



إحدى شركات مؤسسة البترول الكويتية
A Subsidiary of Kuwait Petroleum Corporation

ENGHS
Corporate Engineering & HSE

PIC – CSR

PIC – Corporate Sustainability Reporting

التقرير السنوي للشركة للتنمية المستدامة

Jan. 2012

Presentation Purpose



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We are instructed by PIC Top Management to present background information on Corporate Sustainability Reporting (CSR) requirements and propose a path forward recommendations.

Content



إحدى شركات مؤسسة البترول الكويتية
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- **Introduction**

1. PIC Vision and Mission
2. Definitions of Corporate Sustainability & Sustainable Development
3. Definition of Corporate Sustainability Reporting (**CSR**)
4. Sustainability Reporting Added Value
5. Key Expectations from a Corporate Sustainability Report
6. Sustainability Reporting Elements
7. Global Reporting Initiative (**GRI**) Frame Work (Global Standard)
8. Borouge Approach Example

- **CSR & GRI Approach Requirements**

- **PIC GRI Roadmap**

- **PIC CSR Team Representation**

PIC Vision and Mission



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- **PIC VISION**

We aspire to be a recognized global petrochemical player leveraging Kuwait national resources in value added partnerships to drive growth and being admired by our stakeholders

- **PIC MISSION**

PIC, as a subsidiary of Kuwait Petroleum Corporation, shall achieve a marked position with downstream extension into high value petrochemical business while ensuring integration with KPC activities both domestically and internationally through:

- Maximizing value addition of Kuwait hydrocarbons resources.
- Excelling our organizational performance through peoples empowerment and infusing industry best practices.
- Creating a challenging and fulfilling environment that will support skills and capabilities development.
- Collaborating closely with our partners towards a sustained and diversified global growth.
- Fostering National economy.

Corporate Sustainability Definition



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- **Corporate sustainability** is a business approach that creates long-term consumer and employee value by not only creating a "green" strategy aimed towards the natural environment, but taking into consideration every dimension of how a business operates in the social, cultural, and economic environment. Also formulating strategies to build a company that fosters longevity through transparency and proper employee development.

Sustainable Development Definition



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- The Brundtland Commission's (1983-87) Report – Our Common Future which described sustainable development as, "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". This desire to grow without damaging future generations' prospects is becoming more and more central to business philosophies.

PIC – Corporate Sustainability Reporting



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SUSTAINABLE DEVELOPMENT: "Development that meets the needs of the present without compromising the Ability of future generations to meet their own needs".

1. **PIC-CSR:** What you cannot **Measure**, you Cannot **Manage**. What you Cannot **Manage**, you can not **Change**.
2. **PIC-CSR** requires **Six Sigma Methodology**.
3. **PIC-CSR** talks about **Economic, environmental & social impacts** caused by **PIC** through its everyday activities.

Introduction

1. Definition of Corporate Sustainability Reporting (CSR)



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- CSR is a company effort and is neither a department nor a temporary committee effort.
- Sustainability reporting is the practice of **measuring, disclosing,** and being **accountable** to internal and external stakeholders for organizational performance towards the goal of sustainable development.
- Continue to become more sustainable by addressing challenges and needs **beyond** PIC Business Operations.
- CSR is to be housed in PIC website and should be accessible to the Primary Audience >>

Cont. 1. Definition of Corporate Sustainability Reporting (CSR)



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Primary Audience of CSR

- Academia
- People in the communities where PIC has facilities
- Customers
- Investors and analysts
- Media
- Professional organizations (ex: NGOs, IGOs, Socially Responsible Investing organizations)
- Employees and prospective employees

Introduction

2. Sustainability Reporting Added Value



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- Improved financial performance
- Improved stakeholder relationships
- Improved risk management.
- Improved investor relationships
- Identification of new markets and/or business opportunities

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3. Key Expectations from a Corporate Sustainability Report



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- PIC Business Goals & Objectives shall be identified for long term of 5 or 10 or 15 years.
- PIC departments to translate PIC Corporate Goals & Objectives to a yearly SMART (Specific, Measurable, Attainable, Realistic, Timely) initiatives.
- CSR effort is to seek the Voice Of Customers of all Stakeholders.



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4. Sustainability Reporting Elements

What is Corporate Sustainability Reporting?



Introduction



5. Global Reporting Initiative (GRI) Frame Work (Global Standard)

- Is an organization that has pioneered the standardization of Corporate Sustainability Reporting (CSR) through the creation of **GRI framework**. Key principles in its approach include: **Balance, Comparability, Accuracy, timeliness, clarity and reliability.**
- The GRI framework provides a standardized approach for Corporate Sustainability Reporting that helps organizations **transparently measure and communicate economic, environmental and social performance.**

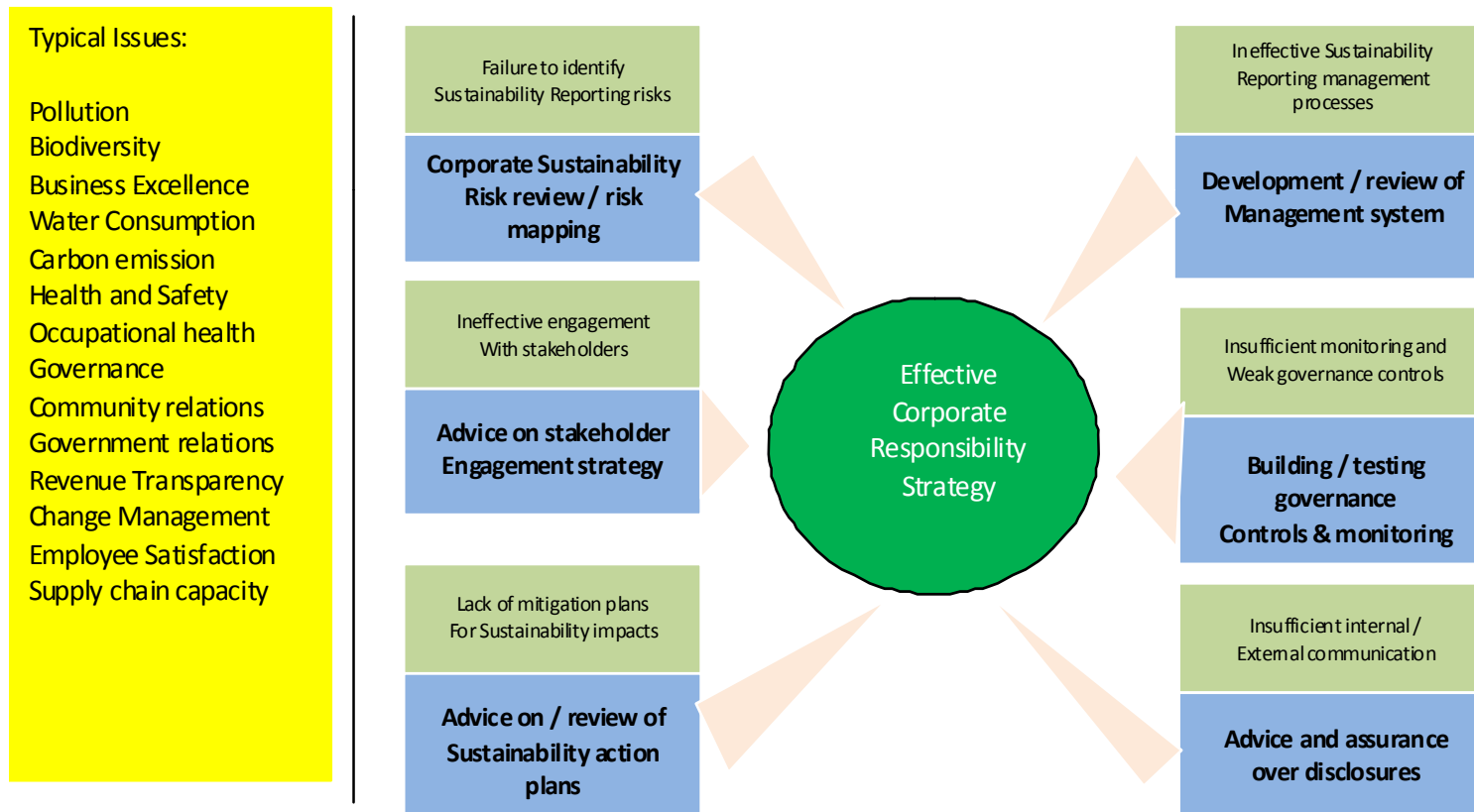
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Continue.... 5. GRI Frame Work (Global Standard)

Areas addressed in Sustainability reporting Strategy





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Continue..... 5. GRI Frame Work (Global Standard)

	Organization	Report Produced	GRI	Assurance Statement
International Chemical Companies	BASF SE	CSR Report 2010	✓	✓
	Dow Chemical	CSR Report 2010	✓	✓
	DSM, Netherlands	CSR Report 2010	✓	✓
	Empresa Nacional del Petrole (ENAP)	CSR Report 2010	✓	✓
	LG Chem, Korea	CSR Report 2010	✓	✓
	Sasol, South Africa	CSR Report 2010	✓	✓
	Praxiar, USA	CSR Report 2010	✓	✓
	Linde, Germany	CSR Report 2010	✓	✓
Middle East & National Companies	SABIC, KSA	Corporate Social Responsibility	X	X
	Fertil, ADNOC	Corporate Sustainability Report at Group Level	✓	X
	Borouge	CSR Report 2010	✓	X
	PIC, Kuwait	Activitiess are communicated in newsletters and Website	X	X
	Equate	Activitiess are communicated in newsletters and Website	X	X
	Gulf Petrochemicals	Corporate sustainability Reporting done in 2009	X	X
	MEGlobal	Activitiess are communicated in newsletters and Website	X	X



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6. Borouge Approach Example

GRI and IPIECA Index.pdf - Adobe Reader

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GRI and IPIECA Index

The content of this report is guided by the Global Reporting Initiative (GRI) 3rd Generation (G3) Sustainability Reporting Guidelines and the International Petroleum Industry Environmental Conservation Association / American Petroleum Institute (IPIECA/API) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting (April 2005). The table below cross-references the sections of this report with GRI and IPIECA indicators.

Report section	GRI	IPECA/API	Report page
Table of content / Introduction	3.1, 3.2, 3.3, 3.5, 3.6		1
Tribute to the UAE founders and rulers			3
Message from the CEOs	1.1, 1.2		4
Foreword by the GPCA Secretary General	1.2		5
About Borouge	2.1, 2.3 to 2.6		6
Our journey	1.2, 2.9		8
Inauguration of the manufacturing plant in Shanghai	2.9		9
Opening of logistic hubs in China and Singapore	2.9		9
FPC contracts award for the Borouge 3 project	2.9		9
Borouge's Innovation Centre on the way	2.9		9
Establishment of a new Marketing and Sales Company in Beijing	2.9		9
Managing Sustainability	1.2		10
The Borouge sustainability framework	4.8		10
Responsible Care	4.12, 4.13		11
Social Responsibility	4.8		11
Health, Safety and Environment			11
Asset Integrity			11
Our HSE Management System		ENV-6, H&S-1	11
Our vision, mission and values	4.8		12
Corporate HSE			12
Performance Objectives			12
Our Sustainability Policy	4.8		13
Stakeholder Engagement	4.14, 4.15, 4.16, 4.17		13
Governance			15
Boards and governance	4.1, 4.2, 4.7, 4.9		15
Ethics and integrity	4.4, 4.6, 4.8, EN28, SO8, PR9		15
ISO certification	4.12		15
Risk management	4.11, SO1	SOC-8	16
Economics			17
Key economics	2.8, EC1		17
Market presence	2.7		17
Environment	3.7, 3.8, 3.9, 3.11		18, 19
Energy	EN3-7	ENV-5, ENV-A8	20
Climate change	2.10, EN16-18	ENV-3, ENV-4	21
Air emissions	EN19-20	ENV-A6	22
Transportation	EN29		23
Water	EN8-10, EN21, EN25	ENV-2, ENV-A2, ENV-A7	23
Waste	EN22, 23	ENV-1, ENV-A1, ENV-A3, ENV-A4	24
Biodiversity	EN11-14	ENV-A9	25

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IPIECA : The global oil and gas industry association for environmental and social issues.

CSR & GRI Approach Requirements



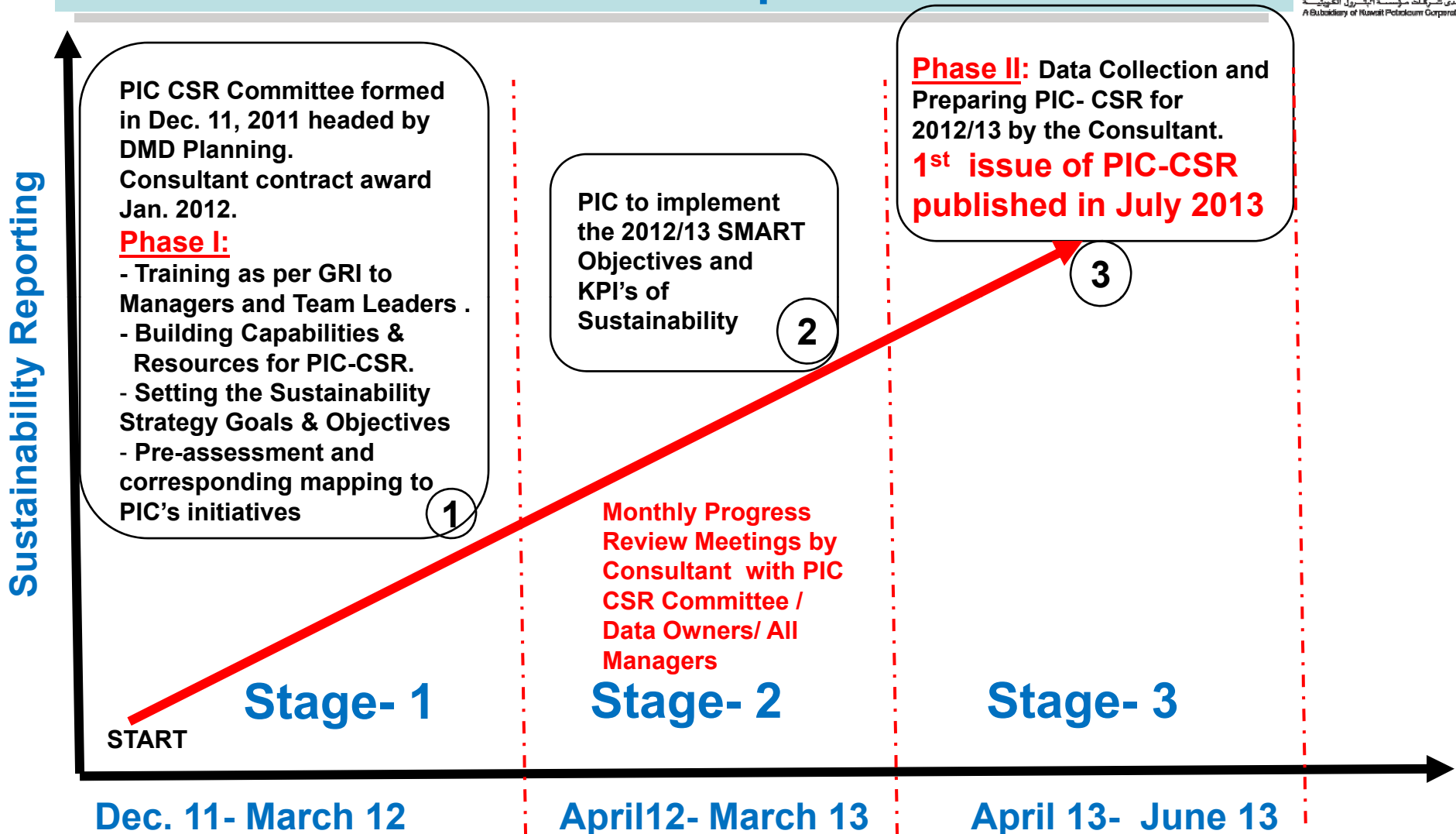
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Item Required	Corporate Sustainability Reporting (CSR)	Corporate Sustainability Reporting (CSR) with 3 rd Party
Resources	Yes, full-fledge steering committee and working teams from all the SBU's and Corporate Functions led by a DMD.	-Yes, full-fledge steering committee and working teams from all the SBU's and Corporate Functions led by a DMD -3 rd party consultant for assurance
Applicable Code	CSR to Follow GRI Guidelines	- CSR to meet the requirements of AA1000 (Accountability Assurance Standard (2008)) and -GRI Sustainability Reporting Guidelines (2006).
Budget	Yes, for building capabilities and training on GRI Guidelines and consultation, as needed (Estimate ~ KD30,000).	-Yes, for Pre-assessment study, GRI specific training, Report development support, and 3 rd party assurance statement (Estimate~ <i>KD 60,000</i>) . -Issuance of assurance statement (Estimate~ <i>KD 25,000 annually</i>)
Consultation	As needed	Yes
Assurance Statement	Not required	Yes
Frequency	Annually	Annually

PIC – Corporate Sustainability Reporting Roadmap



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PIC CSR propose a path forward recommendations

CSR is a reflection of PIC's accomplishment and performance of yearly set sustainability goals. Therefore, the team members of CSR should be of the level of Managers who have the ownership of their department CSR deliverables. It is our recommendation that the CSR team on annually basis follow one of the following options:

CSR Committee led by a DMD with SUB's and Functional Dept Managers representatives as members

Note: PIC CSR following GRI Guidelines must be driven by SMART (Specific, Measurable, Accurate, Realistic, Timely) objectives.



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Thank You