

SUPPLIER DUE DILIGENCE

2019

THE SLM DUE DILIGENCE PROGRAM

SABIC is committed to working with business partners who meet our technical, quality, environmental, health, safety, security, sustainability and social responsibility standards. Before we engage with any new Supplier, we undertake due diligence to ensure that the Supplier is appropriate and that any associated risk is identified and managed effectively. This may include checks for Supplier identity and financial viability, as well as compliance vetting for issues such as anti-money laundering, anti-bribery and corruption, and environmental compliance.

In order to protect our business, to ensure that we engage with Suppliers who meet our standards and to comply with international laws, SABIC has created a new Supplier management program- Supplier Lifecycle Management (“SLM”)- which includes a robust due diligence component. This program ensures that SABIC Suppliers pass our qualification process and are entered seamlessly into our global database to meet procurement and supply chain needs. It also will confirm that Suppliers commit to comply with the principles of the SABIC Supplier Code of Conduct and allow for internal stakeholder groups to provide valuable input into the Supplier approval process.





The SLM system will allow the following objectives to be achieved:

- Managing SABIC's business operations in the most effective way.
- Making appropriate decisions relating to the future of our business in order to preserve operations and continue to grow.
- Complying with all applicable laws and managing business risk.
- Ensuring that only suitable and appropriate Suppliers are engaged.
- Subjecting Suppliers to extensive and consistent due diligence, with assigned risk scores and built-in technical qualifications.
- Providing qualification improvement plans for disqualified Suppliers.
- Satisfying stakeholder demand for standardized systems and integrated functionalities.
- Creating registration that is free and easy for Suppliers, with software enhancements such as expired document and duplication check, a completion progress bar, KPIs, and the ability to receive invitations to register from SABIC employees.

These objectives will allow for alignment with SABIC Suppliers and their needs, while ensuring that rigorous due diligence and qualification standards are met.

STEPS IN THE DUE DILIGENCE PROCESS

1. Supplier Registration

Suppliers register for the SLM program by voluntarily enrolling on the SABIC Supplier Portal and creating an account. Suppliers may also be invited to register for SLM by a SABIC employee.

2. Supplier Questionnaire and Screening

After registering, the Supplier will create a profile and respond to a questionnaire. The Supplier must answer a series of questions including but not limited to the Supplier's ownership structure, bank information and scope of supply as well as compliance questions around topics such as labor practices and corporate social responsibility standards. Newly registered Suppliers will also undergo screening for any watchlist and negative news concerns.

3. Risk Categories and Additional Considerations

Certain Suppliers will be subject to additional due diligence considerations depending on the potential risk that they present to SABIC. These risk categorizations are based upon the Supplier Type, Commodity Risk, and Service Location (such as maintenance performed in a manufacturing plant). Suppliers with Medium or Advanced risk levels presented to SABIC must answer questions relating to their insurance, supply chain, quality and EHSS management, among other areas. Suppliers with Advanced risk levels will need to meet specific technical qualifications and may require a site visit from SABIC personnel. A site assessment can measure Supplier capabilities or

performance against our Supplier Code of Conduct and identify opportunities for improvement. Even when Suppliers face challenges, our teams are willing to work together closely to build capabilities that help them meet our requirements.

4. Due Diligence Review and Approval

SABIC conducts internal reviews of the Supplier profiles and questionnaires, and potential compliance issues are escalated to our internal Subject Matter Experts. All stakeholder input is considered before making the final decision to approve a Supplier.

5. Renewal and Updating

Suppliers must update their information every three years, or sooner if there are any changes to their status or expirations of qualification certifications. Due diligence questionnaires will be reissued based upon the information provided by the Supplier. Watchlist and sanctions searches are refreshed on a yearly basis.



WHY REGISTRATION IS IMPORTANT

Suppliers must register in our SLM tool in order to initiate the approval process for becoming a SABIC Supplier. Registration is free for Suppliers.



Additionally, registration in SLM allows Suppliers to:

- Demonstrate that they meet SABIC's minimum expectations of Suppliers for the ethical treatment of workers, workplace safety, environmental responsibility, and appropriate business practices.
- Exhibit their compliance programs and sustainability practices.
- Establish or strengthen their business relationship with SABIC globally and qualify for contract awards.
- Help SABIC ensure that we operate a clean and sustainable supply chain.

SABIC's Suppliers are vital partners to the success of our business. As partners, SABIC believes that all of our Suppliers should hold themselves to similarly high standards for social and environmental responsibility.

WHO TO CONTACT FOR SUPPORT

For any questions regarding SLM, please use the “Contact Us” feature on the SABIC Supplier Portal by visiting <https://supplier.sabic.com/contactSsrs.aspx>.



DATA PRIVACY

SABIC is committed to protect and respect your privacy. SABIC will only collect and process personal data in a lawful, fair and transparent manner. SABIC shall process personal data of employees of Suppliers in accordance with the 'SABIC Data Protection Standards: Commercial relationships' (hereafter 'Standards'). In these Standards, amongst others, the principles applicable to the processing of personal data, the purposes for processing personal data, the security and confidentiality measures taken and a description of the rights of data subjects are recorded. A copy of the Standards can be requested at the Data Privacy Manager of SABIC (dataprotection@sabic.com).