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Welcome to our Year 2017-18 sustainability report, which describes our continued commitment and progress toward achieving cleaner environment, safer and more efficient operations and positively impacting welfare of our people and communities. Over the years, we have achieved significant progress in embedding sustainability within PIC through specific sustainability Objectives. Sustainability touches every aspect of our business, from the way we operate, to the way we collaborate across our global supply chain, to the way we inspire change through the enthusiasm and dedication of our employees.

Pursuing to our commitment of modelling a strong sustainable tomorrow for PIC and Kuwait, this year we started and completed two major sustainability initiatives:

- a) Reducing our carbon foot- print by installing solar panels at PIC Head office
- b) Organization wide roll out of online Sustainability competency model

At the end, I would like to thank all our stakeholders for their continued support and look forward to our future collaborations towards building healthier and stronger business and country.

Mohammed Abdullatif AlFarhoud

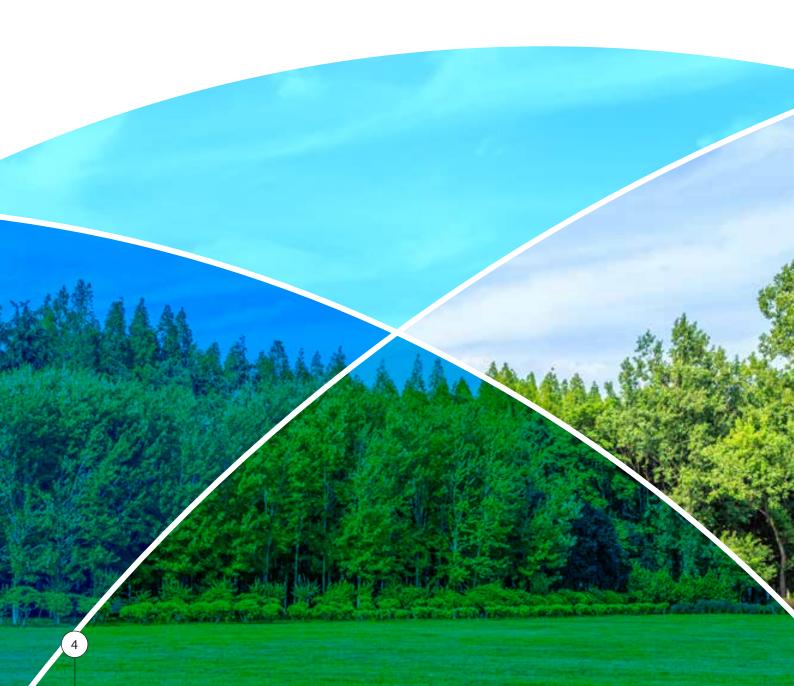
Chief Executive Officer



About us

Petrochemical Industries Company K.S.C. (PIC) is a global manufacturer and marketer of petrochemicals and is the petrochemical arm of Kuwait Petroleum Corporation (KPC). For 50 years, PIC has focused on making essential materials to support a growing world. We manufacture and supply petrochemical building blocks globally to leading companies. In doing this, we bring together world-scale assets in strategic locations, a strong heritage of operational excellence, a passion for working collaboratively and an unwavering commitment to sustainability.

Established by an Amiri decree in 1963, PIC was the first chemical complex in Kuwait and the region. Our establishment was an important step in helping to diversify Kuwait's economy. Maximizing the value of Kuwaiti hydrocarbon resources remains an important part of our mission today. From products that increase crop yields to feed a growing world, to insulation that increases a home's energy efficiency, our materials are helping to improve the quality of life around the world.



As PIC has grown, the Company has diversified its portfolio and has become a significant player in petrochemicals, with both local and international investments. We participate in nearly a dozen joint ventures. Through these joint ventures, we continue to invest in growth projects both inside and outside Kuwait. As we look to the future, we are committed to diversifying into new markets to grow our business and the Kuwaiti economy. We are well-positioned to be part of the global growth of the chemical industry.





PIC Vision

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

PIC Mission

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

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

PIC Values

Integrity: We will act with openness, trust, respect, fairness, transparency, honesty, reliability, high ethical standards, professionalism and accountability.

Excellence: We operate with attention to high performance, operational excellence, continuous improvement, high-quality products and services and customer focus.

Flexibility: We are attuned to market conditions, demonstrating innovation, responsiveness and willingness to change.

Motivation: We seek to develop a collaborative workplace, where teamwork and loyalty are driven by a high-performance culture.

Partnership: We develop long-term, value-adding relationships that support growth and enhance operational excellence.

Commitment to HSSE and Society: We are committed to environmental protection, safety, security, and healthy workplaces, as well as corporate social responsibility in Kuwait and host communities.

Corporate Thinking: We share a concern for KPC's interests and issues, striving for alignment with enterprise-wide goals versus business segment objectives.

Our Strategic Business Units (SBUs)

OLEFINS

- Involved in PIC's olefin investments both locally and internationally
- World-scale Olefins II Complex in Kuwait supplies ethylene to EQUATE for the production of polyethylene, ethylene glycol and propylene
- PIC's fully owned olefins plant in Kuwait, which produces polypropylene that is marketed globally by PIC
- PIC also formed MEGlobal for the manufacturing and marketing of ethylene and glycol in Canada which is know 100% owned by Equate as part of restructuring
- Joint Venture agreement signed with Pembina for PDH/PP plant in Canada

AROMATICS

- One of the region's largest marketers of paraxylene, which is manufactured at the state-of-the-art Aromatics Complex of Kuwait Paraxylene Production Company (KPPC)
- The Aromatics Complex produces a total of 780,000 MT of paraxylene (PX) and 370,000 MT of benzene (BZ) annually
- The complex's PX output is marketed by PIC, while the BZ is used locally for the production of styrene monomer (SM) by The Kuwait Styrene Company (TKSC)

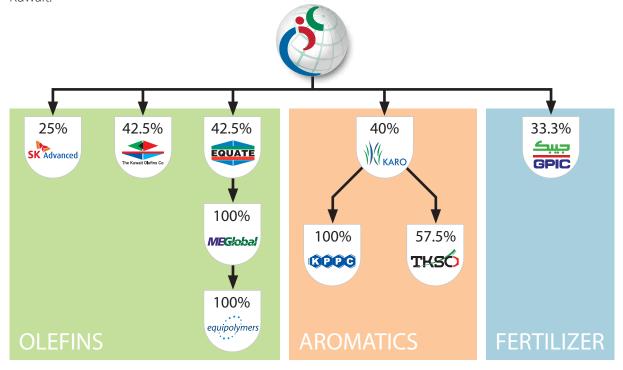
FERTILIZER

- Oversees PIC's ammonia and urea complex, one of the largest in the Middle East region
- Produces approximately 50,000 MTPA of ammonia
- Has production capacity of 3,150 MTPD of urea
- Markets the fertilizer products of PIC and Gulf Petrochemical Industries Company (GPIC), a joint venture of PIC



Our JV Partners

We work with Industry leaders around the world to create advanced manufacturing facilities that enable us to accelerate our growth, operate in new markets and deliver essential services. Through our joint ventures, we are growing jobs, growing our reach and growing possibilities, for PIC, our partners and Kuwait.



2017 (Joint Venture agreement signed with Pembina for PDH/PP plant in Canada)

(PIC acquired 25% of SK Advanced, South Korea)

(Restructuring of MEGiobal. Equate own 100% of MEGiobal)

(PIC Acquired 50% of MEGlobal and Equipolymers in Canada and Europe)

(EQUATE Petrochemicals JV Company formed)

(Entered a JV to establish GPIC Fertilizers business in Bahrain)

(Started with fertilizer Business)

Governance

PIC's operations are overseen by a seven-member Board of Directors — the chairman of the board and six non-executive members, including PIC's CEO. The Board of Directors' primary purpose is to ensure that the Company fulfills all its commitments to stakeholders.

Three corporate groups report to the office of the CEO. These include two SBUs organized by products (Olefins & Aromatics, and Fertilizers), and one Corporate group (Administration & finance) supporting the SBUs and their activities.

Board of Directors



PIC Top Management







About this Report

Petrochemical Industries Company K.S.C. (PIC) is proud to present our sustainability report to our stakeholders. This report highlights our environmental, social and economic performance during the reporting period from 1 April 2017 to 31 March 2018

Materiality, or identifying the most important issues for our organization, has been a critical part of this reporting process.

This report focuses on our performance on the material aspects identified and provides an update on the initiatives linked to our sustainability strategy and Year 2017-18 Sustainability Goals.

Our progress on 2017-2018 sustainability objectives revolves around the following themes: ensuring sustainability capability and competency development, reducing our carbon foot print, maximizing direct and indirect economic benefits, enhancing PIC's occupational health and safety performance and supporting the welfare of our communities

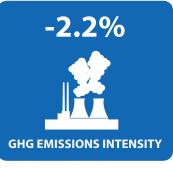
Key Data Highlights

















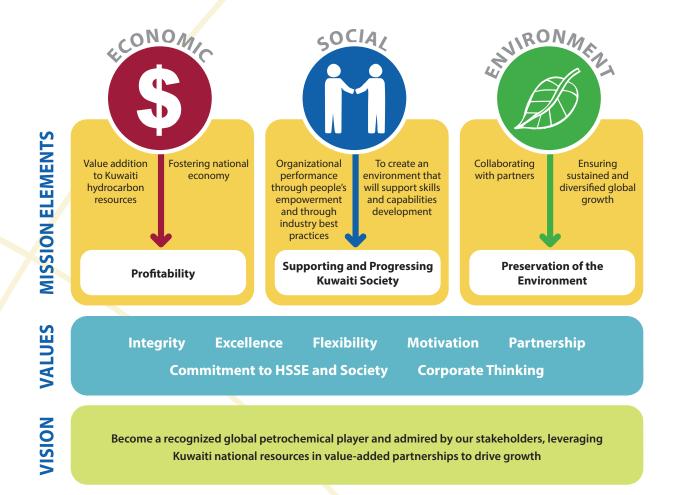




PIC Sustainability Journey

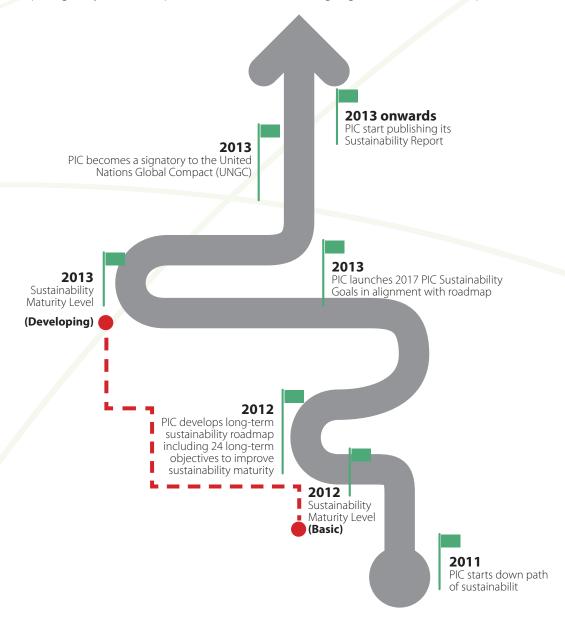
Success in implementing sustainability depends on integrating sustainability principles into our

day-to-day operations. In PIC, sustainability is embedded within our mission, vision and values. The accompanying graphic highlights elements of our mission and how they align to the triple-bottom-line approach. We aim to support and progress the Kuwaiti society, and to preserve our valuable environment while ensuring profitability for our Company. PIC recognizes that we exist within a global ecosystem, and share the responsibility to cause minimal harm to our planet and to set an example of responsible environmental stewardship.



Our sustainability journey

In Year 2011-12, PIC started its sustainability journey by looking at its sustainability approach and by comparing its systems and processes with other leading organizations as well as peers.



The first third-party maturity analysis in 2012 placed PIC at a "basic level" of sustainability maturity. The maturity model defines five levels along the sustainability maturity continuum with the following stages of development: Basic, Developing, Established, Advanced and Leading. As we continue on our sustainability journey and committed to progressing through the stages of the maturity model.

On the basis of the results of the maturity analysis, the management decided to adopt several sustainability objectives in 2012 to embed sustainability within the organization. These objectives were developed in alignment with key stakeholders. To ensure accountability, we assigned owners for each objective and the progress on the objective was tracked as part of the respective owner's balance scorecard. Through the initiatives linked to each of the completed objectives, we have been able to significantly improve our systems and processes and have made significant progress over the past years in improving our sustainability maturity and in embedding sustainability within the organization.

Key Sustainability Initiatives



Responsible Investing: Management approved incorporating sustainability evaluation criteria into the PIC investment decision- making process.

Sustainable Procurement: Commercial Department has developed Sustainable procurement policy and now promoting sustainability awareness among PIC suppliers.





Human Rights Policies: To ensure all employees are treated fairly and with equal opportunities, Human resources and legal departments evaluated PIC Human right policies with respect to local and international regulations.

Awareness campaign: Sustainability committee prepared newsletters, messages from senior executives, videos and conducted Sustainability Champions meetings and online Sustainability Awareness Sessions.





Employee Engagement: Employees are encouraged to volunteer in the supporting surrounding communities.

Risk Management: Enterprise Risk Management includes sustainability in its annual review process to identify sustainability - related risks.





Capability Development: Human Resources is helping employees build their sustainability expertise through a online Sustainability capability module.

Environment Protection: Energy, Water and Green House Gases consumptions regular monitoring/auditing and optimization programs being taken up by applying six sigma methodology.



LEED (Leadership in Energy and Environment design) assessment recommendations implementation carried out for PIC Office buildings) and USGBC LEED Gold certification received.

Energy efficient lighting & photovoltaic (PV) solar panels installation completed at PIC Head office top of Building and Car parking shed. Supporting the largest forestation project, kuwait green wall, at kuwait borders in partnership with the environmental voluntary foundation and kuwait energy.



Workers Safety: Comprehensive HSE Training and regular auditing conducted for all PIC employees to ensure Zero environment & safety incident. Fertilizer Plant safe decommissioning procedures developed and Process Hazard.

Sustainability: a Stakeholder View

Stakeholders are people or entities who affect and/or could be affected by an organization's activities, products or services and associated performances. Organizations may have many stakeholders, each with distinct types and levels of involvement in company activities. They often may have diverse and/or conflicting interests and concerns.

Stakeholder engagement

Engaging stakeholders is an important part of our approach to sustainability because their interests, expectations and needs not only inform where we should focus our economic, environmental and social efforts, but also help define what sustainability success means to our organization. Identifying important stakeholder groups and understanding how they impact each other is vital to the success of our sustainability strategy.

The first step of stakeholder engagement involved identifying our stakeholders and their sustainability issues and concerns. The criterion used in stakeholder identification was whether the entities have a direct impact on our operations, and conversely which individual or group was impacted by our operations and actions.

First, a sample of internal stakeholders was shortlisted based on their level or responsibility and dependency on PIC. Then, other key stakeholders (both internal and external) were identified and included in the stakeholder analysis through workshops, interviews and brainstorming sessions.

The process of interacting with these groups to understand their interests, needs and expectations, and the subsequent development of appropriate business responses and activities, is collectively known as stakeholder engagement. Over the course of the year, we interacted with all of our key stakeholders and incorporated their inputs and suggestions into our practices, wherever applicable. The frequency and method of engagement is unique to each stakeholder, depending on the level of impact.

We have identified our stakeholders based on four major attributes.

Dependent stakeholders

People or organizations directly or indirectly dependent on our activities, operations, products or services and associated performances, or on whom we are dependent for our operations - Kuwait Petroleum Corporation (KPC), employees, top management

Responsible stakeholders

People or organizations to which we have (or in the future may have) legal, commercial, operational or ethical/moral responsibilities - PIC sustainability committee, local/national government, Kuwait Environment Public Authority (KEPA), customers, contractors, suppliers

Stakeholders with high level of attention

People or organizations in need of immediate attention from us with regard to financial,

wider economic, social or environmental issues - labor unions, media, universities, local communities, NGOs

Influential stakeholders

People or organizations impacting us or other stakeholders' strategic or operational decision-making - JV partners, competitors, investors



Sustainability interest or concern

Channel of engagement



- » Professional development planning
- » Employees' welfare
- » Complaint processing
- » Suggestion and complaint mailbox
- » Office automation system
- » Corporate intranet, online
- trainings, etc.
- » On-boarding manual
- » Departmental sessions



- » Financial sustainability
- » Corporate Governance
- » Meetings
- » Official letters/e-mails



- » Protection of shareholders' and creditors' interests
- » Trueness, accuracy, timeliness and completeness of information disclosure
- » Town-hall meetings
- » Office automation system



- » Corporate Governance
- Global citizenship in line with international standards
- » Secondment with key partners
- » Bimonthly reports



- » Sustainability Performance
- » Roundtable discussions



- PIC contribution to sustainability of Kuwaiti economy
- » Regulatory compliance
- » Meetings, conferences and collaborations



- » Support for community
- » Sponsorships and job creation
- » Environmental laws and compliance
- » Biannual face to face meetings
- » Involvement in organized events
- » Sponsorships



- » Product and price
- » Distribution and service
- » Timely payments
- » Long-term partnerships
- » Contract negotiation
- » Real-time communications
- » Tender conference
- » Periodic supplier visits



- » Pricing and supply of products
- » Safety and security
- » Global Citizenship
- » Customer satisfaction surveys
- » Marketing and media
- » Periodic visits: meetings and consultation
- » Routine communication
- » Feedback mechanism
- » Hot-line service
- » Trade fairs, forums
- » Online services

Sustainability interest or concern

Channel of engagement



- » Support for community
- » Sponsorships and job creation
- » Impact on environment and remediation
- » Involvement in organized events
- » Employee volunteering
- » Sponsorships
- » Leaflets, presentations
- » Open-door events
- » Corporate blog
- » Press releases



- » Employees' rights and interests
- » Democratic management
- » Transparency of business operations
- » Routine communications
- » Employee representatives' meetings



- » Impact on environment
- » Support for local causes
- » Attendance at events and conferences, sponsorships



- » Target audience
- » Approach of communication
- » Crisis media communication
- » Release of reports
- » News conferences
- » Multi-channel communication
- » Media monitoring
- » Public exhibitions



- » Profit distribution
- » Information resources sharing
- » Good faith and mutual benefit
- » Contract negotiations
- » Conferences
- » Top management meetings
- » Data, documents and correspondence
- » Routine business communications
- » Product database



- » Impact on environment
- » Support for local causes
- » Through Gulf Petrochemicals and Chemicals Association (GPCA) and International Fertilizer Industry Association (IFA) committees
- » Board and committee meetings



Our Economic Impact

KEY FACTS









We believe that our business has a very important role in supporting and developing economic value for all our stakeholders. Beyond creating economic value for our shareholders, we have the responsibility of generating and protecting economic value for the communities in which we operate. At PIC, we ensure value creation for all our stakeholders — from customers to shareholders to society as a whole.

Economic impact on Kuwait

Kuwait's economy was built, and still relies heavily on, the oil sector, as oil exports account for approximately 85 percent of Kuwait's national income. One of the many ways we contribute to

the Kuwaiti economy is by diversifying the economy by moving from oil to producing value-added products, such as fertilizers and petrochemicals.

The chemical and petrochemical industry as a whole plays a pivotal role in the development of regional and national economies. The industry has changed drastically in the last few decades with GCC emerging as a major hub for the global chemical industry. Thirty years ago, GCC was a net importer of chemicals, whereas currently the vast majority of chemicals produced are exported to global markets.

The chemical industry has a large impact on the economy, particularly in terms of value addition and job creation. It is believed that the chemical industry will play a pivotal role in national development as the GCC economies go through structural challenges related to industrialization, economic diversification and the creation of new employment opportunities.

Economic performance of PIC

Over the past 50 years, we took confident steps in the petrochemical industry and established ourselves as an economic force locally, regionally and internationally. We also successfully participated in mega projects, both inside and outside Kuwait, and became a major contributor

to Kuwait's national income. We will continue our growth by implementing ambitious strategic expansion plans. These include a potential third olefins project and a second aromatics project. Our ambition, which is part of KPC strategy, is to expand our annual production to 15 million tons of petrochemical products. Therefore, we aspire to achieve US\$20 billion (KWD5.36 billion) of sales by the end of 2025 in the global markets. We strive to maximise the economic value we bring to our stakeholders through efficient management and competitiveness. This year we generated revenue

Local and international investment

We have been able to create a diversified portfolio through our local and international investments, which has helped us become a significant player in the global petrochemical industry. We continue to invest in various projects through our joint ventures to achieve our target of diversifying into new markets. To ensure that we embed sustainability within our investment practices as well as reduce economic, environmental and governance risks, we have developed a responsible investment policy.

Responsible investment policy

In 2013–14, we developed a responsible investment policy based on the United Nations Principles of Responsible Investment (UNPRI). The PRI is comprised of a set of principles on incorporating environmental, social and governance (ESG) related factors into both prospective and existing investments. Although the responsible investment policy is based on the UNPRI,

it is also bound by Kuwaiti law with strict exclusion criteria based on PIC's core values and principles for both greenfield as well as brownfield investments. With the adoption of principles of responsible investment, and through the incorporation of ESG criteria into investment decisions, PIC hopes to achieve long-term competitive advantages of managing operational and country-specific risks, and also improve stakeholder confidence by managing stakeholder expectations.

PIC responsible investment policy on how to integrate ESG considerations into investment decisions

The criteria adhere to conventions and agreements ratified by the Kuwaiti government and in line with PIC's core values and mission and with relevant global agreements.

The policy aims to implement the principles of responsible investment in the pre-investment and post-investment process by adopting an active ownership approach in all its existing and future investments. Approach to responsible investment

The policy proposes PIC's approach to communicating its responsible investment guidelines and processes.

The approved PIC Responsible Investment policy and procedures will be followed during the opportunity identification and feasibility study stage for the investment opportunities in the pipeline to ensure the consideration of sustainability evaluation criteria into investment decisions. Each new pre-investment decision will be screened to evaluate ESG criteria using a pre-investment screening tool, which will produce a country-specific ESG risk map. The team involved will be able to make appropriate risk management or mitigation plans based on the results from the pre-investment screening.

Although the PIC policy and exclusion criteria developed in 2013-14 was for the pre-investment process, we have also proposed a roadmap to fulfill the principles of responsible investment throughout the investment cycle.

PIC roadmap for PRI

1. Develop ESG strategy and policy	2. Integrate ESG in the investment process		3. Monitor progress and
	Pre- investment	Post-investment and exit	report externally
 Commitment to PRI Strategic positioning Exclusion criteria Process for ESG integration in investment process 	 » Pre- investment screening and assessment tools for identifying material risks » ESG Due Diligence 	 » Sustainability performance improvement programme » Sustainability expectations and requirements » Stakeholder engagement and dialogue 	» Aim to publicly report on responsible investment process

By having a responsible investment policy, PIC has become one of the few companies in the region to have incorporated ESG criteria into investment decisions. Initiatives like these clearly emphasize the importance given by PIC to embed sustainability throughout the value chain.

Expenditure towards environment

Petrochemical industries are an energy intensive industry and we are committed to reduce our environmental footprint. Being an environmentally conscious organization, we consider it to be our responsibility to protect the natural environment. Total environmental expenditure during the reporting period amounted to KWD103,500.

Improving productivity using Six Sigma

Our Six Sigma program has contributed to the improvement of plant and employee productivity, which has increased profits and reduced operational costs.

For seven consecutive years, PIC has successfully implemented Six Sigma methodology to:

- » Improve efficiency in all the Company's technical and administrative operations
- » Optimize human resources and raw materials
- » Decrease error and product incompatibility as well as to maintain conformity with product specifications
- » Minimize lost time in operations
- » Reduce costs and increase profits

Indirect economic development

The petrochemicals industry, and PIC as a company, has a major role to play in developing the State of Kuwait's economy. Apart from directly contributing to the GDP of the State of Kuwait, we also have a role in improving the economic condition of the region by supporting local resources through local employment, and by supporting the development of local suppliers and entrepreneurs.

Local employment

At PIC, we strive to encourage local talent and we want local people to play an active role in the development of the Kuwaiti economy. Our employee profile fulfills our commitment to the Government of Kuwait's Kuwaitization target and our parent company KPC's 2030 target of 85 percent Kuwaitization. Of 613 total employees, 100 percent of top management and 89 percent of senior managers are Kuwaiti citizens. We believe we have a responsibility to contribute to the economic development of Kuwait by recruiting, training and retaining local talent.

Employee benefits

In order to ensure we recruit and retain the best and brightest minds, we offer favorable benefits to our employees including: annual leave entitlement, social security benefits, medical insurance coverage, family increments, inflation adjustments, moving expenses, as well as others based on merit and service to the Company. We also provide a motivational increment for Kuwaiti employees. In addition to the benefits mentioned above, we offer attractive wages that are 2.2 times the minimum wage at entry level in the public sector in Kuwait.

We also participate in employee retirement plans to provide retirement salaries from the government fund as well as from the oil sector insurance retirement fund for Kuwaiti employees. Non-Kuwaitis, who are residents of GCC, are also eligible for the retirement salaries.

Gender equality

We ensure that opportunities for promotion and wages are provided equally without any gender discrimination.

Supporting local suppliers

We understand the importance of sourcing our supplies locally to help generate sustainable value and enhance our supply security. Supporting local suppliers promotes development of the local economy as well. We also recognize the need to ensure that our suppliers adhere to sustainable practices in line with PIC sustainability policies. To improve and develop sustainability practices among our suppliers we developed a sustainable procurement policy that will become an integral part of every supplier agreement. We also aim to train and support local suppliers in improving their sustainability performance. By using sustainable procurement practices, we will meet our needs for goods and services while creating long-term value for all our stakeholders.

Sustainable procurement policy

The purpose of this policy is to ensure that all our suppliers adhere to sustainability practices as per GRI guidelines and to make clear to all PIC purchasing staff the meaning of sustainable procurement, and how we propose to work toward achieving it. The policy applies to all PIC procurement activities and governs PIC's approach to procurement.

Defining the need Defining the need Design and specifying the objects Supplier selection Tender evaluation Post-contract management Supplier development

Objectives of PIC's sustainable procurement policy

- » To comply with all relevant legislation and regulatory requirements
- » To promote sustainable awareness among the suppliers and contractors
- » To procure sustainable products and services
- » To include sustainable criteria while evaluating the offers received from the suppliers
- » To analyze the benchmarked performance in order to identify the areas for improvement
- » To use the measures developed in order to monitor our sustainable practice with a view to seek continual improvement
- » To use the results of the monitored practice in order to benchmark our performance against sustainability criteria based on GRI guidelines







Our People & Communities

KEY FACTS









Improving the quality of life of our people and ensuring safe, healthy workplaces for them and our host communities is a continuous process for us. The development of PIC over the past 50 years is a narrative of how a state-owned enterprise evolved to a global enterprise, while shouldering the responsibilities to society. As a major supplier of petrochemicals, our products already benefit countless people each day by making everyday items safer and convenient. We believe that our business success is closely linked to our relationship with multiple stakeholders, especially our people and communities.

Code of Conduct

As one of the KPC group of companies, we all share the same code of conduct. The committee responsible for developing and updating the code has representatives from every company in the group, including PIC. The code guides employees in their business and professional activities, including their interactions with colleagues, vendors, customers, contractors, government agencies and the public. This document serves as a reminder to all employees that it is important for all of us to uphold the highest standards of integrity and personal conduct in all matters that involve PIC. The code includes the following elements:











A diverse and dynamic workforce

Our view on the diversity of our people is more than just gender, age, or race; we view it as the blending of experience levels, cultures, talents, competencies and decision-making styles. We work toward building a working environment based on equal opportunities.

We are very proud to announce that we offer the same opportunities to both men and women, and are continuously looking to increase the ratio of women in the workplace. The ratio of women to men in the workplace is increasing worldwide, and Kuwait is no different. We recognize this trend, welcome this cultural shift and will continue to foster and nurture it in our workplace. Our employee profile fulfils our commitment to the Government of Kuwait's Kuwaitization target and our parent company KPC's 2030 target of 85 percent Kuwaitization. We have already achieved KPC's Kuwaitization target and out of our 613 total employees 100 percent of top management and 89 percent of senior managers are Kuwaitis.

Caring for our people

Our people are our most important asset. We offer them significant opportunities that promote high performance, accountability and sense of ownership. We offer possibilities for creative, talented people to cultivate their potential and allow them to take the lead in their careers. In order to attract and retain talent, we offer our employees competitive salaries and benefits that reflect the high level of skill and experience expected of them. These benefits include annual leave entitlement, social security benefits, medical insurance coverage, family increments, inflation adjustments, moving expenses, as well as other "special" privileges based on merit and service to the Company. We also take care of our retirees by assisting them in managing the end of their careers. Along with employee pensions, we provide pre-retirement training for employees intending to retire as well as assistance on transitioning to post-work living.

Developing our people

The personal and professional development of our people is a priority for us and we use a variety of methods to help our people develop their capabilities. Through training and development we endeavor to provide our people with the opportunities to grow and improve their knowledge, skills and abilities. Programs are presented throughout the organization to improve technical and professional skills as well as leadership, management and sustainability-related competencies.

IC Project Gate Sys

The Company provides a wide range of learning and development opportunities. Training opportunities are selected based on individual development and long-term objectives. On average, we provided 41 hours of training per male and female employee. We delivered training through various modes of training such as in-house training, internal workshops and e-learning modules.

Code of conduct



"I pledge to act ethically"

In order to ensure that our employees exemplify our values and act according to the code of conduct, we organize training sessions on our anticorruption policies and procedures. We made incremental improvements in our corruption prevention systems by integrating corruption prevention training with internal controls.

In addition, as part of our commitment to talent development, to ensure global standards in leadership and to fulfil our future strategies, we conduct career performance reviews. Our goal is to create an engaging and inclusive working environment where people from all backgrounds have the same opportunity to make a contribution and advance on merit.

Sustainability capability development

We at PIC recognize the pressure to remain profitable and succeed in a competitive marketplace while being responsive to environmental and social pressures. Our Human Resources (HR) department has developed a long-term sustainability capability development roadmap by setting its goals and objectives towards our ambition to embed sustainability within everything we do. Our goal is to enable our employees to understand more about sustainability, and PIC's role in sustainable development in Kuwait, in the petrochemicals sector and in the region.

We developed a new sustainability competency model to increase the level of organizational understanding of sustainability, and to ensure that our employees are able to implement sustainability initiatives in their professional and personal lives. As part of our long-term sustainability objectives, our HR department has started implementing a sustainability capability development training plan for our people, starting from top management down to all levels of employees. This year we have already conducted training/workshops on basic sustainability application. We have also developed an e-learning web-based course, which covers the general concepts of sustainability and specific sustainability issues of the petrochemical industry and Kuwait. In addition we also regularly send out sustainability awareness newsletters to all our stakeholders to ensure that they are aware of our sustainability-related activities.



Nurturing talent and Enhancing Sustainability Capabilities of Our People

Our people are our most valuable investment, and our investment in employees builds our success, our products, and our performance. PIC believes in developing the talent of new employees with programs designed to give in-depth experience and build skills that are crucial to long-term success. 100% of our staff from all levels, starting from labor workers to senior managers receive PIC's anti-corruption policy and procedure training. This is separated into three tiers, Under Development, Trainees, and Employees. The training is done in-house, with external courses also provided. In addition, as part of our commitment to talent development and ensuring global-standard leadership is in place to fulfill PIC's future strategies, we conduct career performance reviews. This aims to create an engaging and inclusive working environment where people from all backgrounds have the same opportunity to make a contribution and advance on merit. This year 97% of our employees undertook career performance reviews. There were 15 employees excluded from these reviews, which was due to either a long absence or a KPC secondment.

Sustainability E-Learning training program was conducted with an Arabic and English versions targeting all employees of the company. Sustainability training program included 10 programs in every module. The training program included direct questions, educational video and information related to sustainability.

The Sustainability E-Learning program aims to provide PIC's Leadership and the Sustainability Leaders with the visionary mindset of today's cutting edge Sustainable Business practices and challenges.

The Sustainability E-Learning program will provide PIC's employees with the tools to become a future Sustainability Champion while providing them with a necessary lev el of understanding for the upcoming sustainability challenges

Engaging with our people

Town hall

Town halls are essential for strengthening the relationship between the top management and our people by improving transparency within the organization. The town hall provided our people with an opportunity to interact directly with top management on our major financial, social and sustainability-related achievements during the past year and the strategic plans for the future.

Self-service system for our people

A self-service system has been installed in our head office for employees to manage business processes, transactions and customer relationships.

Employee engagement

The HR department organized an Employee Engagement survey to measure the engagement between employees and the Company. The survey achieved a response rate of 95 percent.

Events at our Bubyan Club

For almost 40 years, PIC's Bubyan Club has been a venue for bringing together our employees for professional and personal development. At the Bubyan Club, we provide recreation, fitness activities and classes for our employees, their families and guests. In addition, a number of social events are hosted by the Bubyan Club throughout the year.



Creating a safe and healthy workplace

We realize that our success is dependent on the wellbeing of our people. We recognize our duties and obligations to the health and safety of our employees, clients and contractors, and strive

to create a culture of safety awareness. We endeavor to create a safe and healthy workplace

for our employees and contractors by trying to minimize our recordable injury rate and process safety incidents. Our leaders and employees demonstrate an unfailing commitment to both safety and quality. Safety and quality at PIC are overseen by the Safety, Health and Environment Executive Committee (SHEEC). Our vision to adhere to international quality HSE standards can be reflected through our **Integrated Management System Policy on Quality, Health and Safety, Environment, Energy, Sustainability and Security.**

Code of conduct



"I pledge to protect the environment, health and safety of my colleagues"







To track our progress in process safety management, we use leading indicators such as inspections and tests of equipment critical to process safety. We also measure lagging indicators that record events that have already happened, such as spills (loss of primary containment incidents), and develop lessons learned from these events.



Our commitment to safety and quality has also been validated by the internationally recognized standards of the International Organization for Standardization (ISO), Responsible Care®, and Occupational Health & Safety Advisory Services (OHSAS). The work processes and procedures to meet these international standards have become part of the way we work.

Caring for our customers

We are also committed to ensuring that the products and services we provide are of the highest quality, meeting both local and international standards and meeting the needs of our customers. In a similar fashion, we are concerned not only about the direct impact of our operations, but also that we take every step possible to ensure the safe use of our products once they leave our site. We are a Responsible Care (RC 14001:2008) certified organization and we are committed to eliminating and reducing accidents and injuries during product transport, distribution and final use by the customer. We promote customer awareness about safe product handling through the distribution of Material Safety Data Sheets (MSDS) with every contract signed with our direct customers. We encourage our customers to translate the MSDS in local languages for use by their local end users as well. The data sheet provides details on the safe use and handling of the product, safe storage and transport, exposure limits, potential negative health effects in case of exposure and emergency procedures.

We also continuously engage with our customers to hear their views about PIC and our products. We believe that continuous customer engagement allows us to get direct feedback from our customers and gives us an opportunity to continuously improve our products based on customer needs. We also aim to learn more about our customers through on-going dialogue with them.

We conduct customer satisfaction surveys biannually that cover a broad range of topics, such as marketing staff, supply reliability, documentation, handling complaints, payment methods, product quality, shipment execution and timely delivery.



Respecting our people

We realize that respect of the dignity, rights and ambitions of people is the cornerstone of business excellence in the 21st century and that supporting the protection of human rights within our sphere of influence is fundamental to our mission and values. The majority of our temporary labor force is outsourced to third party contractors and we ensure that every contract agreement complies with Kuwait's labor law as well as all human rights regulations adopted and acknowledged by the State of Kuwait. In addition, we have "contract supervisors" who are solely responsible for monitoring the performance of third party contractors, including their treatment of workers. We also ensure that all (100 percent) of our significant investment agreements with partners include clauses on the preservation of human rights as per Kuwaiti or other regional laws. Our code of conduct addresses topics such as respect of religious beliefs, safe working environment, employee indemnification, equal opportunity, fair treatment and freedom of expression. Our employees are also encouraged to join the PIC worker's union as per Kuwaiti law.

Code of conduct



"I pledge to respect my colleagues regardless of their nationality, race, religion or gender"

The PIC worker's union was established in 1971 with 22 employees. The PIC workers union falls under the umbrella of the oil and petrochemical workers union, which is considered the official workers union for oil sector employees in Kuwait. Over the last years the PIC worker's union has been working to improve working conditions for PIC employees, both individually and collectively.



As part of our commitment to creating awareness about human rights, we plan to roll out capability development modules on human rights for all our employees. Through such initiatives, we hope to make respect for human rights an integral part of every action of our people.

Giving back to our people and community

As part of our role as a responsible business working toward sustainable development within the state of Kuwait, we also give back to our people and community through various social projects. We believe that real benefits can be gained by establishing an effective relationship with our neighbors. We aim to support worthy causes closely linked to our mission and encourage our employees to do the same. Our people also show their community spirit and make the Company proud by visiting hospitals, schools and homes for the elderly and participating in a variety of our sponsored social events, fitness activities, school trips and clean-up projects around Kuwait.

Code of conduct



"I pledge to contribute positively to my community"





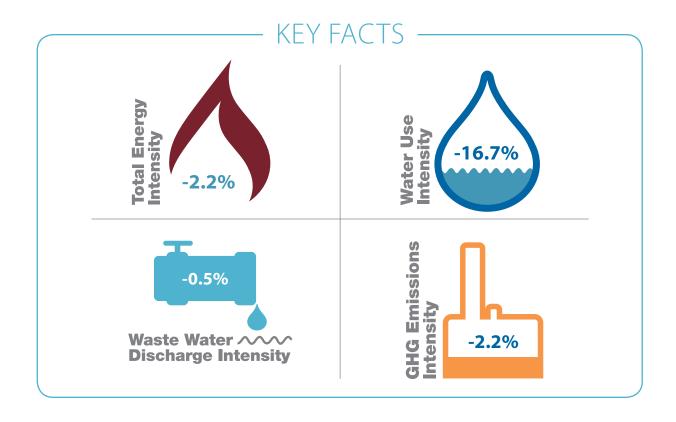
Safe work environment - Always our top most priority....







Our Environmental Impact

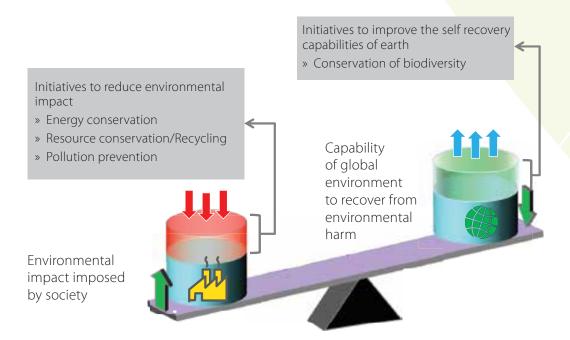


Environmental issues pose a significant long-term threat to our planet. The current rates of consumption and inefficient use of non-renewable resources are unsustainable and must be addressed. Businesses around the world are taking the lead on these issues and have placed environmental issues high on the corporate agenda. Businesses impact the planet's natural resources and ecosystems. Therefore, issues such as global warming, depletion of renewable and non-renewable natural resources and ecosystem degradation pose significant long-term business risks. But at the same time, protecting the environment can present opportunities for innovation and growth. We at PIC aim to produce high-quality products for our customers, while reducing costs and minimizing our own environmental footprint through economical use of resources and improving operational and energy efficiency.

The threat of climate change is imminent and the Fifth Assessment Report (AR5) by the Intergovernmental Panel on Climate Change (IPCC) has concluded that there is a 95 percent probability that human action is the dominant cause of climate change. The report represents a confirmation of global warming trends and the expected negative impacts of current emission pathways on the global climate.



We understand and accept the fact that our operations, by the use of renewable and non-renewable natural resources, impact the environment through emissions to air, land or water, and therefore could lead to biodiversity loss and climate change. We strive to actively monitor, track and manage our impacts through initiatives on energy conservation and prevention of global warming, resource conservation/recycling and pollution prevention. In addition, we also acheived LEED



As represented in the accompanying graphic, our environmental conservation efforts have progressed from a passive phase to a proactive phase.

	Passive	Proactive	Responsible
Purpose	Coping with external requirements » Laws and regulations » Competition » Customers	Carrying out our mission as a global citizen » Self-imposed responsibility » Long-term sustainability strategy » Voluntary activities	Creating sustainable value for all stakeholders while conserving the environment
Activities	Passive measures to meet laws and regulations, competing with other companies, and satisfying customer needs	Self-imposed activities and targets to reduce environmental impact » Energy conservation » Resource conservation and recycling » Pollution prevention » Improved environmental awareness of all employees	 » Understanding impacts over the overall product lifecycle and undertaking initiatives to have a positive impact on all stakeholders » Proactively sharing knowledge and working with peers to spread awareness

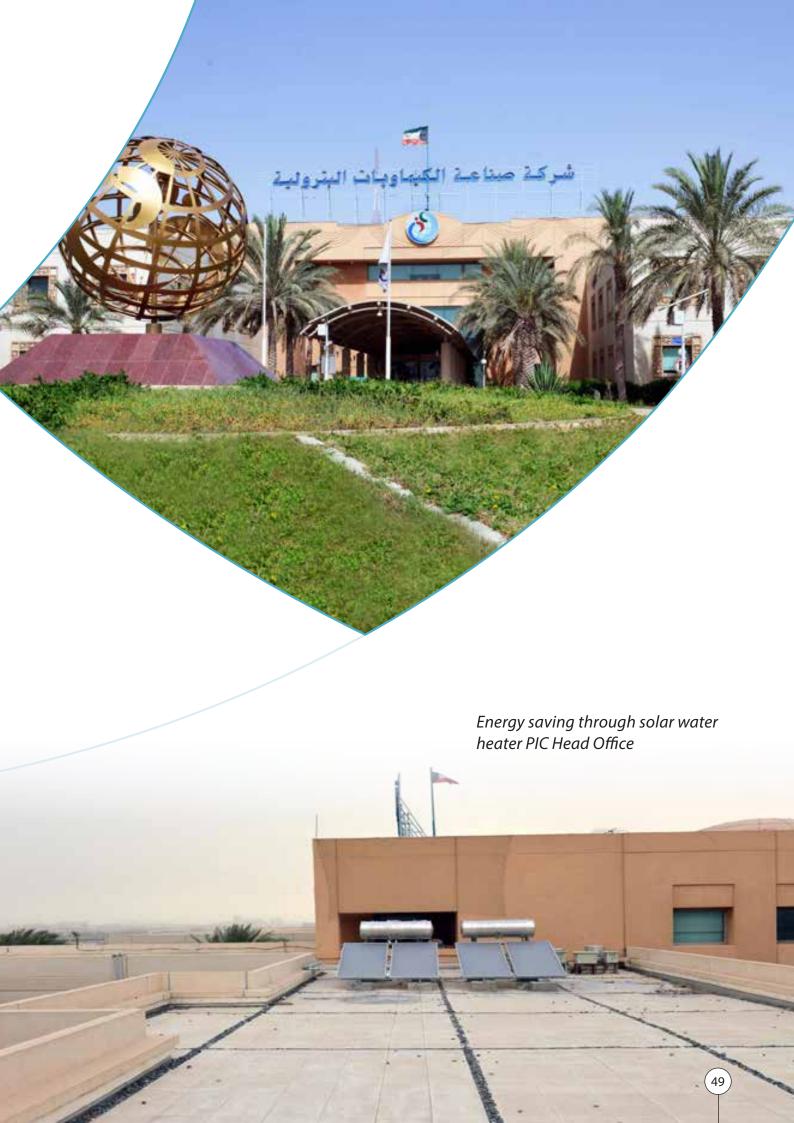






Solar PV panels installed at PIC Head Office Building Roof-top and Car Park Area.

Energy generated from Solar PV System will be around 45% of annual electrical energy demand for Head Office.









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