective bargaining, the prohibition of forced, compulsory, and child labor, and those laws that pertain to the elimination of any improper employment discrimination. SABIC makes all employment-related decisions based on merit and other job-related criteria and complies with any local laws that provide for employment preferences based on citizenship or other conditions.

All employees are required to complete online training sessions that address the basic elements of our Fair Employment Practices Policy, including the prohibition against workplace harassment. Professional employees are required to complete additional training on our commitment to non-discrimination, employee data privacy, and merit-based interviewing and hiring practices.

In addition to our internal human rights efforts, SABIC is expanding its endeavors to the human rights impacts in our supply chain as well. As part of our previously described supplier due-diligence program, our vendors globally will be evaluated on their commitment to human rights as part of our supplier-qualification process. Supplier questionnaires will include screening for child labor and forced labor, among other criteria.

SUSTAINABILITY GOVERNANCE

SABIC's sustainability governance enables us to benefit from core sustainability expertise and leadership, while also having active engagement and support from leaders across the company.

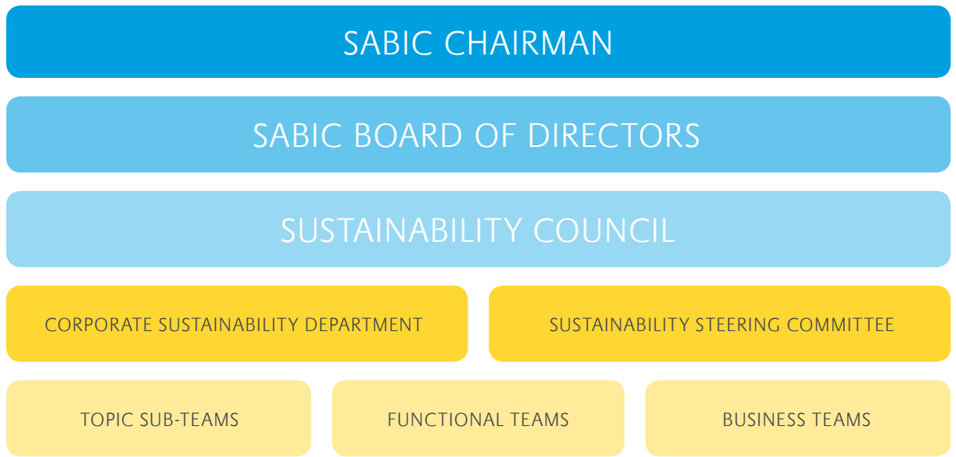
The Sustainability Council, one of SABIC's executive sub-committees, is chaired by our Chief Executive Officer and includes ten leaders from throughout the company. The council is responsible for overall performance and prioritization in each dimension of sustainability – economic, environmental, and social. It establishes SABIC's sustainability vision, defines goals to drive sustainable change, and approves recommendations from the Steering Committee and the Corporate Sustainability Department (CSD).

As with the Sustainability Council, the Steering Committee includes executives from throughout SABIC. Led by the CSD General Manager, the committee is responsible for developing recommendations for the council and executing its decisions.

SABIC's internal organizations are responsible for achieving the council's sustainability goals, and the milestones are fully integrated into our business-performance processes through allocating a portion of executive compensation to meeting sustainability targets.

In addition to maintaining an effective organization structure, we form teams from diverse segments of our business, whenever necessary, to collaborate on solutions to help achieve our sustainability goals.

SABIC SUSTAINABILITY GOVERNANCE



PERFORMANCE SUMMARY

REPORT SECTION	INDICATOR	2012	2013	2014	2015
ETHICS AND INTEGRITY					
Compliance concerns raised[1]	Number	78	131	117	123*
Incidents closed[1]	Number	78	129	106	103*
Violations found (addressed)[1]	Number	36	54	42	56*
Training completion[1]	Percent	99	97	98	98*
CREATING ECONOMIC VALUE					
Total patent portfolio	Number	8,882	9,791	10,640	10,960
Sustainability solutions	Cumulative number	27	32	45	68
Innovation and sustainability portfolio	Number	500	719	812	767
RESOURCE AND ENERGY EFFICIENCY					
GHG emission intensity	MT CO_2 eq/MT product sales	1.34*	1.32*	1.28*	1.25*
Energy intensity	GJ/MT product sales	18*	17*	17*	17*
Water intensity	m^3/MT product sales	2.9*	2.8*	2.7*	2.6*
Material-loss intensity	MT/MT product sales	0.11*	0.11*	0.10*	0.09*
Flaring reduction since 2010	Percent of emissions	NA	30	49	40
CO_2 utilization	Million MT	NA	2.5	2.7	3.3
PROTECTING AND DEVELOPING HUMAN CAPITAL					
Women in the workplace	Percent of workforce	7.9	7.9	7.8	7.9
Learning programs	Participants	NA	NA	NA	30,835
Early career development program	Participants	NA	NA	NA	467
BUILDING SOCIAL AND COMMUNITY RELATIONSHIPS					
Total community giving	Million US$	NA	NA	32.7	53.9
SUPPLY CHAIN					
Safety and Quality Assessment System (SQAS, dangerous goods)	Percent	NA	NA	80	100
Respectable work conditions compliance	Percent	NA	NA	80	90
ENVIRONMENTAL HEALTH, SAFETY AND SECURITY					
EHSS rate[2]	Incidents/200,000 hours worked	0.96*	0.92*	0.69*	0.48*
Total recordable incident rate	Incidents/200,000 hours worked	0.22*	0.17*	0.19*	0.13*
Occupational illness rate	Illnesses/200,000 hours worked	0.003	0.004	0.019*	0.000*
Fatalities	Number	4	0	0*	0*
Process safety total incident rate	Incidents/200,000 hours worked	0.04	0.02	0.02*	0.01*
Hazardous substance released	Metric Tons	46	200	2600*	192*

* Assured by KPMG.
[1] Compliance data are reported for the 23,500 employees of Saudi Basic Industries Corporation and its wholly owned affiliates, but not for employees of SABIC's non-wholly owned manufacturing joint ventures (or affiliates) in the Kingdom of Saudi Arabia.
[2] This is a severity-weighted rating.

ACCOUNTABILITY FOR GOALS

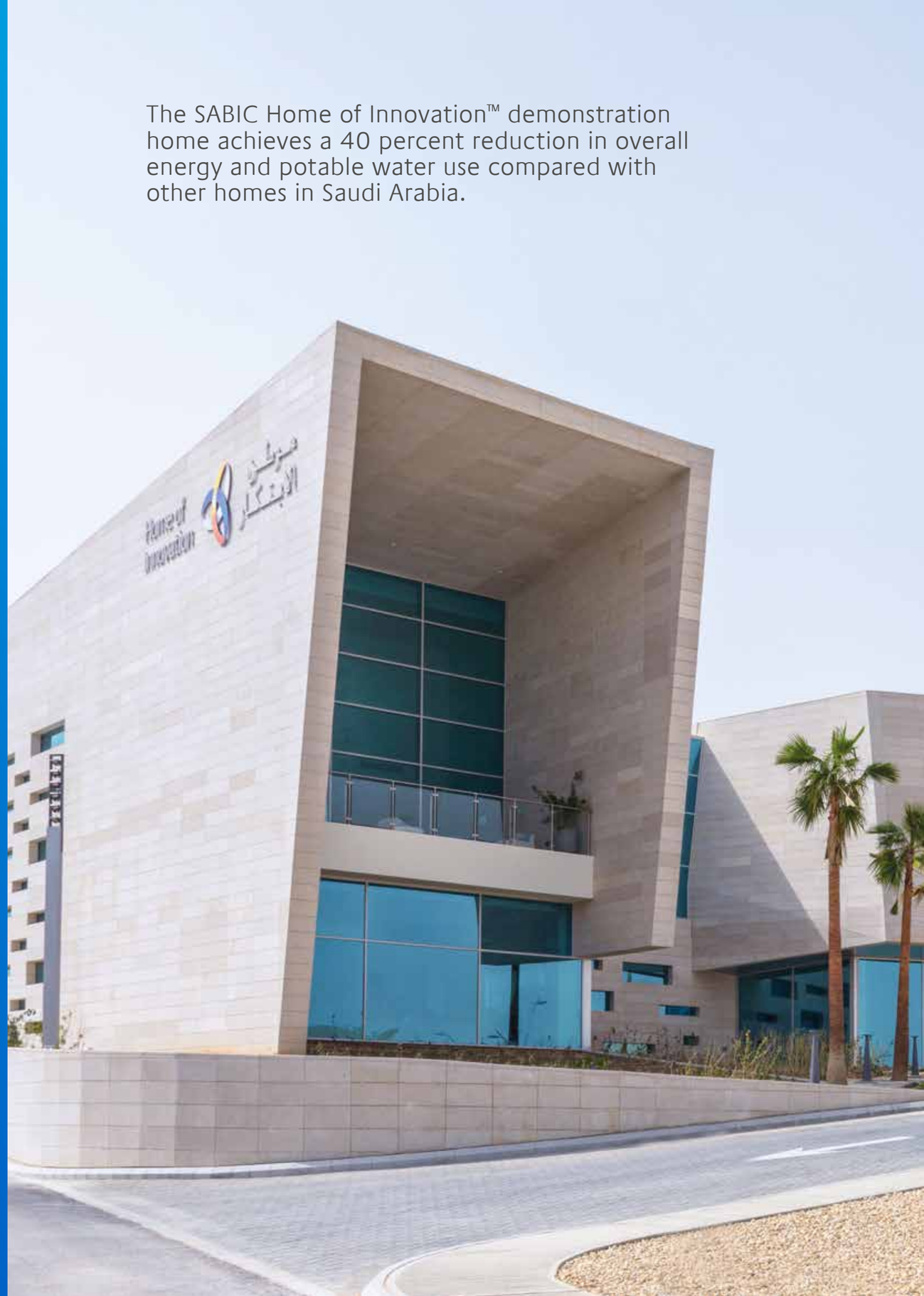
HIGH-PRIORITY ACTIONS	2015 STATUS	NEXT STEPS
SUSTAINABILITY STRATEGY AND VISION		
Improve sustainability-forecasting tools	Aligned capital project sustainability assessments with refreshed Technology & Innovation process	Improve valuation methods and forecasting
Integrate sustainability and financial reports	Sustainability Report published April 30, within several weeks of the Annual Report	Combine reports or publish even closer to Annual Report date
Expand external engagement and collaboration	Showcased CO_2 utilization and other progress at global climate summit in Paris and Carbon Sequestration Leadership Forum; continued to support corporate accountability through Pearl Initiative	Opening of Home of Innovation™, a SABIC growth initiative; SABIC Innovation Day; open agricultural technology development center (Estidamah)
INNOVATION AND SUSTAINABILITY SOLUTIONS		
Qualify sustainability-solution products	Qualified 23 products	Grow sustainability solutions portfolio by at least ten products
Build sustainability portfolio for innovation pipeline	Made significant progress in verifying assessments and quantifying impacts	Implement innovation pipeline metrics across business
Invest in innovation and breakthrough technologies	Home of Innovation™ finalized agreements with 45 participating companies; invested in Daejeon, South Korea, research facility; comprehensive research collaboration with Saudi Arabian universities	Official opening of Home of Innovation™; second SABIC Innovation Day; investigate new technologies to reuse CO_2 and other waste materials
RESOURCE AND ENERGY EFFICIENCY		
Capital investments to reduce footprint	Hadeed affiliate top gas project completed; continued a three-year project to use Highly Selective Catalysis (HSC) to improve glycol production energy efficiency	Complete a second project under the United Nations Clean Development Mechanism (CDM) program; continue HSC program
Byproduct and CO_2 utilization	SAFCO V expansion, United CO_2 plant, and CO_2 cross-site grid all completed and commissioned	Identify and explore additional cross-affiliate initiatives
Broader application of Life-Cycle Assessment (LCA)	Fully implemented LCA in sustainability innovation portfolio; began corporate avoided emissions study	Complete corporate level avoided emissions study; evolve LCA to build a strong product qualification pipeline
Develop circular-economy solutions	Explored post-consumer recycled product development; began using waste olefin cracker coke as a carbon source for steel production	Continue developing recycle-based products aligned with customer preferences; promote concept with ICEhouse™ in Davos

HIGH-PRIORITY ACTIONS	2015 STATUS	NEXT STEPS
DEVELOPING HUMAN CAPITAL		
Build career development support	Expanded Early Career Development Program (ECDP); provided new sustainability supply-chain education	Further develop functional excellence through a variety of in-house programs; continue expanding ECDP
BUILDING SOCIAL AND COMMUNITY RELATIONSHIPS		
Revise global corporate social responsibility (CSR) strategy	Launched RAISE global CSR strategy	Expand global signature programs and coordination through RAISE regional committees
Capture volunteer service in community	Developed a CSR portal encouraging the employees to volunteer in accordance with the new guidelines	Increase capture of community giving and global volunteer hours through online tools and tracking systems
Human Rights and socio-economic assessments	Initiated socio-economic valuation study in Saudi Arabia	Complete socio-economic valuation study; communicate results
SUPPLY CHAIN		
Supplier-assessment process	Almost all of our suppliers committed to adhering to the SABIC Code of Ethics	Extend compliance focus to higher risk elements; implement due diligence process for key suppliers
ENVIRONMENTAL HEALTH, SAFETY, AND SECURITY		
Implement global product stewardship management standards	Continued development of product safety incident metric	Complete definition of product safety incident metric and make progress on data collection

2

INNOVATION AND SUSTAINABILITY SOLUTIONS

The SABIC Home of Innovation™ demonstration home achieves a 40 percent reduction in overall energy and potable water use compared with other homes in Saudi Arabia.



OUR APPROACH

Devotion to innovation is the core of SABIC's economic value proposition. We constantly look for ways to collaborate, innovate, and make processes more efficient in response to customer needs and market demands.

Innovation gives our business an economic edge and helps us to ensure a sustainable future. We look at innovation through the lens of sustainability and built our 2025 strategy with these priorities in mind. We believe that by combining sustainability, technology, and innovation, we can create value that is greater than the sum of the individual parts.

With sustainability in mind, we examine megatrends such as climate change and resource scarcity, then we consider how they could potentially impact the business. We approach these global risks with a spirit of innovation, while maximizing economic value for our customers and business.

For SABIC, innovation involves developing technologies to improve the efficiency of manufacturing facilities, reducing costs and environmental impacts, and creating the products and solutions our customers need. This approach generates many avenues for growth.

We incorporate sustainability into each step of our technological process, from generating ideas to commercialization. By applying a methodology that promotes cost savings and breakthrough solutions, we create economic value across the value chain – all while ensuring we sustainably manage natural, social, and human capital for generations to come.

RESPONDING TO MARKET CHALLENGES

This year, the decision to transform our business created an opportunity to redesign our technology organization to serve our customers even more rapidly and efficiently.

Our technology resources will be optimized to enhance market focus and to accelerate commercialization of inventions. We retained core resources at the corporate level to focus on breakthrough technologies that have the potential to improve sustainability for many of our products and processes.

These changes will build a stronger, more profitable, and agile company that innovates to meet our customers' dynamic needs.

"Innovation is about more than just technology: It is a mindset.

At SABIC, we challenge ourselves to develop better ideas in everything we do, from solutions that enable our customers – and in turn their customers – to meet sustainability goals, such as higher crop yields, cleaner energy, and better healthcare solutions, to inspiring employees to create 'Chemistry that Matters™'.

Innovation often means pushing boundaries with technology and the results can be exciting. One such example is the new CO_2 purification and utilization project, which came online this year. Through this project – the largest of its kind in the world – our affiliates convert the CO_2 waste from one facility into valuable products in another.

This approach follows the philosophy of the circular economy, which presents a new way of looking at waste: a raw material for another product or process. We plan to build on the success of this project in two ways: by exploring other opportunities to use CO_2 as a feedstock to produce valuable chemicals and by looking for innovative ways to cycle other waste materials into feedstock.

SABIC's focus on innovation is core to our business. It establishes our place as the preferred leader in chemicals; it helps make SABIC an employer of choice; it attracts investors and it helps us exceed our customer's expectations. I am convinced that combining sustainability and innovation builds a strong foundation for SABIC's long-term success."

AWADH AL-MAKER
EXECUTIVE VICE PRESIDENT
TECHNOLOGY AND INNOVATION
SABIC

Page 23: The Home of Innovation™ center in Riyadh, Saudi Arabia

OUR PERFORMANCE

2015 HIGHLIGHTS

- The world's largest CO_2 purification and utilization project, designed to purify up to 500,000 metric tons of CO_2 per year, launched at United, a SABIC affiliate
- Qualified 23 new sustainability products
- Verified more than 270 innovation projects for sustainability benefits and risks
- Expanded total patent portfolio filings to 10,960 and filed 544 new patent applications
- Formed a comprehensive research collaboration with Saudi universities to grow the country's knowledge-based economy
- Achieved LEED Platinum® certification for our Home of Innovation™ initiative, and held first customer innovation event to stimulate downstream industry growth
- Launched NEXLENE™ process technology, creating a specialty polyethylene product portfolio enabling thin-wall design and low-temperature processing

544
NEW PATENT FILINGS IN 2015

68
TOTAL SUSTAINABILITY PRODUCTS QUALIFIED

10,960
TOTAL PATENT PORTFOLIO FILINGS

INVESTING IN INNOVATION THROUGH COLLABORATIONS, PROCESSES, AND PRODUCTS

Innovations based on chemistry play a key role in meeting current global challenges. Without a robust technology and innovation program, it would be impossible to develop new technologies, so we make considerable investments in staff capacity, resources and equipment, and collaborations with leading institutions. Through research and development, we are able to explore the impacts of sustainability trends and experiment with possible solutions.

We use innovation to deliver economic value and sustainability benefits by inventing breakthrough product solutions, collaborating with other leaders in innovation, and improving manufacturing processes.

One of the most significant advances involved the effort to build the world's largest CO_2 purification plant at United, a SABIC affiliate, which began operations this year (see page 3).

Other investments included a joint venture with South Korea's SK Global Chemical™ to produce new product solutions for our packaging industry customers. One of these solutions, NEXLENE™ process technology to create premium polyethylene resins, offers superior processability at lower temperatures and enhanced film toughness at lower film thickness. In addition to improving quality, this resin results in lower packaging production costs along the value chain, which contributes to economic and sustainability value creation.

In addition to the production agreement, we invested in a research facility in Daejeon, South Korea, that will explore new opportunities in process, catalyst, and product development.

We focus innovation on process improvements that result in great savings – of costs as well as emissions. An example is the use of highly selective catalysis to improve energy efficiency in glycol production, a chemical product used in polyester manufacturing. This technology reduces CO_2 emissions by up to 30 percent in each glycol unit. Over the next three years, we expect this process will help us avoid 450,000 MT of CO_2 emissions and save more than 170,000 MT of ethylene feedstock annually.

INNOVATION PORTFOLIO AND SUSTAINABILITY IMPACT

To create solutions for the world's greatest challenges, our technologists embrace sustainability thinking every day. Our assessment process builds consideration of sustainability into every project every step of the way. This system enables us to improve the economic, social, and environmental life-cycle impacts of our process and product technology projects.

This year, we analyzed more than 270 cutting-edge projects for direction on how to mitigate risks and improve benefits through sustainable choices.

AVOIDED EMISSIONS: ADDRESSING GREENHOUSE-GAS EMISSIONS CHALLENGES

One of the best ways to reduce CO_2 emissions is by avoiding them in the first place. As a provider of upstream solutions, the chemical industry is well-positioned to develop products that reduce full value-chain emissions, especially during product use.

According to a comprehensive ICCA/McKinsey study[1], using chemicals instead of traditional materials, such as steel, glass, or paper, can save more than two tons of greenhouse-gas emissions for every ton associated with the chemical product.

These are the kind of solutions we create at SABIC. For example, customers needing pressurized pipes for water transportation can avoid up to 70 percent of CO_2 emissions by choosing HDPE bimodal water pipes over iron pipes.

Our lightweight thermoplastic materials also reduce emissions in industries such as aviation. These materials – used for seats, storage, and galley equipment in aircraft interiors – result in significant weight savings. Reducing the weight of every commercial flight by just one kilogram would save approximately 2,300 metric tons fuel and 7,200 metric tons CO_2 emissions per year[2][3]: These benefits equate to approximately 17 million miles driven by an average passenger car.

COLLABORATION

One of the ingredients for successful sustainability and innovation is collaboration. Like other business leaders, we view sustainability as an opportunity to share ideas and work together on effective solutions. Our approach includes cultivating strong relationships with customers, original equipment manufacturers, brand owners, and suppliers globally.

This year, we helped our customers to learn about sustainability and deliver on goals such as energy efficiency and increasing the use of recyclable, clean, and safe products. We accomplished this through unique events, such as Design for Sustainability workshops in four European cities and regional seminars in China.

Our collaborative approach supports SABIC's 2025 growth strategy and benefits Saudi universities, our allies in the growth of a knowledge-based economy in Saudi Arabia.

(1) ICCA Report 2009, Innovations for Greenhouse-Gas Reductions, http://www.icca-chem.org/ICCADocs/ICCA_A4_LR.pdf
(2) "The Aviation Sector's Climate Action Framework" November 2015. Air Transport Action Group (ATAG)
(3) http://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

SUSTAINABILITY ASSESSMENT

ADVANCED THERMOPLASTICS COMPOSITE PROGRAM

The transportation industry is looking for advanced materials to catalyze new vehicle designs that dramatically reduce carbon emissions. SABIC's Advanced Thermoplastics Composite (ATC) program's goal is to develop strong, lightweight, unidirectional tapes, laminates, and inserts to replace metals such as aluminum and steel in vehicle design.

Applying Life-Cycle Assessments (LCA), starting at the earliest stages of development, inspires our technologists to mitigate sustainability risks and maximize economic and environmental benefits.

According to our LCA, an automobile side door redesigned with carbon fiber ATC showed a 39 percent reduction in CO_2 emissions, because the carbon fiber ATC is 47 percent lighter than conventional steel.

SABIC'S HOME OF INNOVATION™

BRINGING INNOVATIVE SOLUTIONS TO MODERN CHALLENGES

Our Home of Innovation™ growth initiative in Riyadh brings together industry-leading manufacturers, government ministries, universities, and others to showcase innovative solutions for strategic markets in Saudi Arabia and surrounding regions. The facility's high-performance Demonstration Home is the first single-family dwelling in the Middle East to earn a LEED-Platinum™ rating, and is designed to achieve a net-zero energy balance.

The Home of Innovation™ program is not only an example of innovation for sustainability, it also demonstrates the opportunity for downstream industry development and job growth.

> "We expect the collaboration among SABIC and its industry participants to help Saudi Arabia deliver sustainable homes in the near future
>
> **ABDULMOHSEN D. AL-MAJNOUNI**
> EXECUTIVE DIRECTOR OF STRATEGIC INITIATIVES, SAUDI ARABIAN GENERAL INVESTMENT AUTHORITY (SAGIA)

KEY MARKETS

TRANSPORTATION

Working toward a safer, smarter, and more efficient world of transportation

Our transportation products both ensure safety and reduce environmental impacts, particularly through fuel efficiency by reduced weight of car, truck, and aircraft components.

For aircraft interiors, we developed the LEXAN™ XHR and LEXAN™ XHR light polycarbonate sheet solutions, which reduce weight by up to 40 percent compared with traditional products (PVC/PMMA blends). These savings are expected to result in a 16 to 31 percent reduction in use-phase CO_2 emissions.

For heavy trucks, we have developed an aerodynamic roof-fairing concept that can reduce drag by up to 5.9 percent and provide annual fuel savings of three percent or more versus a traditional roof fairing.

PACKAGING

More sustainable food, beverage, and medical products

Plastics packaging is crucial to addressing waste in today's globalized food supply chain. By reducing overall materials and weight in packaging, or by using materials made from renewable feedstock, we conserve natural resources and help our customers achieve efficiencies in production, warehousing, transportation, and product use.

For instance, we introduced a high-flow, linear low-density polyethylene (LLDPE) injection-molding resin that reduces material use in packaging design and development, which results in cost savings and reduced CO_2 emissions.

We also introduced polypropylene grades based on innovative catalyst technologies that avoid the need for compounds containing phthalates, for which our customers are increasingly seeking alternatives.

AGRI-NUTRIENTS

Delivering targeted nutrients

Our agri-nutrients solutions are aimed at increasing crop production while reducing environmental impacts and promoting farmer safety.

Compared with conventional urea products, SABIC's stabilized nitrogen urea products could increase crops' nutrient uptake. This reduces the amount of urea used per square meter, offering potential cost savings for farmers. The stabilized nitrogen urea reduces greenhouse-gas emissions by up to 25 percent and can also reduce nitrate leaching to groundwater or waterways by up to 23 percent.

Our novel production process, using a proprietary inhibitor technology to achieve stabilized nitrogen, eliminates hazardous solvents used in conventional stabilized urea production, making our products safer for farmers to apply.

ELECTRICAL AND ELECTRONICS

Enabling design of slimmer and smarter consumer electronics

In electronics, SABIC's solutions are popular because of environmental benefits and compliance with growing regulatory requirements.

Our novel chlorine- and bromine-free compounds combine specialty LEXAN™ polycarbonate resin and new flame-retardant compounds to create excellent thin-wall flame-retardant properties. These compounds reduce the weight of parts, such as covers and enclosures, by 12 to 60 percent, resulting in lower material usage and CO_2 emissions reductions between 13 and 69 percent compared with standard products.

In a first for the market, Dell™ has worked with SABIC to recycle excess carbon fiber and raw-material scrap into new Dell products. Initially, select Latitude® and Alienware® laptops will contain SABIC's recycled carbon fiber-based compounds, and Dell has plans to use these materials for two additional series of laptops. Dell estimates the initiative will prevent about 372,000 kilograms of carbon fiber from ending up in landfills. In addition, the recycled carbon-fiber compounds have an approximately 11 percent smaller carbon footprint versus virgin carbon-fiber compounds.

MEDICAL DEVICES

Creating materials for high-technology healthcare devices

SABIC's advanced materials can help medical manufacturers create devices that are more affordable and accessible, particularly for customers in developing countries, where there is a significant societal need for inexpensive medical products.

We have introduced cost-effective polypropylene grades that offer better flow and higher clarity for disposable devices such as syringes. We are also pioneering replacement of metal or other fiber-filled materials in medical devices with engineering thermoplastics. These products are able to withstand very high sterilization temperatures, and enable parts consolidation, enhanced processing for devices with challenging design geometries, and compliance with regulations.

CONSTRUCTION

Driving sustainable, cutting-edge building designs

In construction, SABIC is creating sustainability value by developing innovative materials that improve impacts across the complete life cycle.

A recent example was the 18-month collaboration with the acclaimed designer William McDonough to develop ICEhouse™, an experimental prototype to showcase ICE, Innovation for the Circular Economy.

McDonough's elegant ICEhouse™ structure – unveiled at the 2016 Annual Meeting of the World Economic Forum in Davos, Switzerland – was designed to illustrate the value of using robust technical nutrients such as polycarbonate and aluminum to create advanced architectural designs that can be disassembled and reused over and over again. The ICEhouse™ demonstrates what is possible when system design is coupled with modern materials to eliminate the concept of waste, which McDonough describes as putting the 're' back into 'resources.'

In construction, McDonough chose to use SABIC's LEXAN™ sheet and building systems based on transparency, toughness, energy efficiency, and the ability to enable innovation in circular economy design.

CLEAN ENERGY

Advancing solar power

During a year when the successful international Paris Agreement turned the world's attention to the issue of climate change, SABIC worked on developing advanced materials to expand the use of solar energy.

We are working on products able to withstand harsh weather conditions to avoid premature solar panel failure in locations such as Saudi Arabia. Dust buildup can lead to a 30 to 40 percent drop in solar panel efficiency within months after installation. To address this challenge and build a more sustainable future, our research teams are developing material technologies that can make solar power more feasible in these harsh conditions.

LOOKING FORWARD

Innovation propels business growth and provides sustainability breakthroughs that can leapfrog incremental change. Sustainability through innovation plays a critical role at SABIC. Not only is this approach helping us meet our 2025 growth strategy goals, it is allowing us to enable tomorrow's solutions. By combining sustainability and innovation, we can respond to the dynamic needs of our customers and create exciting new solutions to some of the world's greatest challenges.

Our commitment to sustainability and our progress to date in improving manufacturing technologies and developing sustainability solutions have positioned us well to address new and emerging regulatory environments and customer expectations arising from sustainability trends.

As the sustainability landscape evolves, it will be critical for us to incorporate sustainability concepts into forward-looking investment decisions and technological innovation, transforming our processes and products to thrive in new business conditions.

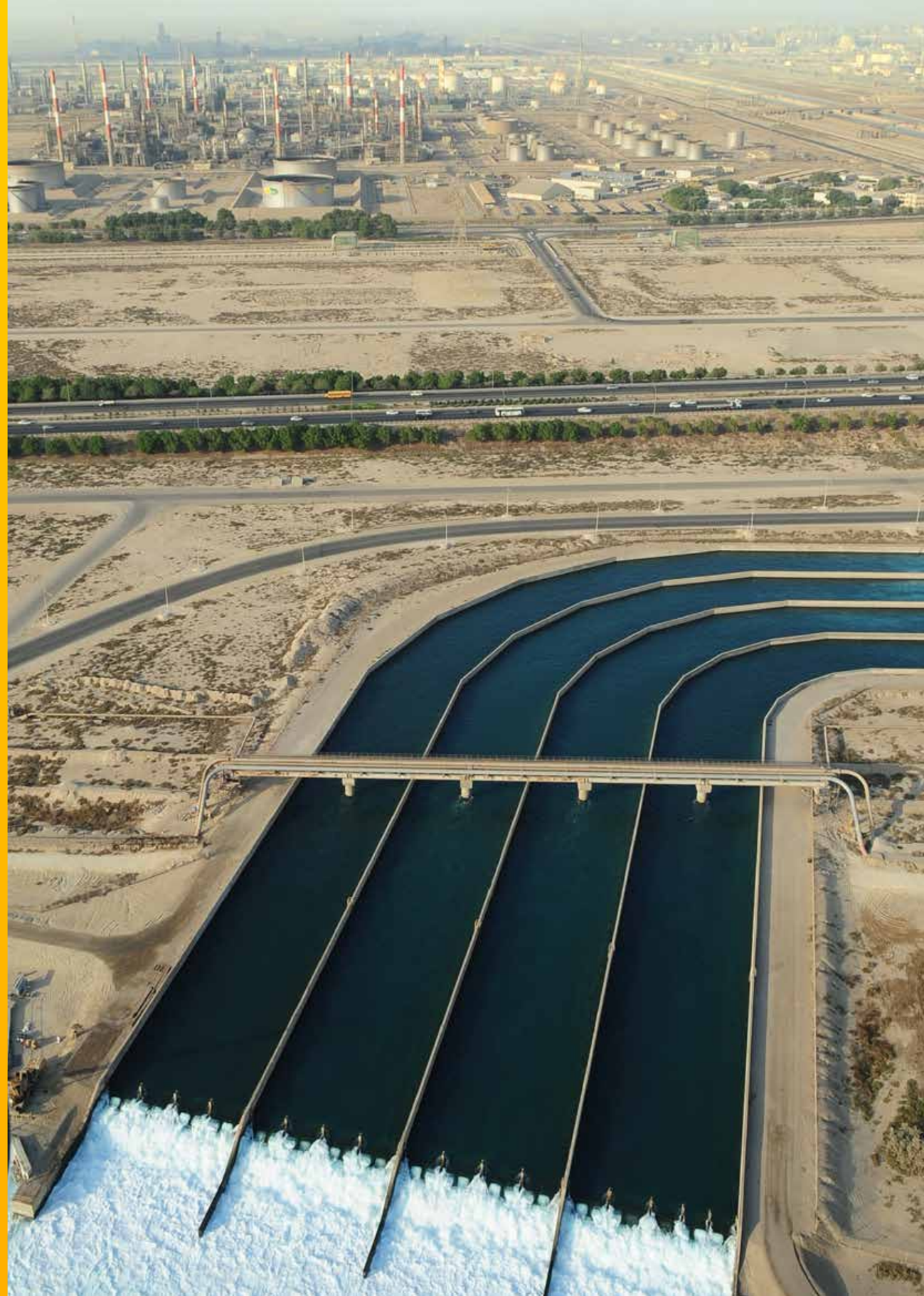
OUR PRIORITIES FOR 2016 AND BEYOND

- Embed sustainability into our market-focused growth strategy by identifying challenges in key markets and creating a pipeline of solutions
- Develop and implement metrics that provide more insight into our sustainability and innovation performance
- Accelerate development of differentiated products and solutions that are more highly valued downstream
- Officially launch the Home of Innovation™ facility to showcase our advanced solutions that reduce energy and water use while delivering greater comfort, convenience, and connectivity
- Investigate new technologies to reuse CO_2 and other waste materials from one facility to serve as feedstock for other sites and increase resource efficiency

As we look to the future, we are energized by the opportunity to innovate and create new sustainability products, materials, services, and processes that create value for our company, customers, and shareholders – as well as society and the planet.

3

RESOURCE AND ENERGY EFFICIENCY



OUR APPROACH

At SABIC, we understand that without natural resources as raw materials and fuel, our business could not function. As a result, we put a high priority on using these precious assets efficiently.

Effectively managing resources and energy delivers many benefits: It serves our bottom line by reducing costs; it reduces the life-cycle impacts of our products, helping our customers to meet their sustainability goals; and it helps protect natural capital for society.

In 2011, we established four intensity-based environmental metrics on energy consumption, greenhouse-gas (GHG) emissions, freshwater use, and material loss[1]. These are accompanied by ambitious goals: to reduce energy consumption, GHG emissions, and water intensity, by 25 percent, and material-loss intensity by 50 percent, from levels in 2010.

Over the past five years, we have made significant progress on these goals through operational excellence, implementation of efficiency projects, and technological innovation in our manufacturing processes.

All intensities in this section are reported based on units per metric ton of product sales and compared with levels in 2010.

OPERATIONAL EXCELLENCE

Excellence is something that SABIC achieves by constantly evaluating how every element of the organization can be optimized to deliver performance and value. From the training of future leaders to daily operations and the tools that track our activities and performance, we strive for quality.

This year, we developed and began to deploy the Manufacturing Excellence Management Standard (MEMS) in our global manufacturing sites to increase sustainability performance and ensure that we use best practices for organizational effectiveness, work processes, and performance management. MEMS focuses on building committed leadership and the tools and behaviors to improve performance, using scorecards to track performance. The new standards will be deployed following the Manufacturing Excellence Deployment Program, which we call Imtyaz, the Arabic word for excellence.

RESOURCE AND ENERGY EFFICIENCY PERFORMANCE

On the whole, 2015 was a challenging year for improving resource and energy efficiency, with fluctuations in feedstock prices and changing market demands. Lower production rates in response to slowing growth in emerging and mature economies can lead to increases in intensity of environmental metrics, such as those outlined above.

In our operations, not all sites improved, but overall the actions to increase the capacity utilization and reliability of our base chemicals plants improved their intensity performance. These improvements were partially offset by unexpected or extended shutdowns at some manufacturing sites of agricultural nutrients, which contributed to efficiency loss and increased flaring.

This year, we capitalized on an opportunity to improve our resource efficiency by using waste material from one site as feedstock for other sites in close proximity: The CO_2 utilization plant at United, a SABIC affiliate. The plant features on pages 2 and 3 of this report. We will continue to look for ways to improve resource efficiency by sharing energy or materials between sites.

Process technology projects positively affected our sustainability performance this year by embedding resource and energy efficiency into every phase of technology development, including engineering upgrades, technological innovations, and major investment projects.

Saudi Arabia's higher gas prices, along with global feedstock price volatility, will continue to affect our business, but our investments in energy and resource improvements in the last five years have helped reduce our operating costs, making SABIC more resilient to market dynamics.

Page 33: Water-cooling canals in Jubail, Saudi Arabia
[1]Footprint boundary and methodology details for our intensity-based environmental KPIs are available online at http://www.sabic.com/corporate/en/sustainability

OUR PERFORMANCE

2015 HIGHLIGHTS

- Completed CO_2 utilization project at our affiliate United, which can use up to 1,500 metric tons of CO_2 per day
- Our affiliate SAFCO launched SAFCO V, which is designed to use 780,000 metric tons CO_2 per year to produce urea
- SABIC and its affiliates saved 2.8 million cubic meters of water from good housekeeping and investments, resulting in a reduction in water intensity
- The sites in Bergen-op zoom, the Netherlands, and Bay St. Louis, Mississippi, achieved their 25 percent energy and greenhouse-gas intensity reduction targets
- Significant flaring reduction was hampered by increased flaring during extended plant shutdowns and turnarounds

OPERATIONAL KPI REDUCTIONS SINCE BASE YEAR 2010

↓7.8% GHG EMISSIONS INTENSITY

↓8.1% ENERGY INTENSITY

↓11% WATER INTENSITY

↓29% MATERIAL-LOSS INTENSITY

3.3 MILLION MT TOTAL CURRENT CO_2 UTILIZATION

40% REDUCTION IN FLARING EMISSIONS

GREENHOUSE GAS

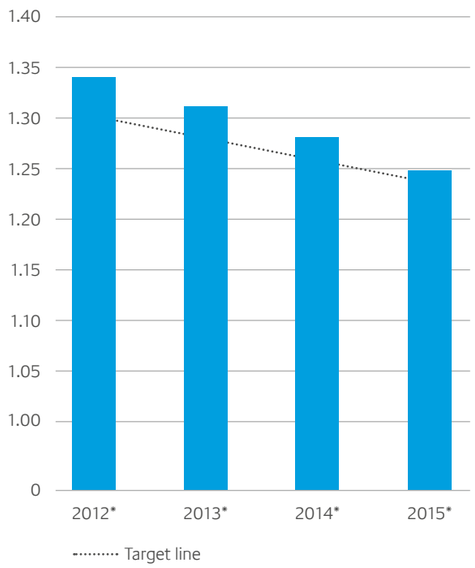
GREENHOUSE GAS PERFORMANCE

This year, our greenhouse gas (GHG) intensity – measured in Metric Tons (MT) of CO_2 equivalent (CO_2 eq) per MT of product sales – fell 2.6 percent below 2014, and 7.8 percent lower than 2010, our base year. Absolute GHG emissions decreased 0.9 percent compared with 2014, and they are 1.7 percent lower than 2010.

Three primary factors influenced our greenhouse-gas (GHG) intensity performance in 2015: Production volume, operational performance, and GHG-reduction initiatives. The latter includes energy-efficiency projects, flaring reduction, CO_2 utilization, and our use of less GHG-intense fuel for energy production.

This year, capacity utilization and production volumes had a mixed effect on our GHG-intensity performance, with increasing production at some sites and decreasing production at others. However, the successful launch of United's CO_2 purification and utilization project (described on page 3), with its ability to purify up to 1,500 MT of CO_2 per day, brings a positive impact. In addition, the opening of the new SAFCO V urea plant, which uses waste CO_2 as a feedstock, helped increase the overall resource efficiency and CO_2 intensity of urea operations. These developments will have a greater impact on our GHG-intensity performance during its first full year of operation in 2016.

GHG INTENSITY (MT CO_2 EQ/MT PRODUCT SALES)



GREENHOUSE GAS MANAGEMENT

We reduced GHG emissions primarily through our energy-efficiency and CO_2 utilization efforts, with advanced technology playing a strong role. For example, we are in the midst of a multi-year effort to upgrade catalysts in our ethylene glycol processes to lower CO_2 byproduct and reduce our overall GHG emissions.

There are two projects within the United Nations Clean Development Mechanism (CDM) program: The Al-Bayroni project in Jubail was registered in 2014, and the UN audit for a project in a second affiliate is scheduled to be complete in 2016. These two projects are expected to save 600,000 MT of CO_2 eq in their lifetimes.

In addition to these operational processes, we have continued our efforts to quantify and increase the avoided GHG emissions resulting from the use of SABIC® products (read more on page 27).

GHG EMISSIONS BY SCOPE (MILLION MT CO_2 EQ)

	2011	2012*	2013*	2014*	2015*
Scope 1	39	39	38	38	38
Scope 2	17	18	18	18	18
Total	57	57	55	56	56

[1]Footprint boundary and methodology details for our intensity-based environmental KPIs are available online at http://www.sabic.com/corporate/en/sustainability.
*Assured by KPMG.

ENERGY

ENERGY PERFORMANCE

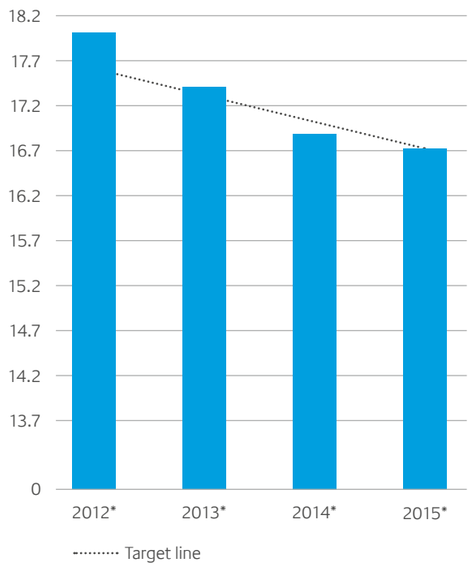
This year, our energy intensity – measured in gigajoules (GJ) per Metric Ton (MT) of product sales – fell 0.8 percent compared with 2014 and 8.1 percent below 2010, our base year. Total energy use increased to 747 million GJ in 2015, from 741 million GJ in 2014[1].

Energy-intensity performance was influenced primarily by production volume and SABIC's energy-efficiency initiatives.

While the decline in production volume in some parts of our business increased energy intensity, this was counterbalanced by increased capacity utilization and reliability in other plants. In addition, shifting production to our most efficient plants reduced our overall manufacturing intensity.

We continued to apply a robust approach to energy efficiency at our major chemical plants, particularly steam crackers, reformers and glycol plants. For these plants, we conducted comprehensive energy-efficiency assessments to identify opportunities for quick wins and long-term energy-saving strategies. Over the next three to five years, we will strive to significantly enhance the energy-efficiency performance of our plants in Saudi Arabia to bring all of them up to our best-practice standards.

ENERGY INTENSITY (GJ/MT PRODUCT SALES)



ENERGY MANAGEMENT

Creating a culture of sustainability among our employees is a key part of our strategy, and we apply this to energy management as well by ensuring that every SABIC site has experts who closely monitor our energy use.

SABIC is committed to the government's Saudi Energy Efficiency Program (SEEP), which uses international benchmarks to set targets for energy efficiency in industry, buildings, and transportation, which together account for 90 percent of the country's energy demand. Since we have the systems and expertise to meet our own ambitious 2025 energy-intensity reduction goals, we are well-placed to meet the new SEEP targets for our industry.

We have also undertaken energy-efficiency improvements outside of Saudi Arabia. This year, our sites in Bergen op Zoom, in the Netherlands, and Bay St. Louis, Mississippi, in the United States, achieved their 25 percent energy-intensity reduction milestones. We achieved this in Bay St. Louis by implementing energy-reduction projects that resulted in an energy-intensity reduction of 27.5 percent compared with 2010. The Bergen op Zoom site reached its energy and GHG goals by implementing a five-year plan that included multiple capital projects, a focus on operational excellence, and integration with neighboring plants.

*Assured by KPMG.

WATER

WATER PERFORMANCE

In 2015, freshwater intensity at our affiliates – measured in cubic meters (m^3) per Metric Ton (MT) of product sales – declined by four percent compared with 2014 and by 11 percent compared with 2010, our base year. Our absolute freshwater use decreased to 117 million m^3 in 2015, from 120 million m^3 in 2014[1].

Total production volumes affected our water-intensity performance, and we also invested in many relatively small actions and projects that helped us exceed our goal. Going forward, we will continue these efforts and maintain ongoing vigilance to reduce leaks and minimize water use.

WATER MANAGEMENT

Water-reduction targets were set at all of our affiliates' sites and the largest projects were prioritized for locations where water cost or stress is significant. We take a two-part approach to water management: Actions and investments to increase the water efficiency of our operations, and actions to increase reliability (or integrity) by preventing and repairing leaks.

For example, our site in Benoi, Singapore, recycles more than 7,000 m^3 of rainwater through a new storm-water recycling system that achieved a 26 percent reduction in water intensity compared to 2010.

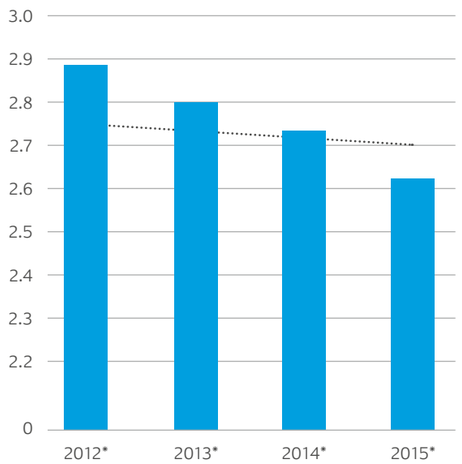
At our site in Tampico, Mexico, we commissioned a treated water reuse system that reduced the site's absolute water consumption by more than ten percent, compared to 2010.

At our site in Teesside, U.K., we saved 155,000 m^3 in 2015 as a result of good housekeeping and actions taken by our landlord.

Our site in Cartagena, Spain, reduced usage by two percent by upgrading microfiltration units.

In Saudi Arabia, the continuous focus on preventing and fixing water leaks and steam venting drives down our water intensity.

WATER INTENSITY (m^3/MT PRODUCT SALES)



Target line

[1]Footprint boundary and methodology details for our intensity-based environmental KPIs are available online at: http://www.sabic.com/corporate/en/sustainability.
*Assured by KPMG.

MATERIAL LOSS

MATERIAL LOSS PERFORMANCE

We focus on efficient resource use by measuring and minimizing material losses. We have defined material loss as the sum of process material losses to flaring, process vents, fugitive losses, hazardous and non-hazardous wastes, and process material lost to wastewater treatment.

Due to reliability and operational improvements, our material-loss intensity – measured in Metric Tons (MT) per MT of product sales – fell 13 percent compared with 2014 and was 29 percent less than 2010, our base year. Absolute material loss decreased to 3.9 million MT in 2015 from 4.3 million MT in 2014[1].

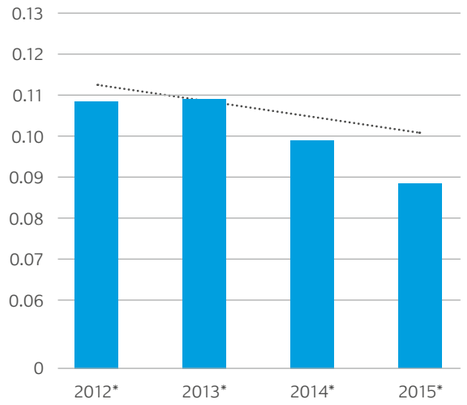
The successful completion of the Jubail United CO_2 utilization project and our new urea plant at SAFCO V represented significant steps forward on material loss this year.

MATERIAL-LOSS MANAGEMENT

To address material loss, we focus on flaring and venting reduction and the lowest-cost mitigation, operational excellence – improving reliability, managing shutdowns and turnarounds, and adjusting operations frequently to reduce material losses. Another key opportunity for us is to use the waste from one operation as a feedstock in a nearby facility. In some operations, we are able to gain benefits from alternatives to fuel sources, such as replacing coal with gas.

Hadeed, a SABIC affiliate, illustrates how to reuse waste. This year, we completed a project to capture unused spent gas for fuel in burners, lowering both the fresh natural gas and electrical power consumption at the site. In the past, we had to flare this spent gas. This project reduced flaring by 25 percent, while also reducing greenhouse-gas (GHG) emissions and energy consumption by more than three percent and improving the productivity of these process modules by more than six percent.

MATERIAL-LOSS INTENSITY (MT/MT PRODUCT SALES)



Target line

Hadeed also began a project to reuse waste coke from our local olefin plants to increase the carbon content of our steel product. This process replaces imported carbon, reduces costs, and is expected to save about 800 MT of waste coke from landfills every year.

In the United States, our site in Mount Vernon, Indiana, is on track to complete a project replacing coal-steam boilers with gas-fired cogeneration in 2017. As an interim step, they idled coal-fired boilers for steam production, resulting in a 9,600 MT reduction in coal ash and a 210,000 MT reduction in GHG emissions since 2010.

*Assured by KPMG.

LOOKING FORWARD

As we work to continue our progress in energy and resource management, we will maintain focus on our four intensity-based key performance indicators (KPIs) for energy, greenhouse-gas emissions, water, and material loss, accelerating our rate of improvement in operational excellence, innovation, and investments.

For operational excellence, emphasis on reliability and capacity projects will increase capacity utilization to generate both financial returns and operational intensity improvements.

We will also continue to improve our standards and processes to add value to our business and improve our resource efficiency. Our manufacturing affiliates will continue the deployment of our new manufacturing standards across all sites. Building human capital to manage energy and resource efficiency, providing appropriate tools, and increasing collaboration between technology and engineering resources will improve our operational efficiency and keep our project pipeline full. In the next few years, we will have several new products come on stream that require technologies with higher intensities for production compared with our current products. Given this, we will need to explore opportunities to reduce impacts in other areas to compensate for this increase.

In terms of opportunities to apply innovation toward resource management, the CO_2 utilization project at our affiliate United proved the value of cross-site integration, and we are working on new ways to use CO_2 as a feedstock and on identifying similar integration projects. In particular, we are exploring opportunities at our Jubail and Yanbu manufacturing affiliates, which are located next to multiple other manufacturing sites. These opportunities for integration can often improve performance across all four of our sustainability KPIs, while also reducing operating costs.

Lastly, our investments in process technology development will increasingly improve our operational efficiency, and we will continue to invest in efficient process designs and more-sustainable technologies.

Improving our operational excellence, making the right technology choices, and pursing investments in opportunities such as site integration will ensure that our business is equipped to face future challenges in energy and resource scarcity.

"SABIC has made significant progress on four key operational indicators since 2010, which has improved our environmental impacts and reduced our operational costs.

We have an excellent team that drives progress and continues to build a pipeline of projects with cross-site integration, new technologies, and innovative ways to achieve the targets set out in our 2025 vision

AHMED AL-SHAIKH
EXECUTIVE VICE PRESIDENT
MANUFACTURING
SABIC

4

EHSS AND PRODUCT SAFETY

OUR APPROACH

Throughout this report, we discuss how SABIC's products create significant economic value around the world. At the same time, the manufacture of these products involves complex engineering challenges, energy-intensive processes, physical hazards, and chemical risks. Delivering value without negative impacts requires building and maintaining a strong culture of environment, health, safety, and security (EHSS) that goes beyond compliance and emphasizes continuous improvement.

SABIC's comprehensive EHSS program is built on a foundation of leadership, effective management systems, smart metrics, and goals that inspire improvement, all while investing in EHSS to protect our communities, personnel, and assets. We achieve these features by ensuring that every SABIC employee is empowered to take action to identify and effectively address EHSS risks. In this way, our culture maintains a safe work environment and helps to prevent accidental releases to the environment.

SABIC and our external stakeholders – including regulators, customers, and the public – have high expectations for product safety and performance. We maintain internal and external programs that improve these standards, respond to environmental and climate risks, strengthen our foundation of compliance, set goals that go beyond regulatory requirements to improve safety and performance, and increase our overall transparency.

Page 43: SABIC Plastic Application Development Center
Below: The SABIC Fire Training Center in Jubail, Saudi Arabia

OUR PERFORMANCE

2015 HIGHLIGHTS

- Achieved an environment, health, safety, and security incident rate of 0.48, a 30 percent improvement
- Developed a new product safety incident metric to track performance
- Reduced hazardous substance release incidents by 36 percent and the volume of accidental releases by more than 92 percent

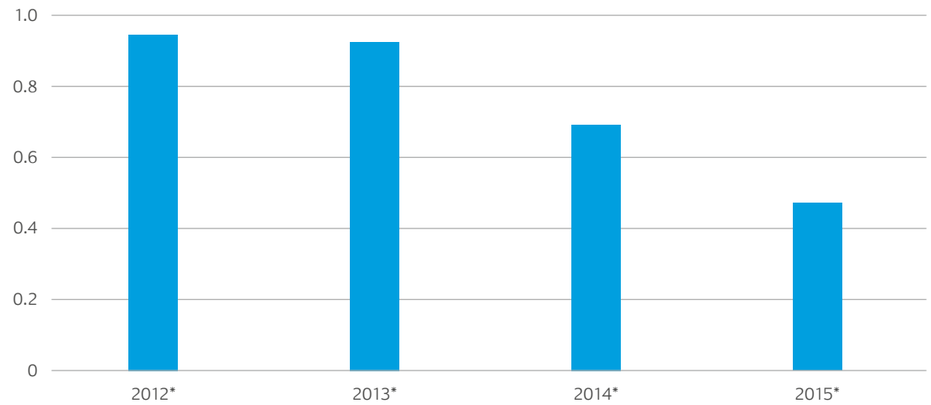
KEY METRICS AND TRENDS

↓30%
EHSS RATE

↓32%
TOTAL RECORDABLE INCIDENT RATE

↓36%
HAZARDOUS SUBSTANCE RELEASES

EHSS RATE TREND FROM 2012 to 2015



*Assured by KPMG.

BUILDING AN EHSS CULTURE: OPERATIONS

For successful implementation, our EHSS management systems and associated policies and procedures depend on the actions and behaviors of individuals and teams at all our facilities. EHSS teams work with employees at all levels to raise awareness of potential workplace hazards and appropriate responses to them. Routine communication creates a unified approach and reinforces EHSS as a core value of our culture. Further, by clearly communicating our expectations and performance feedback to employees and contractors – and by encouraging them to work together – SABIC helps to ensure safe work environments in our global operations.

IMPROVING OUR PERFORMANCE AND MANAGING EHSS RISKS

To improve our performance, SABIC continues to develop and use comprehensive safety, health, and environmental management (SHEM) standards and monitor EHSS key performance indicators for every facility, as well as across our supply chain. We regularly review and conduct internal audits of SHEM standards implementation to ensure that our industrial processes are designed, constructed, maintained, and operated to appropriately mitigate EHSS risks.

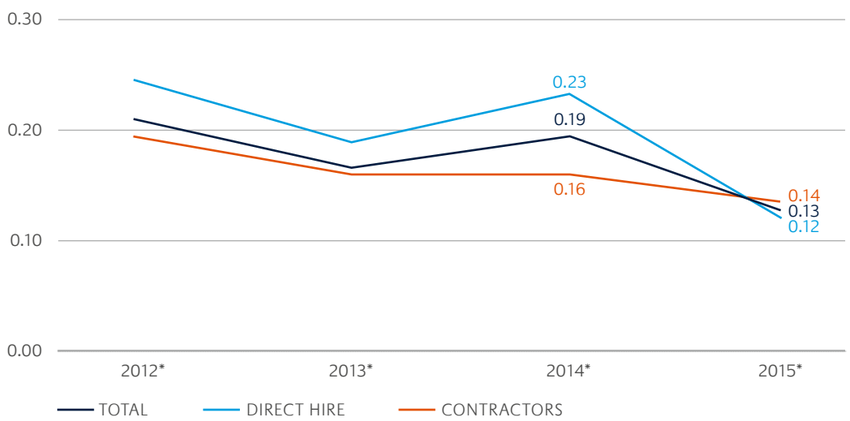
Our primary measure of performance is SABIC's EHSS rate, which consists of a comprehensive range of incident types, including environmental releases, process safety events, occupational health and safety injuries and illnesses, and security incidents. Since 2005, the rate has declined from 3.6 to 0.48, including a 30 percent improvement this year. This steady improvement keeps SABIC on track to achieve our long-term EHSS rate goal of less than 0.25 by 2025.

SABIC saw strong safety and security performance and improvements across our operations this year, including:

- A 48 percent improvement in the Total Recordable Incident Rate for direct hires, and a 32 percent overall improvement
- Zero occupational illnesses, fatalities or major process safety incidents

SABIC continued to identify and mitigate security risks to operations, employees, and local communities across the globe. This included continuous monitoring of the ever-changing threat environment and delivery of expert security support. Major programs included intelligence collection and analysis, physical security improvement, crisis management preparedness and business continuity, travel security and health initiatives, site security audits and compliance with government security regulations, as well as adherence to the Responsible Care® Security Codes.

TOTAL RECORDABLE INCIDENT RATE (INJURIES & ILLNESSES) PER 200,000 HOURS



*Assured by KPMG.

RESPONSIBLE CARE®

SABIC is a proud member of the chemical industry's voluntary Responsible Care® initiative, through which we have committed to improve environmental protection, occupational safety and health, facility safety, and product stewardship. We continue to communicate information about these topics to neighbors, the public, and customers.

Every SABIC chemical site maintains Responsible Care RC14001:2013 certification, reflecting our commitment to achieving and maintaining top-level international EHSS standards. SABIC also provides leadership for the Responsible Care initiative in the Middle East through the Gulf Petrochemicals and Chemicals Association (GPCA). Our company-wide commitment to the Responsible Care mission earned SABIC a number of Responsible Care awards and recognition this year, which are described in detail on the SABIC website.

> "SABIC is honored to be recognized by the American Chemistry Council for five Responsible Care® Energy Efficiency Awards, a recognition that continues to build on our sustainability successes from prior years
>
> JOHN WOOD
> DIRECTOR
> ENVIRONMENTAL HEALTH, SAFETY AND SECURITY
> AMERICAS REGION
> SABIC

PROCESS SAFETY INCIDENTS

	2012	2013	2014	2015
Process Safety Total Incident Rate (PSTIR)	0.04	0.02	0.02*	0.01*
Process Safety Incident Severity Rate (PSISR)	0.14	0.14	0.08	0.02

*Assured by KPMG.

SABIC FIRE TRAINING CENTER

Strong safety performance is important, and we conduct regular, effective training to improve our EHSS rate. This year, the SABIC Fire Training Center in Saudi Arabia – the first emergency-response training center outside of North America to receive accreditation by the National Board on Fire Service Professional Qualifications – earned accreditation by the American Heart Association as a Heartsaver® First Aid training center. This year alone, 2,235 students were trained. The classes were primarily for SABIC affiliates but also open for external candidates to increase local fire-safety expertise in the community.

ENVIRONMENTAL RELEASES AND EMISSIONS MANAGEMENT

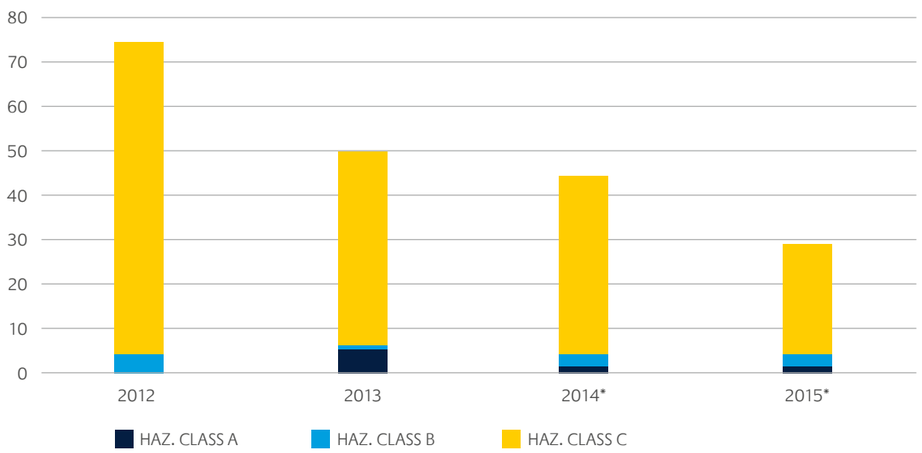
It is core to the safe and responsible management of our operations to reduce environmental emissions. SABIC set a goal of eliminating all accidental releases of hazardous substances and minimizing all other emissions to the environment. We track progress on this goal by tracking all accidental releases of hazardous materials, regardless of whether there has been an environmental impact. Releases are categorized based upon a number of factors, including amount released and environmental impact, with Class A releases being the most significant.

We continue to improve our performance. For the third consecutive year, we reduced the number and volume of accidental releases of hazardous substances, reaching 29 this year from 45 in 2014.

Unfortunately, SABIC experienced one Class A environmental release, at our Cartagena facility in Spain. The incident, which resulted in the release of 160 metric tons, was rapidly detected by our safety teams and controlled within secondary containment.

SABIC analyzes and identifies the root causes of events such as environmental releases and communicates the results across the company to improve awareness and implementation of our EHSS best practices. This year, we introduced an EHSS portal that provides access to both internal and external incident information.

TOTAL NUMBER OF HAZARDOUS SUBSTANCE RELEASE INCIDENTS



*Assured by KPMG.

WINDBREAKER AIR QUALITY PROJECT

Just as we are dedicated to eliminating and preventing on-site accidental releases of hazardous substances, we are working to minimize the impacts of our operations on neighbors.

In one such case, Hadeed, a SABIC affiliate in Saudi Arabia, completed the ambitious Windbreaker project to improve air quality around the steel mill by installing 2.8 kilometers of fences. The fencing material acts like a filter to slow and trap up to 90 percent of dust from the facility, significantly improving the local air quality.

SOLUTIONS TO MARINE LITTER

Marine litter is an increasingly visible and growing threat to oceans and coastal environments. While the vast majority of ocean debris comes from consumers and land-based waste-management practices, the plastics industry has a role in developing solutions and promoting sustainable management within our value chain.

SABIC addresses the issue through leadership at the World Plastics Council (WPC) and our pledge to Operation Clean Sweep®, an international plastics industry program that helps keep pellets out of the water. In December 2014, SABIC in Europe signed the pledge to prevent resin pellet loss, which commits us to improve our worksite controls and ensure that employees know how to handle and reduce plastic pellet waste properly. We began execution this year, starting with our European sites and logistics facilities.

> “As leaders in the global plastics industry, WPC members recognize that used plastic doesn’t belong in the ocean. We’re committed to working with our global stakeholders, including governments, NGOs, and other industry participants, to do our part to help solve this problem

ABDULRAHMAN AL-FAGEEH
CHAIRMAN OF WPC AND EXECUTIVE VICE PRESIDENT OF POLYMERS SABIC

Below: Cleaning marine litter at Yansab, a SABIC affiliate

BUILDING AN EHSS CULTURE: PRODUCT STEWARDSHIP

Product safety, regulatory compliance, and transparency are increasingly important issues to SABIC and our stakeholders, from customers to suppliers, regulators to NGOs, and consumers to society as a whole. To meet and exceed these expectations, SABIC maintains and builds on several internal and external programs.

PRODUCT STEWARDSHIP PERFORMANCE

Central to SABIC's EHSS efforts is product stewardship: Ensuring that the manufacture, use, and disposal of our products minimizes risks to the environment and human health along the entire value chain. SABIC continued development of a new metric this year to track, analyze, and report product safety incidents, and started collecting incident data for internal tracking.

We define product safety incidents as (1) non-compliance with chemical control regulations applicable to registration, export, import, or sale of chemical substances, health and safety requirements applicable to SABIC products, or good manufacturing practices (GMP); (2) incidents involving alleged injury to human health or the environment; and (3) financial losses as a result of product compliance claims.

The product safety incidents tracked in 2015 were identified by internal control procedures and did not cause safety issues for SABIC or any other party in our value chain. In the coming years we will further refine and implement this methodology across the company.

We continued to adopt new, more standardized management practices for product information as part of our Responsible Care® commitment to product safety. We monitor customer product safety inquiries as an indicator of value-chain expectations. Product safety inquiries from customers increased by seven percent this year, as a result of an increasingly complex regulatory environment and voluntary product standards. This trend reinforces the importance of efficiently and transparently supplying product compliance information to our external stakeholders.

SABIC actively advocates for product safety and chemical industry policy at national and international levels. At the fourth session of the International Conference on Chemicals Management (ICCM4) hosted by the UN Environment Program, SABIC joined the chemical industry delegation to develop positions on key chemical safety issues as part of the implementation of the Strategic Approach to Chemicals Management (SAICM).

PRODUCT STEWARDSHIP METRICS

	2012	2013	2014	2015
Number of Customer Product Safety Inquiries	4824	8462	10577	11328

LOOKING FORWARD

SABIC is a complex global business focused on meeting the needs of our customers and enabling tomorrow's solutions in a demanding business environment. As we strive to reach our ambitions, we are creating a strong and consistent culture, where EHSS values will not be compromised. Our goal is to create a culture that fosters a desire to seek continuous improvement by actively engaging, helping, and encouraging one another to work safely and to learn from incidents to make us stronger and more reliable.

We are implementing broad actions to enhance global coordination and drive further EHSS rate improvement and greater organizational effectiveness within EHSS. We developed new facility siting methodologies and guidelines based on industry best practices. These new practices, which will further reduce the risk of our employees and contractors being injured during an industrial accident, will launch in 2016.

SABIC's product stewardship team has begun implementing a new global solution to manage product hazard communications and internal risk-assessment processes. We will continue to roll this project out in 2016, replacing several manual compliance processes with more efficient and reliable digital counterparts that will aid in lowering compliance risk.

Through the World Plastics Council, SABIC is committed to continue leading on global solutions to marine litter. We plan to implement the principles of Operation Clean Sweep at all relevant global operations and we are looking to engage in collaboration across our value chain in the future.

As we work to grow our global operations and improve efficiency and processes, we are committed to building and maintaining a world-class EHSS program that ensures the safety of people, facilities and the environment. As we innovate to meet tomorrow's challenges, our product safety and stewardship program strives to go beyond compliance to produce even safer, more sustainable products that meet our customers' needs.

5

HUMAN CAPITAL DEVELOPMENT

OUR APPROACH

As population growth and urbanization drive demand for products and services, the world's population needs innovative solutions to live safe, comfortable, and productive lives. As a leader in the petrochemicals industry, SABIC is ideally positioned to develop the solutions that get the most out of our planet's limited resources.

We can innovate for the future because we invest in employees – the people who can drive solutions forward. To ensure SABIC's human capital continues to develop, we focus on talent acquisition, and growing and retaining a workforce with the skills and leadership qualities needed to meet the demands of our markets and industry.

We place a special emphasis on developing our current workforce through programs that reach employees at entry level and continue as they grow into leaders and executives. This approach helps SABIC inspire our employees to contribute to our business success in a dynamic marketplace.

To develop our employees' functional excellence and expertise – and to help them align careers with their skills and ambitions – we encourage staff to participate in educational programs, on-the-job training, and individual coaching. In addition to our in-house programs, we work with leading higher-education institutions to give our employees the training they need to become our company's next generation of managers and leaders. We also incentivize employees by rewarding top performers.

In addition to retaining top performers, we invest in human capital by building a diverse workforce and working to attract the best new talent. This approach gives us a competitive edge and supports our 2025 strategy.

As our industry changes and grows, we will continue to transform challenges into opportunities. One of the best ways to do this is through investments in learning and development that enable our people and our business to become more agile, focused on customer needs, and effective at supporting sustainable growth.

"In the current challenging economic and social climate, people can make the difference. To meet tomorrow's challenges, we must continue our investment in people development and talent acquisition. The global organizational transformation initiative is building a stronger SABIC that is capable of global leadership and meeting customer needs, developing our employees, maximizing shareholder value, and contributing to the communities in which we live and work."

ABDULAZIZ AL-OUDAN
EXECUTIVE VICE PRESIDENT
CORPORATE HUMAN RESOURCES
SABIC

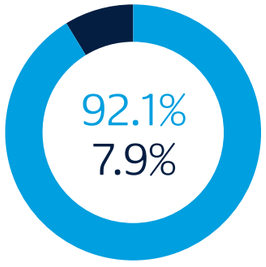
OUR PERFORMANCE

2015 HIGHLIGHTS

- 53 SABIC leaders completed executive Master of Business Administration (eMBA) degrees
- Female employees in Saudi Arabia increased by 21 percent
- Smooth organizational transformation implemented with a strong focus on change management, employee engagement, and transparency

KEY METRICS

PERCENTAGE OF WORKFORCE BY GENDER



30,835
TRAINING PROGRAM PARTICIPANTS

50
EXECUTIVES IN LEADERSHIP CLASSES

REFINING GLOBAL HR STRATEGY TO SUPPORT SABIC'S 2025 VISION

- Increase capabilities, with a focus on functional expertise, analytical skills, and change-management competencies
- Acquire and develop world-class talent and leadership
- Build our SABIC Distinctive Leadership Brand, a combination of competencies and styles that enables our leaders to excel
- Transform our organizational culture and create an empowering, engaging work environment

TRANSFORMATION

- SABIC continued to transform its organization this year to adapt to a changing business environment. This global change enabled SABIC to become more agile, cost efficient and customer focused
- To maximize the success of this ongoing global transformation, we work closely with our employees to ensure that everyone understands what the change means
- Across our global offices, SABIC held town-hall meetings with open discussions. We published a series of online videos and held workshops to explain the changes. We also ensured SABIC's transformation complied with regulations of all countries in which we operate

SUPPORTING FUNCTIONAL EXCELLENCE

Given the changing landscape and our own transformation, it is important for SABIC's employees to have essential skills such as decision making, creative thinking, and leadership. We ensure these skills are present by continuously developing programs to keep us up to date with trends in innovation, technology, processes, safety, standards, and leadership. We approach the development of functional excellence in two ways: The Early Career Development Program, which builds a foundation for new hires, and learning programs, which develop functional competencies for all employees in SABIC's main career lines.

EARLY CAREER DEVELOPMENT PROGRAM

An important component of developing functional excellence is the SABIC Early Career Development Program (ECDP), a one-to-two-year curriculum with rotations in multiple assignments. This program builds a solid foundation of expertise and experience at an early stage, while teaching participants core functional and leadership skills.

The ECDP started in 2013 with the SABIC Engineer Early Development Program (SEEDP) and has since added four programs that focus on IT, supply chain, procurement, and finance. This year, 467 employees participated in these programs.

Early Career Development Program	Current Participants
Engineering	351
IT	27
Supply Chain	29
Procurement	28
Finance	32

"During my four work rotations, I expanded my technical toolbox and am now better equipped to solve problems. Most of all, I learned that if we make safety our number one value and reliability a top priority, business success will follow

RENEE BAKER
PROCESS ENGINEER
ALABAMA, U.S.
SABIC

"SEEDP benefited my communication skills and self-confidence and enabled me to understand the most important areas in each function. The program helped me to develop a clear vision for my career and define a path for personal development and growth

MOHAMMED GANADELY
MECHANICAL ENGINEER
JUBAIL, SAUDI ARABIA
SABIC

LEADERSHIP FOCUS

A well-trained and dedicated workforce cannot be effective without competent leaders. We develop leaders at all levels through a variety of in-house programs. Two examples include our customized executive Master of Business Administration (eMBA) Program and our Global Leadership Challenge Program. The latter explores the changing nature of leadership as the industry, markets, and global economy also change.

SECOND GROUP OF LEADERS GRADUATE WITH EXECUTIVE MBAs

Executive MBAs give leaders an opportunity to learn key drivers for success in a global market from industry peers and apply what they learn in their daily jobs. The spread of global experience, strategic thinking, and business acumen will help SABIC achieve its 2025 strategy.

Since 2012, when the eMBA program was developed in collaboration with the Thunderbird School of Global Management, 53 SABIC leaders have completed degrees. During the program, participants delivered four projects exploring solutions to challenges that executives believe SABIC could face while achieving its 2025 strategy.

GLOBAL LEADERSHIP CHALLENGE LAUNCHED IN DUBAI AND SHANGHAI

This year, we expanded our approach to executive development with a custom-designed in-house Global Leadership Challenge Program to inspire leadership ambitions and encourage new behavior in response to trends in the global economy, industry, and markets.

The program, which took place in Dubai and Shanghai, included guests who spoke about China's economy and the chemical industry. During the sessions, young employees discussed their career expectations.

LEARNING PROGRAMS

Most employees attended the learning programs in class. More than 30 percent of the programs targeted technical expertise and innovation, areas of focus given the importance of SABIC's assets to our success. Other popular courses included project and time management. In addition to these classes, all employees were required to take online courses covering areas specific to their role, as well as safety, security, integrity, and business ethics.

	Classes	Participants
Leadership	83	1,760
Sales and Marketing	17	257
Finance	34	543
Technical and Innovation	1,797	12,783
Core Skills	136	2,073
Conferences	1,677	992
Management	1,748	11,982
Supply Chain	31	445
Total	**5,523**	**30,835**

DIVERSITY

In order to drive innovation, support growth, and remain competitive, SABIC aims to build a workforce with diverse backgrounds, opinions, and ideas.

Based in 290 different offices in 50 countries, around 40,000 employees and contractors represent 98 nationalities. These are the people helping the company deliver 'Chemistry that Matters™'.

Gender is a key aspect of diversity. We hired our first female employees in Riyadh in 2013 and continue to expand female employment in Saudi Arabia.

"

I was proud to be one of the first female hires at SABIC in Riyadh in 2013. Engaging with the external world, working with a diverse team, and developing strategies for new market solutions are satisfying my passion to make a difference

LULWA AL DKHAIL
BUSINESS ANALYST
RIYADH, SAUDI ARABIA
SABIC

LOOKING FORWARD

Developing human capital is essential to realizing our goal to become the world's preferred leader in chemicals. In 2016 and beyond, we aim to increase our focus on people and further develop the culture of empowered, engaged teams working in an inspiring environment. We plan to do the following:

- Build SABIC's capabilities by hiring and developing world-class talent and leadership
- Expand leadership capabilities through the development and deployment of the SABIC Distinctive Leadership Brand
- Continuously conduct organizational health checks, as part of the ongoing global transformation, to assess performance and recommend improvements, and build our employees' change-management competencies to ensure execution

Below: Students learn from SABIC at a career day in Eindhoven, the Netherlands

6

SUPPLY CHAIN

OUR APPROACH

At SABIC, our ambition is to be the chemical industry's global leader in sustainability for both supply chain and procurement. Achieving this ambition will create value for SABIC, allow employees and service providers to flourish, and make a positive contribution to communities and the environment. As we minimize our environmental footprint, we pass the benefits – economic and social – on to our customers.

Throughout our business, global supply-chain teams are taking a systematic management approach to supply-chain optimization, with a steady focus on increasing efficiency, investing in low-carbon technologies, and developing innovative, more sustainable solutions such as natural-gas-powered trucks and vessels.

In order to ensure successful optimization, SABIC relies on close collaboration with our customers, suppliers, and other key stakeholders for a holistic, comprehensive approach to supply-chain efficiency. Our global procurement operations work side by side with our business units to reduce waste, increase the use of more sustainable raw materials, and source from suppliers aligned with our Code of Ethics. Our Supply Chain and Procurement Sustainability Initiative, which we launched early in 2015 and continue to improve, further increases SABIC's competitive edge, while reducing our carbon footprint across the supply chain.

Below: SABIC's operations in Geleen, the Netherlands

OUR PERFORMANCE

2015 HIGHLIGHTS

- Implemented standardized, global EHSS incident reporting in accordance with SABIC's EHSS management standards
- Provided education programs to selected SABIC businesses to further optimize our performance in supply-chain operations
- Identified hotspots and opportunities for carbon reduction in SABIC's transportation and logistics operations
- Launched SABIC's Supply Chain and Procurement Sustainability Initiative and implemented the first two metrics to track SABIC performance: Safety and Quality Assessment System, and Respectable Work Conditions

WORKING CAPITAL OPTIMIZATION PROJECT

BRINGING INNOVATIVE SOLUTIONS TO MODERN CHALLENGES

This year, SABIC completed a three-year global working capital initiative focused on improving operational efficiency. To date, the project has saved significant sums in cash realization, and we expect further savings in the remaining parts of our business by 2017. This project reduces the warehouse and tank space required to store products, while also improving transaction efficiency, inventory accuracy, and reducing our risk from product loss, damage, or excessive handling.

SUPPLY CHAIN

Every global company has a complex supply chain, especially one of SABIC's size. Our supply-chain and global procurement operations oversee the significant task of managing the movement of all materials supplied to our global manufacturing plants. Once we have turned raw materials into SABIC products, the supply-chain operations and an extended network of logistics service providers execute the planning, scheduling, and delivery of those products to our end-customers.

Dedicated supply-chain execution teams manage operations, supported by our Global Supply Chain Center of Excellence. The center is responsible for leading many strategy, optimization, process governance, and other activities that are critical to our supply-chain sustainability efforts. A similar structure exists for Global Procurement Services, whose governance is housed within the Global Procurement Center of Excellence.

INTRODUCING THE SUPPLY CHAIN AND PROCUREMENT SUSTAINABILITY INITIATIVE

In our 2014 Sustainability Report, SABIC committed to developing new metrics that measure the sustainability performance of key processes and material areas, including the supply chain. This year, we launched a comprehensive sustainability initiative that continues to push SABIC toward a leadership position in global sustainability.

Developing the initiative was a cross-functional effort, requiring internal benchmarking studies and engagement of SABIC's leadership with a team from Cambridge University over several months. The collaboration created comprehensive, tangible, and actionable metrics for economic, environmental, and social impacts.

The next step is to undertake an extensive global change management campaign to speed up the adoption of key performance indicators (KPIs).

The program currently includes two prioritized KPIs: Safety and Quality Assessment System (SQAS), and Respectable Work Conditions (RWC). As the initiative evolves, we will add new metrics to further enhance our performance.

SAFETY AND QUALITY ASSESSMENT SYSTEM (SQAS)

The Safety and Quality Assessment System (SQAS) evaluates the quality, safety, security, and environmental performance of chemicals logistics service providers. The system employs questionnaires and independent inspection teams, and is tailored for the chemical industry by auditors using best practices. Suppliers are measured for compliance, based on the quality and maintenance of their truck fleets and quality and training of drivers.

This year, our fleet management team focused on the area of highest risk, the transport of higher-hazard chemicals, or dangerous goods. Our initiative's framework targets that logistics service providers are 100 percent compliant in this area. This year, we improved compliance by 20 percent, achieving our target. Next year, we will ensure that chemicals logistics service providers for non-dangerous goods are also fully compliant.

RESPECTABLE WORK CONDITIONS

In order to promote safe and humane working conditions by our business associates, we encouraged our key raw-material suppliers to agree to adhere to the principles of the SABIC Code of Ethics. The code requires compliance with all labor and employment laws, including health and safety, and adoption of fair employment practices. Our Respectable Work Conditions (RWC) metric indicates the percentage of key raw-material suppliers that have agreed to adhere to these principals.

This year, we started an initiative to require that other suppliers, including logistics service providers, agree to a code of conduct that demands compliance with all labor and employment laws and adoption of fair employment practices. We expect to include this requirement in our supplier due diligence starting in 2016.

Performance	2014	2015
SQAS (Dangerous Goods) compliance	80%	100%
RWC commitment	80%	90%

WORKING CAPITAL EFFICIENCY

Our Cash to Cash (CTC) metric, which comes into effect in 2016, tracks the working capital, measured in days, currently in use to operate the business. Also known as net working capital, the metric tracks the operational liquidity of our company in terms of the currency needed for day-to-day operation.

A lower number of days represents greater efficiency. We include this metric in the initiative because inefficient operations impact both our financial performance and the environment.

For example, storing inventory for long periods of time requires more energy and floor or tank space than when it reaches the customer quickly, increasing the risk of product obsolescence or damage, increasing waste, environmental impact, and cost. We aim to optimize material flow at warehouses and tank farms, so that fewer materials spend time sitting unused.

This year, we have trained our supply-chain teams how to measure this metric to establish a baseline for our performance.

SAFETY AND EFFICIENCY

GLOBAL INCIDENT REPORTING

SABIC's global process for reporting and investigating EHSS incidents has been fully operational for many years. This year, SABIC extended the global EHSS incident reporting system to include incidents in logistics service provider operations and outside the direct operational scope of SABIC's facilities. This process is one of the most effective ways to manage and mitigate risks for SABIC, service providers, and the communities where we work. The system helps us to learn from incidents, apply the findings globally, and continuously improve the safety performance of our logistics service providers.

Thanks to positive cross-functional collaboration, we rolled out the new standard to all regions this year; a solid step forward in the implementation of our new Supply Chain and Procurement Sustainability Initiative.

TRANSPORTATION FOOTPRINT

As we work to reduce SABIC's carbon footprint and increase the efficiency of our supply-chain logistics operations, we recognize that collaboration is critical for success. Three areas guide these relationships: optimization, inter-modality, and fuel switching.

SABIC also identified key targets to aggressively move to low-carbon solutions for our distribution network: less road transport, shorter road journeys, and more efficient road transport providers when other modes of transport are impractical.

REDUCING DISTANCE TRAVELED

SABIC constantly seeks ways to shorten the distance our products travel to reach global markets, because even small reductions can have significant impacts on emissions.

When the Portside Logistics Facility (PLF) at Jubail Commercial Port opened in 2013, we negotiated with shipping lines to call at the port instead of Dammam Port, reducing the distance to our production plants by approximately 100 kilometers, reducing emissions by 84,000 Metric Tons CO_2 emissions and saving as much as 30 million liters of diesel fuel per year.

With the PLF, SABIC reduces lead time to Saudi ports by four days, requires less overflow warehouse space, and has to collect up to 25 percent fewer empty containers from other Saudi ports – all of which provide a significant reduction in working capital. SABIC will now focus on increasing the number of shipping companies that carry our materials from this port to extend our focus on intermodal efficiencies.

MODERNIZING LAND FLEET

In addition to reducing distances, choosing the most efficient modes of transport is important to reduce carbon footprint intensity in the supply chain. SABIC found opportunities to reduce carbon emissions by shifting the transportation of some raw materials and metal products from road to rails.

To put this opportunity into practice, we have started to cooperate with the Saudi Rail Company on a new rail network to transport SABIC's metal and polymer products from Jubail to locations throughout Saudi Arabia and other Gulf countries. The project will improve transport fuel efficiency, while reducing traffic congestion and wear on the roads. A switch to the rail network will reduce CO_2 emissions by an estimated 48,000 MT per year and improve on-time deliveries. We expect to complete feasibility studies and terminal designs in 2016; by 2025, we expect the rail network to transport approximately 12 million MT of our products per year.

MODERNIZING OCEAN FLEET

Shifting to alternative fuels for ships, as we have done with trucks, can also help SABIC to achieve its sustainability goals. At the end of 2014, we launched two LNG-fueled vessels to transport raw materials to our production facilities. We plan to launch similar vessels in the coming years. The first two ships, with a cargo capacity of nearly 4,800 cubic meters each, reduce nitric oxide and nitrogen dioxide (NOx) emissions by more than 85 percent, CO_2 emissions by 20 percent, and nearly eliminate emissions of sulfur oxide (SOx) and soot particles. Fleet emissions are not included in our reported greenhouse-gas emissions.

DELIVERING EDUCATION

Success requires dedicated efforts from SABIC employees and our supply-chain service providers. Teaching the new best practices is fundamentally important to our success.

APPLIED LEARNING

SABIC worked in conjunction with Pennsylvania State University to design and implement a holistic applied learning program. The innovative program delivers short yet effective interactive training sessions that encourage participants to apply skills in a practical setting and improve aspects of our operations.

This year, applied learning projects brought together cross-functional teams to analyze supply-chain operations, identifying areas that could be more efficient and simplified. In a successful assignment, one team reduced the time to deliver an order by ten percent.

Applied learning enabled our Asia business to achieve a 25 percent improvement in process efficiency in less than a year, while simultaneously reducing supply-chain costs and working capital requirements.

CAPABILITY TRAINING

In 2014, SABIC committed to developing and launching a world-class Supply Chain Career and Competency Program that would train employees, offer attractive careers in supply-chain, and improve the capability of our supply-chain professionals. The program expands on our existing corporate learning and training initiatives. Since the program began, the number of participants has reached over 1,100. Following this success, we piloted the functional competency model in nine countries. The model shows where SABIC should focus learning resources and is now part of our regular talent management cycle.

Below: A Supply Chain Leadership Program in Cambridge, U.K.

LOOKING FORWARD

Launching our Supply Chain and Procurement Sustainability Initiative marked a major step forward for SABIC, but the launch is only the beginning. We will continue to develop metrics that measure our performance and holistically report supply-chain impacts as we mature. In 2016, we will focus on the following performance metrics:

- A Supply-Chain Incident Index to motivate and encourage our logistics service providers to increase transparency, respond to safety incidents, and reduce incidents over time. This metric includes greater supply-chain incident reporting, a development program on behavioral safety, and awareness campaigns to ensure drivers are comfortable reporting near-miss incidents. A key focus for 2016 will be to ensure we create in suppliers a strong and sustainable safety culture that embeds transparency, integrity, and safety leadership at all levels.
- A Functional Competency Index that helps SABIC promote professional development in the supply-chain community. We are creating a Global Supply Chain Academy that will offer intensive training on models such as demand planning using statistical modeling. This as a key element for future sustainable improvements in the supply-chain.
- To continue to reduce our carbon footprint, we will work diligently to identify new areas that can benefit from optimization, inter-modal efficiency, and fuel-switching opportunities.
- We will continue the development and addition of new key performance indicators to measure our sustainability efforts.

After almost all of our suppliers committed to adhering to the principles of the SABIC Code of Ethics this year, we are taking a step further. This involves implementing a world-class due-diligence process to check compliance of our suppliers based on risk.

As part of this process, SABIC has signed an agreement with a global due-diligence provider to develop more-robust and risk-based systems that enable compliance due-diligence on key suppliers. Our third-party due-diligence initiative is designed to ensure that suppliers live up to SABIC's high standards of integrity and performance, and we continue to deliver value and meet the expectations of our customers.

We want to share the expertise we have developed in SABIC's supply-chain operations with industry peers, suppliers, and customers, to help them achieve the same success. We also look forward to collaborating with academic and industrial associations to share best practices and further develop our supply-chain training.

THE AGRI-NUTRIENTS CONVEYOR BELT

Optimizing the efficiency and sustainability of our transport systems sometimes requires a shift away from conventional modes of transport. As part of our supply-chain sustainability efforts, SABIC is working with a global engineering firm to carry out a feasibility study and conceptual design for a conveyor system to bring urea from fertilizer-producing affiliates to the King Fahad Industrial Port in Jubail in a more efficient, reliable, and sustainable way.

We estimate that by 2025, the conveyor system could transport 4.4 million metric tons of urea, replacing 500 daily truckloads of deliveries, eliminating 1,300 metric tons of CO_2 emissions per year, while also improving road safety and reducing noise and traffic.

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SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS

OUR APPROACH

Our corporate social responsibility (CSR) mission is simple: To build long-standing relationships with communities; facilitate social responsibility through community investments that address social, environmental, and economic issues; and empower SABIC employees to participate and share their talents.

This year, we led a range of regional programs across our focus areas and launched and expanded several signature initiatives globally. These mark the beginning of our effort to develop robust, company-wide social responsibility campaigns that our local operations can align with the unique needs of different geographies, cultures, and communities.

As a global corporate citizen, SABIC has a duty to help address the issues that affect us all, including education and training, resource depletion, access to healthcare, clean water, food, and population growth.

IMPROVING COMMUNITIES WITH OUR GLOBAL CSR STRATEGY, RAISE

This year, we launched our global CSR strategy, RAISE, to engage employees in our social responsibility efforts. Guided by SABIC's 2025 strategy, our four CSR priority areas, and community needs, regional SABIC employee committees propose and evaluate community-investment projects. We support these programs through SABIC initiatives, charitable donations, sponsorships, employee volunteer opportunities, and social or community partnerships.

RAISE stands for reputation, audience, innovation, strategy, and endurance. Through RAISE, we track and report on our community engagement, which could help to set SABIC apart from our regional peers by providing global consistency and local flexibility.

SABIC has selected four CSR priority areas, shown opposite, which align with our business goals and support the greatest needs of the global community.

Page 69: Young students learn chemistry at the Science Caravan in Al Ehsaa, Saudi Arabia
Below: Chemistry workshops for over 200 students at Cartagena University, Spain

OUR PERFORMANCE

2015 HIGHLIGHTS

- Expanded our Back to School Program, targeting more than 80,000 underprivileged students in 16 countries
- SABIC employees devoted over 1,800 hours to over 1,000 students in China and Singapore as part of the Lights of Our Future Program
- In cooperation with the Ministry of Health in Saudi Arabia, started to design and fund the Specialist Hospital for Mental Health and Addiction Treatment in Riyadh with a value of US$80 million

TOTAL COMMUNITY GIVING

US$53.9 MILLION

FOUR RAISE PRIORITY FOCUS AREAS

SCIENCE & TECHNOLOGY EDUCATION

ENVIRONMENTAL PROTECTION

HEALTH & WELLNESS

WATER & SUSTAINABLE AGRICULTURE

IMPROVING OUR COMMUNITIES

SCIENCE AND TECHNOLOGY EDUCATION

SABIC recognizes both the need for science and technology skills development in Saudi Arabia and the rest of the world and the critical link between a good education and job opportunities, economic development, and economic diversification. We help youth at all educational levels prepare for tomorrow's leadership roles in engineering and the sciences.

GLOBAL SIGNATURE PROGRAM: BACK TO SCHOOL

This year, we expanded our Back to School Program, targeting more than 80,000 underprivileged students in primary and middle schools in 16 countries: Argentina, Brazil, China, Egypt, Germany, India, Kenya, Lebanon, Mexico, the Netherlands, Pakistan, Saudi Arabia, Spain, United States, the United Kingdom, and Tunisia.

Through this program, which was funded by SABIC, volunteers from the company distributed school backpacks filled with basic supplies. In some locations we went further, leading workshops on chemistry and technology, repairing schools, and repainting classrooms. In 13 Saudi cities, the program was conducted in collaboration with the SABIC Employees Charity Fund.

Above: Children receive school supplies in Delhi, India

SABIC SCIENCE CARAVAN

We launched the SABIC Science Caravan in February to bring the excitement of science and technology education to more than 25,000 young children in seven of Saudi Arabia's major cities. Staffed by 500 volunteers, the Caravan engaged students in a series of interactive programs, workshops, and science experiments in chemistry, mathematics, astronomy, innovation, and information technology.

For the second year, SABIC participated in Girls Day, a Dutch initiative to encourage girls aged between ten and 15 to pursue careers in science and technology. Using chemical experiments, small quizzes, and workshops, SABIC showcased the world of chemicals and plastics.

> "I was happy to be part of the solution of changing the perception of chemical engineering education and careers. As more girls study and excel in engineering, the stereotype that engineering is just for boys will gradually disappear

NELA STAFIE
LEAD SCIENTIST
COLOR AND APPEARANCE
TECHNOLOGY AND INNOVATION
SABIC

Above: SABIC Science Caravan in Saudi Arabia

ENVIRONMENTAL PROTECTION

GLOBAL SIGNATURE PROGRAM: WASTE-FREE ENVIRONMENT

The Gulf Petrochemicals and Chemicals Association (GPCA) established this initiative to promote the concept of reduction, reuse, and recycling of materials. SABIC participated in three countries: Saudi Arabia, the Netherlands, and South Africa.

In Sittard, the Netherlands, SABIC helped teach children about plastics, recycling, and the importance of cleaning and collecting plastic waste.

> "Together with my colleagues, I've inspired 30 kids about how plastics contribute to energy and resource savings in their lives. From the moment we start using plastics, we become responsible for their appropriate end of life

HANS VAN DER VELPEN
SENIOR SPECIALIST
SUSTAINABILITY
SABIC

Above: Volunteers clean up the beach near Cape Town, South Africa

LIGHTS OF OUR FUTURE

SABIC employees volunteered more than 1,800 hours to engage approximately 1,000 students in China and Singapore through our Lights of Our Future Program, which challenges students to tackle environmental issues and raises community awareness about sustainability.

In China, SABIC employees worked with local universities to mentor students as they developed science and technology solutions that address local air pollution. The project culminated in a competition at SABIC's Technology Center in Shanghai.

In Singapore, about 100 SABIC employees dedicated their time to instill the principle of environmental protection and values of sustainable living in over 800 children aged 11 years old, through an interactive, customized curriculum. The program concluded with a competition where students presented how they would apply the new knowledge to their daily lives to make a positive difference to our environment.

> "I realize it is very important for everyone to practice the three Rs: reduce, reuse, and recycle. If we don't do it, we may run out of resources in the future

JULEANE LOUISA MONTANA ALBA
A STUDENT FROM QUEENSTOWN PRIMARY SCHOOL, SINGAPORE

Above: The Waste Free Environment Campaign in Yanbu, Saudi Arabia

HEALTH AND WELLNESS

PROTECTING PHYSICAL AND MENTAL HEALTH

As populations grow, so does the need for high-quality community health programs. We invest in these programs to promote good health in our workforce and communities.

In cooperation with Saudi Arabia's Ministry of Health, we started to design and fund a Specialist Hospital for Mental Health and Addiction Treatment in Riyadh. The facility will provide specialized preventive, diagnostic, therapeutic, and rehabilitative services for mental healthcare and addiction treatment.

In cooperation with the National Committee for Combating Drugs, we launched a five-year program to adopt a new approach to drug prevention that goes beyond treatment and rehabilitation by building a drug-free social environment and culture.

In India, we organized a World Blood Donor Day campaign that encouraged residents of six cities to donate more than 1,500 liters of blood. The initiative brought together thousands of participants, including employees of SABIC and neighboring companies, customers, suppliers, and local residents.

Above: Volunteers give blood in Bengaluru, India

WATER AND SUSTAINABLE AGRICULTURE

NURTURING PROSPEROUS COMMUNITIES

As companies and communities expand food production to meet the needs of growing populations, water conservation and infrastructure for agriculture are vital. We use our technical capability and innovation to improve reliable and long-term access to clean water.

We signed an agreement with Saudi Arabia's Ministry of Agriculture this year to build the awareness, efficiency, and experience of farmers and technical personnel in the agricultural sector. We also continued the first phase of the Estidamah Agricultural Research Center, which will develop innovative ways to reduce water use, increase food production, and improve the quality and transfer of agricultural technologies.

In India, we commissioned the construction of pipelines and solar-powered water pumps to bring clean water to 300 rural villagers near Mumbai as part of the Adopt a Village Program. Prior to the program, people living in the village had to trek three kilometers down the valley to retrieve drinking water. Because of the difficulty involved, villagers previously limited their consumption, which resulted in hygiene and malnutrition issues. The new water pipelines have transformed the daily lives of village residents.

> "The drinking water facility provided by SABIC at our doorstep has made a positive change for all of us
>
> KAMLA MADI
> VILLAGER

Above: Developing freshwater resources near Mumbai, India

LOOKING FORWARD

Over the past several years, we have shifted our CSR strategy from supporting short-term community initiatives to fostering long-term collaborations and programs that spur positive change for our communities, customers, employees, and the world.

This evolution is evident in our CSR priorities and 2025 strategy. At SABIC, social responsibility is more than a department or program – it is a corporate imperative. Our CSR efforts play a central role in helping us to become the preferred world leader in chemicals. CSR initiatives foster strong business associations and help us to attract and retain talented employees. Our programs maintain SABIC's promise to invest in future generations.

Going forward, we will continue to prioritize projects, sponsorships, and charitable contributions based on global megatrends, local community needs, and our capabilities through employees, products, and resources.

We will continue to support ongoing projects, including the expansion and globalization of the SABIC Science Caravan, the Waste-Free Environment Campaign, international blood drives, and Lights of Our Future.

We will continue to review proposals for new projects from our employees, associates, and the communities in which we operate.

As we finish setting up RAISE regional committees, we will see greater continuity and increased coordination of our social responsibility programs globally. We will also refine our metrics and reporting by developing better online tools to share and track our CSR efforts.

We are excited about building on this momentum in 2016 through more robust collaborations and greater alignment between our global offices. Our new strategy and enhanced organization of CSR activities will result in greater positive impact in the community.

Page 77: King Abdullah Financial District in Riyadh, Saudi Arabia
Below: The Back to School program in Beirut, Lebanon

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ADDENDUM

ABOUT THIS REPORT

REPORTING PERIOD, SCOPE, AND BOUNDARIES

Published in April 2016, this report covers SABIC's sustainability performance from Jan. 1 to Dec. 31, 2015. It includes all the SABIC businesses and operations that are financially consolidated in our 2015 Annual Report, which is available at:

www.sabic.com/corporate/en/investorrelations/

Additional sustainability content, technical details, and definitions are available in the Report Supplement document on our corporate sustainability web page:

www.sabic.com/sustainability

We believe external assessments enhance our sustainability reporting, and for the last five years, we have used KPMG to increase our confidence in certain reported data. The limited assurance assessment includes absolute and intensity operational metrics: Energy consumption, greenhouse-gas (GHG) emissions, freshwater usage, and material loss, as well as selected corporate environment health, safety and security metrics and for compliance as noted in the KPMG assurance report and as marked by "*" through the report. For compliance data, we have applied a more limited scope. Compliance data are reported for the 23,500 employees of Saudi Basic Industries Corporation and its wholly owned affiliates, but not for employees of SABIC's non-wholly owned manufacturing joint ventures (or affiliates) in the Kingdom of Saudi Arabia.

REPORTING FRAMEWORKS

To guide the selection of report content and improve report quality, we use the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. A complete GRI Content Index can be found on the SABIC Sustainability website. We also continue to be inspired by the International Integrated Reporting <IR> Framework to capture SABIC's journey towards creating economic, natural, human, and social value, in both the long- and short-term.

This report serves as our official UN Global Compact (UNGC) Communication on Progress. An overview of how we are meeting our UNGC commitments and actions is available on the SABIC Sustainability website.

INDEPENDENT ASSURANCE REPORT

TO THE READERS OF THE 2015 SUSTAINABILITY REPORT

OUR CONCLUSION

We have reviewed (limited Assurance) the data and the accompanying text for the following indicators:

- The total absolute values and the intensity values (per metric ton of product sales) at corporate level of the Environmental Footprint indicators:
  - Energy consumption (p. 19, p. 37)
  - Greenhouse-gas emissions (p. 19, p. 36)
  - Water usage (p. 19, p. 38)
  - Material loss (p. 19, p. 39)
- The corporate values of the Ethics and Integrity indicators:
  - Compliance concerns raised (p. 19)
  - Incidents closed (p. 19)
  - Violations found and addressed (p. 19)
  - Code of Ethics training completion (p. 19)
- The corporate values of the Environmental, Health, Safety and Security indicators:
  - Total Recordable Incident Rate (p. 19, p. 46)
  - EHSS rate (p. 19, p. 45)
  - Hazardous substance releases (p. 19, p. 48)
  - Occupational Illness rate (p. 19)
  - Fatalities (p. 19)
  - Process Safety Total Incident Rate (p. 19, p. 47)

As included in the Sustainability Report (further 'The Report') over the year 2015 of Saudi Basic Industries Corporation (hereafter SABIC). The data for the indicators included in the scope of our engagement are marked with an asterisk (*). Based on our review, nothing has come to our attention to indicate that the sustainability information in the Report as outlined above is not presented, in all material respects, in accordance with the internal reporting criteria of SABIC.

OUR REPORT ON CONSISTENCY

We report, to the extent we can assess, that the information on sustainability in the rest of the Report is consistent with the information on the indicators that are within our scope.

BASIS FOR OUR CONCLUSION

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information." Our responsibilities under ISAE 3000 and procedures performed have been further specified in the paragraph titled "Our responsibility for the review of the Report."

We do not provide any assurance on the achievability of the objectives, targets, and expectations of SABIC.

We are independent of SABIC in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in The Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the review evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

RESPONSIBILITIES OF MANAGEMENT FOR THE REPORT

The Management of SABIC is responsible for the preparation of the Report in accordance with the internal reporting criteria of SABIC. It is important to view the information in the Report in the context of these criteria.

As part of this, the Management of SABIC is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY FOR THE REVIEW OF THE REPORT

Our objective is to plan and perform the review assignment in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

We apply the Further Regulations for Audit Firms Regarding Assurance Engagements ('Nadere voorschriften accountantskantoren ter zake van assurance opdrachten') and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our review engagement has been performed to obtain a limited level of assurance. Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

The following procedures were performed:

- A risk analysis, including a media search, to identify relevant sustainability, environmental, health & safety, and social issues for SABIC in the reporting period. Reviewing the suitability and application of the internal reporting guidelines including conversion factors used in the preparation of the Report;
- Evaluating the design and implementation of the systems and processes for the collection, processing and control of the information in the Report, including the consolidation of the data for the selected indicators in the Report;
- Interviews with relevant staff at corporate and local level responsible for providing the information in the Report, carrying out internal control procedures on the data and consolidating the data in the Report;
- Visits to six production sites in three countries to review the source data and the design and implementation of controls and validation procedures at local level. Visits to corporate headquarters to review the design and implementation of controls and validation procedures at corporate level;
- Evaluating internal and external documentation, based on sampling, to determine whether the information in the Report for selected indicators is supported by sufficient evidence;
- Analytical review of the data and trend explanations submitted by all production sites for consolidation at corporate level.

Amstelveen, 10 April 2016
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