

Sustainable Tomorrow. Sustainable Journey.

Sustainability Report 2014-2015



شركة صناعة الكيماويات البترولية (ش.م.ك.)
**PETROCHEMICAL
INDUSTRIES COMPANY K.S.C.**
إحدى شركات مؤسسة البترول الكويتية
A Subsidiary of Kuwait Petroleum Corporation

Possibilities without limit



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SUSTAINABILITY IS FUNDAMENTAL TO
EVERYTHING WE DO AND IS MORE THAN
MERELY A COLLECTION OF OPERATIONAL
IMPROVEMENTS.

CEO statement

Welcome to our third sustainability report, which describes our continued commitment and progress toward achieving cleaner, safer, and more efficient operations and positively impacting lives in Kuwait and the region. I believe you will see that 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. The report also demonstrates our commitment to transparency, which is fundamental to responsible business practice and to open dialogue with our stakeholders.

Sustainability is integral to our corporate values and critical to our emergence as a global petrochemicals company. In 2013, we launched our 2017 PIC Sustainability Goals, with a clear commitment to “a Sustainable Tomorrow.” Detailed analysis produced a roadmap with nine goals across the economic, social and environmental dimensions of sustainability. These goals have proved to be a valuable guide in helping PIC enhance the efficiency of our own operations while helping address the wider needs of Kuwait and the region. Making progress on these goals has helped us achieve greater operational excellence and responsible corporate citizenship.

Early in the process, we recognized that our employees are central to the success of our sustainability initiatives. A wide-reaching training program has helped employees to understand that sustainability affects everything we do, from operating safely and efficiently to treating people with respect. Already, 80 percent of employees have received training, which is important in building the culture we need to ensure that sustainability is fully integrated into our strategies and operations.

I invite you to take a look inside these pages to see where we’ve made important strides against our 2017 PIC Sustainability Goals, as well as other sustainability efforts and our commitments under the United Nations Global Compact. Thanks to the efforts of managers and employees across the Company, we can report progress against all of our specific objectives for 2014-15. These are important measures that keep us moving forward. For instance, we were able to use the turnaround period this year to implement several projects that have achieved step changes in our energy and water efficiency. We also significantly improved the efficiency of our headquarters after implementing almost a dozen separate initiatives during the year.

I also am particularly proud of two other items in this report – the integration of sustainability objectives in our Enterprise Risk Management mitigation framework, and the development of our Human Rights statement. These activities show how our sustainability commitment extends beyond our facilities and is fundamental to everything we do in our business and in the wider world.

Although I am pleased with the progress we’ve made, there still is work to be done to meet our 2017 PIC Sustainability Goals. In particular, we need to engage fully with suppliers and other stakeholders to build a shared understanding of priorities. We also need to share best practices with our peers in the industry to ensure that benefits spread throughout the region. And, as we have done since we first launched the goals, teams across PIC must continue their dedicated efforts to achieve our objectives. This is truly a company-wide effort. I am confident we have built a solid foundation and are in a strong position to make the necessary progress in the coming years.

Our desire to deliver greater value to PIC, the citizens of Kuwait and all stakeholders inspires us to greater levels of accomplishment. As we look ahead, our focus will be to explore new opportunities to integrate our sustainability principles across our operations and strategies. We will achieve our aspirations through the dedication of our people, through operational excellence and through an unwavering commitment to sustainability. By doing this, we will build not only a healthier and stronger business, but contribute to a healthier and stronger Kuwait.

Asaad Ahmad Al-Saad
Chief Executive Officer

This is Petrochemical Industries Company (PIC)





We are the petrochemical arm of Kuwait, leveraging our national resources to deliver high-quality products to the world. We seek to add value to all our stakeholders.

Petrochemical Industries Company (PIC) is a manufacturer and marketer of chemicals, and is the petrochemical arm of Kuwait Petroleum Corporation (KPC). Established in 1963 by Amiri decree and headquartered in Kuwait, PIC was the first chemical complex in the region, representing a significant step in diversifying Kuwait's economy. We have always stood for progress and possibilities, and today with world-scale manufacturing facilities around the world, we look forward to a future of growth in Kuwait and abroad.

PIC is an industry leader throughout the Middle East and a growing player in the chemical industry worldwide. Delivering on our mission to maximize the value of Kuwaiti hydrocarbon resources, 70 percent of our production is at home. The main chemical products we produce are fertilizers, olefins and aromatics. We also participate in several national and international joint ventures, which diversify our product offerings and enable expansion into global markets.

Our products are the essential building blocks for countless items found at home and in the workplace, and used throughout daily life. As such, we consistently aim to improve the quality of life around the world, whether through increasing crop yields, enabling energy savings or increasing the durability, comfort

OUR PRODUCTS ARE THE ESSENTIAL BUILDING BLOCKS FOR COUNTLESS ITEMS FOUND AT HOME AND IN THE WORKPLACE, AND USED THROUGHOUT DAILY LIFE.

and safety of a wide range of consumer products. The possibilities are without limit.

For more information on who we are, visit www.pic.com.kw.

Our 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.

Our 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.



Our 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.

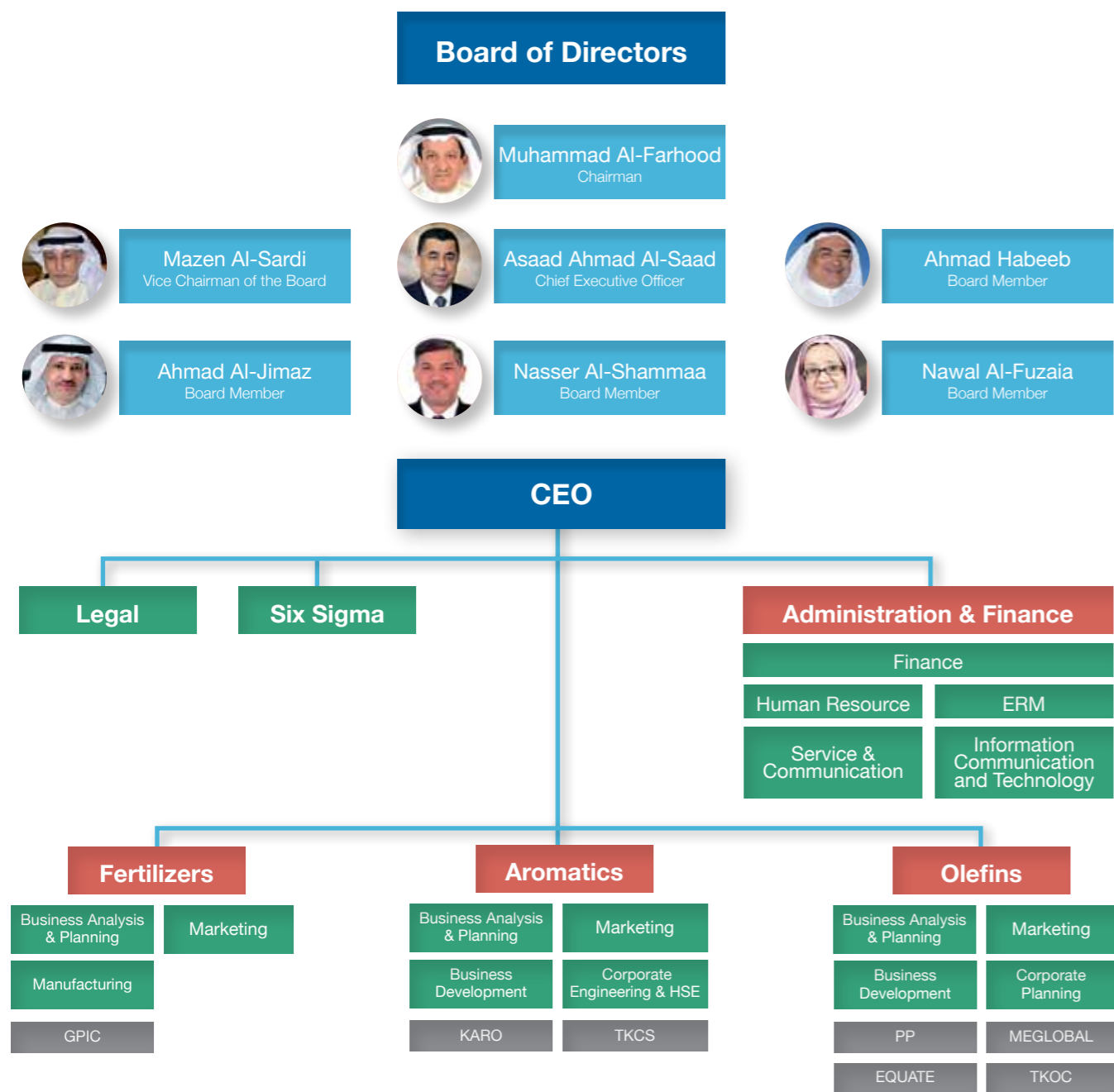
Governance

PIC is governed by a board of seven directors, all of whom are non-executive except for the CEO. The board's main purpose is to ensure that the Company fulfills its commitments to all stakeholders.

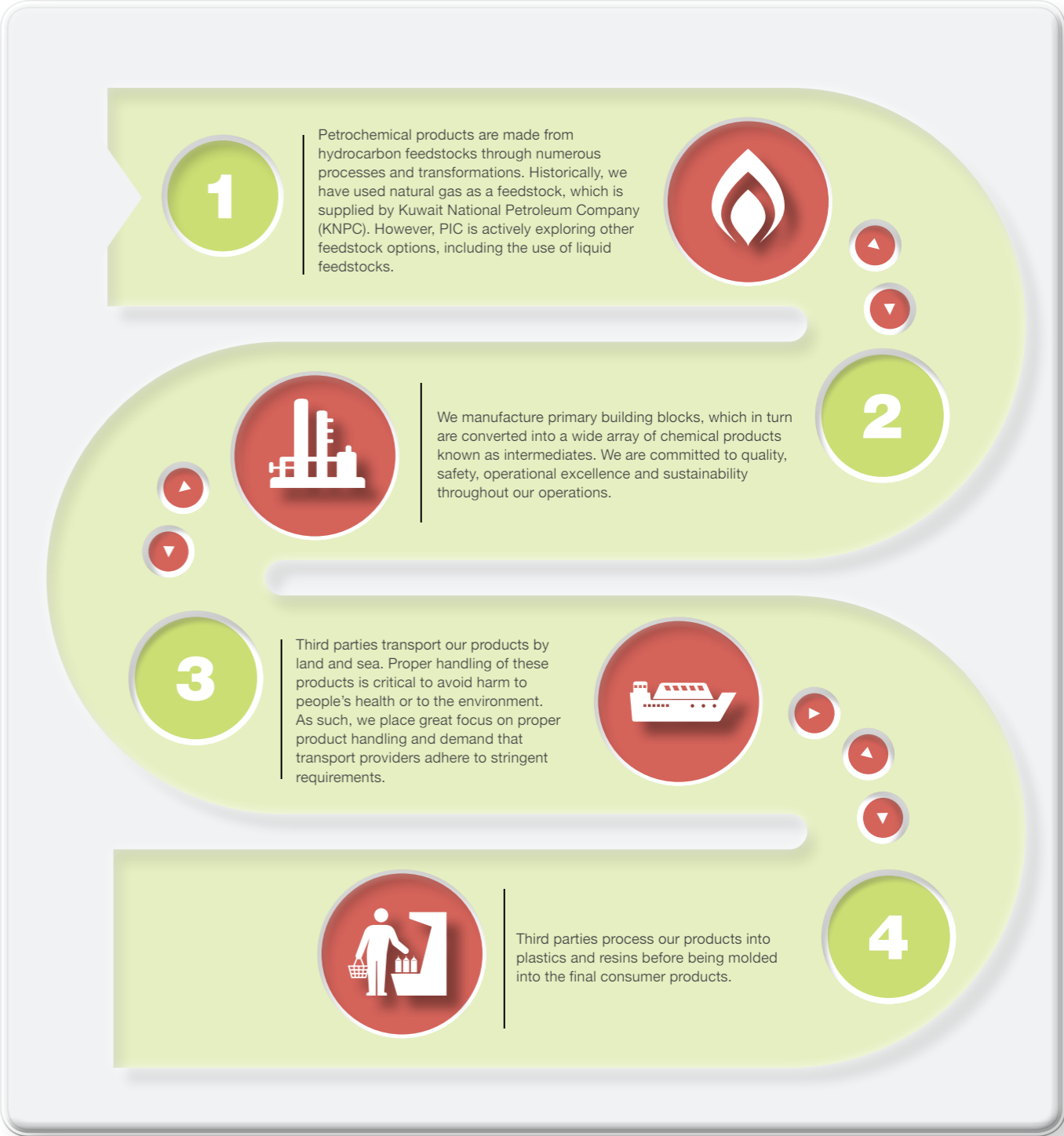
The CEO leads a top management team whose members are responsible for PIC's three strategic business units, Olefins, Fertilizers and Aromatics, and for Administration and Finance. They

are supported by PIC's corporate functional departments.

Our business structure is summarized in the organizational chart below:



Our value chain



Key facts

50+
years +

of experience in
the chemical industry

580+

Employees

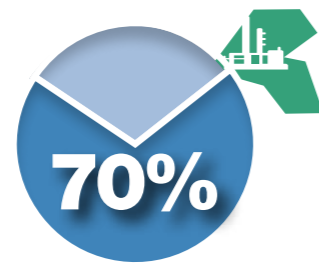
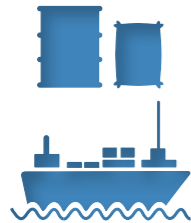
Operations in
5
other countries

PRODUCTS

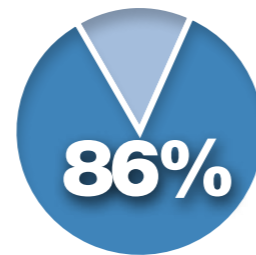
primary
Ammonia
Urea
Polypropylene

Polypropylene
Ethylene glycol
Paraxylene
Benzene
Styrene
Methanol
Monoethylene glycol (MEG)
Diethylene glycol (DEG)
Polypropylene terephthalate (PET)

joint ventures



of joint venture products
are produced in Kuwait



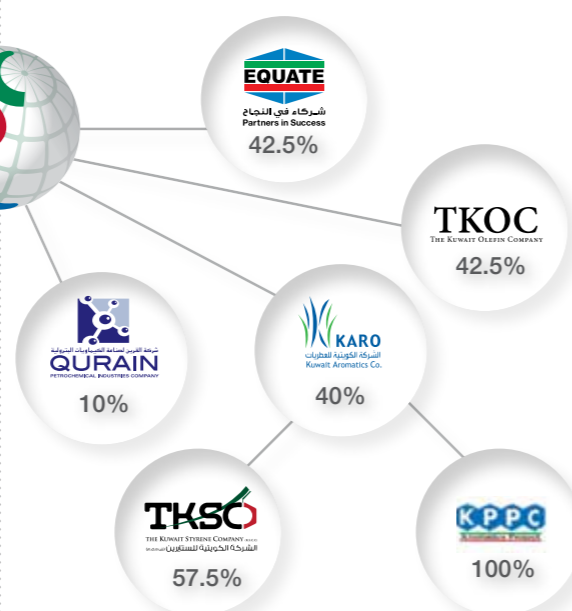
of the employees
are Kuwaiti

Our joint ventures

International investments



Local investments



Awards and recognition

Golden Award for outstanding performance in Health, Safety & Environment from Royal Society for the Prevention of Accidents (RoSPA)

Bronze Award for Professional Management of Road Hazards from Royal Society for the Prevention of Accidents (RoSPA)

First Runner Up in Partnership Project category from Arabia Corporate Social Responsibility Awards

Second Runner Up in Large-sized enterprise category from Arabia Corporate Social Responsibility Awards

Finalist in Platts 2014 Global Energy Awards – Corporate Social Responsibility category



Certifications

OHSAS 18001
Health and safety management system

ISO 50001
Energy management system

ISO 9001
Quality management system

ISO 14001
Environmental management system

ISO 27001
Information security management system

ISO 17025
Laboratory quality

ISO 22000
Food safety management system

14001
Responsible Care (RC)

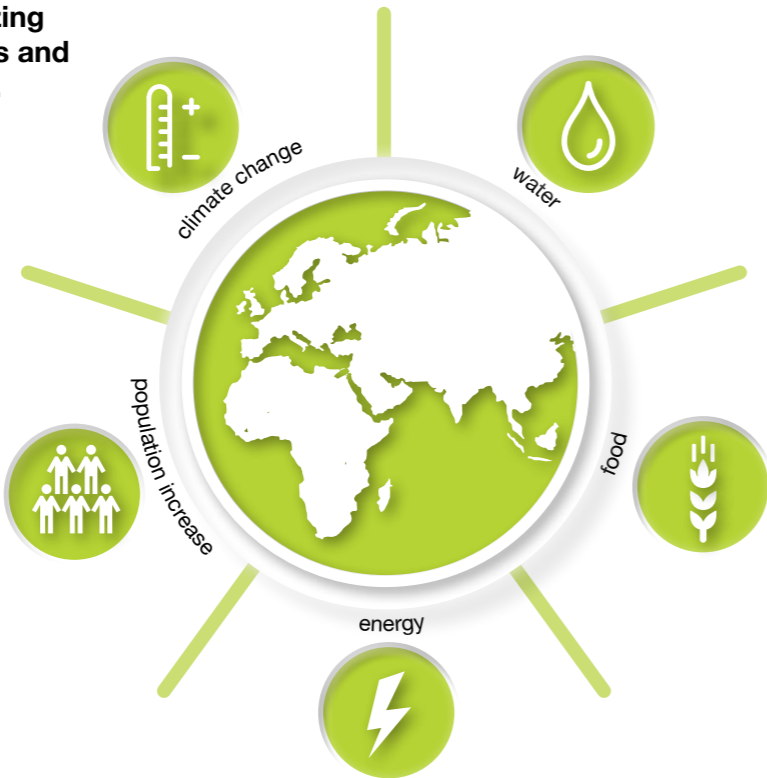
Working for a
better tomorrow



The sustainability challenges we face

Our sustainability strategy responds to the key challenges facing our world, seizing the opportunities, mitigating the risks and balancing the needs of stakeholders.

The world faces severe tests, which the petrochemical industry globally and locally is helping to overcome. The global population is estimated to approach nine billion in 2050, which will put tremendous strains on the planet's resources. Sustainability asks of us to live responsibly within the planet's resources. Therefore, we must find a way to meet the needs of an expanding population by providing sufficient food and safe, secure and affordable energy, water and other resources. At the same time, we must address critical issues such as limiting greenhouse gas (GHG) emissions and protecting the natural world.



Climate change and water scarcity are global challenges that are especially significant for our region. Experts estimate that the consequences of climate change will be acute in the Arab Gulf region, which will experience less rainfall, rising sea levels and more record-breaking temperatures. In fact, average temperatures could rise by 3°C by 2050⁽¹⁾.

Water scarcity will become increasingly serious as a result of climate change. Kuwait is already one of the world's most water-stressed countries, along with Bahrain, Qatar and others in the

SUSTAINABILITY ASKS OF US TO LIVE RESPONSIBLY WITHIN THE PLANET'S RESOURCES.

region⁽²⁾, and the growth of demand for water is outstripping supply. Desalination is a vital means of supplementing and protecting freshwater resources, but rising sea levels threaten desalination plants and increase freshwater salinity.

Using energy more efficiently is key to reducing the GHG emissions that

contribute to climate change, and is particularly important for Kuwait. The country's energy efficiency, measured by GDP per unit of energy consumption, is lower than in most industrialized countries. Per capita energy consumption and emissions of carbon dioxide are among the highest in the world⁽³⁾.

The threats to energy security and water availability are serious risks for the region's economy and also for our industry. Petrochemical production depends heavily on the oil and gas sector for feedstocks and raw materials, and uses water-

intensive processes. Sustainability is therefore a priority for our industry, and necessary to create a better tomorrow for our region.

The role we can play

Our industry will play a crucial role in addressing these challenges across the three pillars of sustainability – economic, environmental and social. The benefits of our products can be seen in sectors ranging from consumer products to medical equipment to agriculture and transportation. For example, fertilizers can increase food supplies. Chemical solutions can increase safe water availability. Items made with aromatics, such as lightweight plastic components, help to save energy in a wide range of applications, such as automobiles and trucks. These energy-saving solutions have a positive impact on the environment.

The petrochemical industry also contributes to the prosperity of our region by attracting foreign investments, creating employment opportunities and supporting economic diversification. This coupled with employee development and social investments in our communities all contribute to the welfare of society.

PIC has played a leading role in ensuring that the industry in our region recognizes that sustainability is the only way to ensure continued success and prosperity for future generations. We are a founding member of the Gulf Petrochemicals and Chemicals Association (GPCA), reflecting our commitment to partnership. GPCA is a forum for discussion and exchange of ideas, and champions several flagship initiatives. Through GPCA we share best practices, inspire and learn from our peer companies to drive the sustainability agenda. Priorities include:

Continuously improving the efficiency of energy and water use in industry processes



Reducing carbon and water footprints



Creating sustainable employment



PIC HAS PLAYED A LEADING ROLE IN ENSURING THAT THE INDUSTRY IN OUR REGION RECOGNIZES THAT SUSTAINABILITY IS THE ONLY WAY TO ENSURE CONTINUED SUCCESS AND PROSPERITY FOR FUTURE GENERATIONS.

(1) <http://www.worldbank.org/en/news/feature/2012/12/05/facing-up-to-the-threat-of-climate-change-in-the-arab-world>
 (2) <http://www.wri.org/resources/maps/aqueduct-country-and-river-basin-rankings>
 (3) <http://data.worldbank.org/indicator/>

Our sustainability strategy

Our parent company, KPC, is committed to being the most sustainable national oil company in the region, managing the country's natural resources profitably for the benefit of society, the economy and

the environment (see the box). KPC's sustainability policy states that the company will apply sustainability thinking throughout its business activities, including interactions with partners, customers and suppliers.



مؤسسة البترول الكويتية
Kuwait Petroleum Corporation

KPC SUSTAINABILITY COMMITMENTS

- Reducing the environmental impacts of all aspects of our operations and maximizing efficiency savings
- Maximizing the opportunities for lower carbon products and services
- Fostering the growth and ensuring the well-being of our people
- Responding openly to questions, issues and expectations of our internal and external stakeholders
- Providing transparent information and communications about our operations and progress against our goals and objectives
- Playing an active part in benefitting the communities where we operate through community investment activities
- Encouraging local capacity building knowledge transfer and economic development in our host communities
- Adopting and implementing human rights and labor practices consistent with international obligations and commitments
- As a minimum adhering to, if not exceeding, the laws and regulations in all regions and jurisdictions in which we operate, strictly adhering to KPC's Code of Conduct

PIC's sustainability strategy has been developed in this context, building on a long commitment to promoting safe, efficient and ethical business practices, being socially responsible, and managing our environmental impacts. We recognize that we operate in a regional and global ecosystem, which is essential for our success, and that we share responsibility for sustaining that ecosystem. As a signatory to the UN Global Compact (UNGC) we also aim to follow the 10 UNGC Principles (see page 71).

We strive to shape a sustainable tomorrow through an unwavering commitment to quality, operational excellence and sustainability. Our strategy calls for leading business practices that create a stronger company while benefitting future generations and leaving a smaller environmental footprint. This can be achieved when sustainability becomes integrated into everything we do, as part of day-to-day activities and part of the mindset for everyone throughout the Company. It is the responsibility of all departments and all employees.

Following the triple bottom line approach, we have integrated economic, social and environmental elements of our vision and mission into our sustainability strategy:

WE STRIVE TO SHAPE A SUSTAINABLE TOMORROW THROUGH AN UNWAVERING COMMITMENT TO QUALITY, OPERATIONAL EXCELLENCE AND SUSTAINABILITY.



Implementing our strategy

Strategy sets the broad path for our sustainability journey, but achieving the strategy requires rigorous management based on clear policies, sound goals and relevant targets.

Our approach is to define broad goals for the most material aspects affecting PIC, translate these into measurable targets, and to create annual and longer-term specific, measurable, achievable, realistic and time-bound (SMART) plans with

clear responsibilities and adequate resources to achieve the goals. These plans affect all aspects of our Company, from operations to procurement to information systems and more.

Areas involved in sustainability initiative



2017 PIC Sustainability Goals

In 2012, PIC conducted a risk assessment and a detailed analysis of the most material topics affecting the Company. The key sustainability elements identified were resource efficiency, environmental protection, asset integrity, health, safety and talent development. To responsibly address these elements, we launched ambitious five-year goals, the 2017 PIC Sustainability Goals. Six of these goals are concerned with internal operations, while

three reflect our commitment to responsible corporate citizenship. Achieving these goals will lead to safer, more efficient and productive operations, minimize our impact on the planet, develop current and future leaders in sustainability, and improve the lives of people for generations.



Specific targets

To continue leading the way on sustainability and maturing on our journey, we finalized quantitative targets for each of the operational excellence goals in 2014, focusing attention on our specific sustainability aspirations. As in all aspects of our business, successful management is based on measurement of performance and a standard against which to assess progress. We regularly review performance against these targets to ensure that we take appropriate and timely action as necessary.

Area		2017 Targets
Operational excellence		
	Safety	No more than 0.13 recordable injuries per 200,000 man-hours of work
	Process safety	No more than 0.1 process safety incidents per 200,000 man-hours of work
	Spills	No more than one spill to the environment each year
	Climate change	Reduce PIC GHG emissions intensity by 14% compared to 2012-13 baseline (2.43 t CO ₂ e/MT of Ammonia)
	Energy efficiency	Reduce PIC energy intensity by 6% compared to 2012-13 baseline (51.72 GJ/MT of Ammonia)
	Water	Reduce PIC water intensity by 25% compared to 2012-13 baseline (4.8m³/MT of Ammonia)
Responsible corporate citizenship		
	Environment	Work with NGO partners and collaborate with leaders in the field to support resource conservation and improve life for future generations
	Healthy living	Empower employees and their families to lead healthier lives and work with NGO partners to help people in our society lead long and healthy lives
	Future leaders	Invest in future leaders to help create a lasting sustainability legacy, and work with NGO partners to advance sustainability culture in our youth

Sustainability governance

Effective governance supports our commitments, defines expectations and responsibilities, and ensures that progress continues toward our goals. The governance structure formalizes the sustainability decision-making authority and ensures accountability. We have defined the roles and responsibilities and established the procedures necessary to ensure that decisions are based on achieving sustainability excellence in all of our activities. As a result, PIC's sustainability performance is effectively managed, closely monitored and appropriately reported.

With regard to our joint ventures (JVs), PIC has representation at the board level of the JVs but no operational control over the management of the companies. Our aim is to share best practices and encourage our partners to follow PIC's leadership in sustainability.

To manage our material topics, PIC has set up a Sustainability Committee, chaired by the CEO, responsible for overseeing the Company's sustainability agenda. The committee reports regularly to the board. The deputy CEOs and managers of all relevant departments are committee members. They set sustainability-related policies and performance standards. The committee meets monthly to monitor progress and to ensure that sustainability continues to be embedded in the mindsets of our people. Meetings also enable members to build awareness of sustainability issues

and develop their understanding of best practices applicable to PIC's business.

The corporate Engineering, Health, Safety and Environment department (ENGHSE) has day-to-day responsibility for monitoring and reporting performance, supported by the Project Management Office (PMO). Individual departments are responsible for implementing plans in their area, and for finding solutions to specific challenges they face. Sustainability champions in each department help to drive progress and share good practices throughout the organization.

Performance management supports progress toward targets. Our balanced scorecard system includes sustainability targets and goals each year and sustainability performance is integrated in the department managers' compensation scheme. Compensation is based on performance against the plans, ensuring effective motivation and participation.

Sustainability is also considered in our approach to risks, and in 2014 it was integrated into our Enterprise Risk Management system. As a result, sustainability-related risks have been identified and assigned to relevant departments. Each department is responsible for implementing mitigation measures to minimize or prevent the identified risk. (See also page 36.)

WE HAVE DEFINED THE ROLES AND RESPONSIBILITIES AND ESTABLISHED THE PROCEDURES NECESSARY TO ENSURE THAT DECISIONS ARE BASED ON ACHIEVING SUSTAINABILITY EXCELLENCE IN ALL OUR ACTIVITIES.

Continual improvement

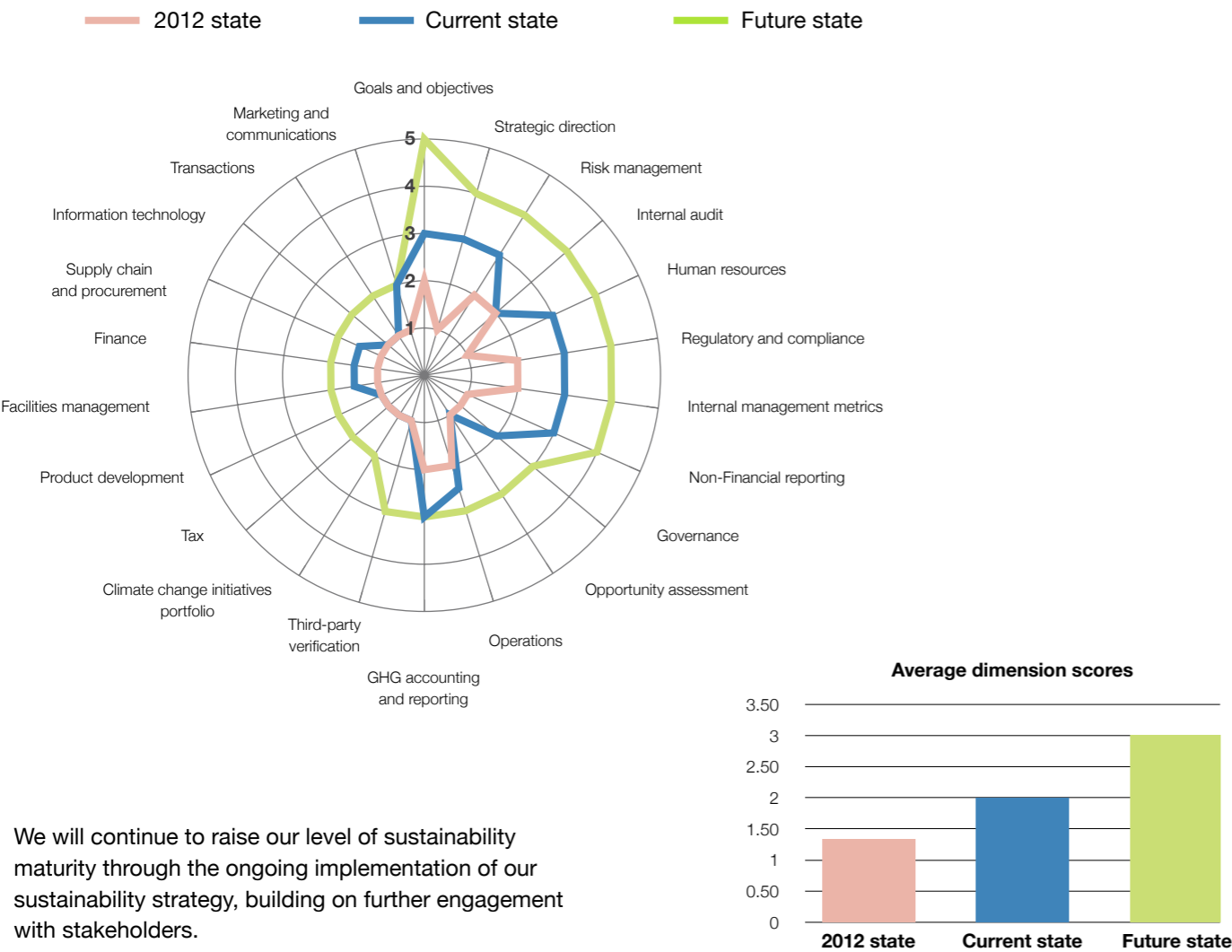
We appreciate that sustainability is not achieved overnight, or even on a five-year horizon. It is a matter of continued development and improvement.

In 2012, following our initial steps on the path to sustainability, we commissioned an independent analysis of where we stood. The conclusion was that we were at the Basic level of sustainability maturity, the first in a five-step progression









toward our 2017 objective to be at the Leading level.

Adopting our nine 2017 PIC Sustainability Goals, associated with specific targets and a roadmap defining 24 specific steps along the way, was a significant advance. Demonstrating progress on several of these steps resulted in PIC reaching the Developing level in the sustainability maturity hierarchy in 2014. This level recognizes the extent

to which we have already integrated sustainability in our strategy and all key departments of the Company.







Key achievements

Focus area	What we said we will do	What we did	Status	What is next
 Economic	Develop and implement a sustainable procurement policy.	1. The procurement policy is developed and staff have been trained. 2. In addition, workshops with the suppliers and vendors have been organized.		1. Roll out the sustainable procurement policy and map the full value chain of PIC. 2. Bring cooperation with vendors to the next level by identifying sustainability opportunities.
 Our people and communities	Develop human rights policy and diversity.	The human rights position statement has been prepared, after which it was approved by management. The statement was communicated internally and relevant staff were trained.		Share expertise on human rights with industry peers at national, regional and international events.
 Our people and communities	Integrate sustainability into recruitment, training and development.	80% of relevant staff have received the sustainability capability training development program.		Identify suitable methods for annual engagement with PIC employees.
 Our environmental impact	Assess and improve sustainability-related actions in operations.	PIC has established baselines for GHG emissions and energy and water usage. In addition, we have set ambitious targets for 2017.		PIC will monitor the progress made against the targets and assess further opportunities for the reduction of GHG emissions and water and energy use.

 requires further work  achieved  on track

Key achievements

Focus area		What we said we will do	What we did	Status	What is next
	Our environmental impact	Enhance the sustainability performance of PIC's office buildings and equipment.	1. In order to apply for the LEED Gold certification we have implemented all recommendations from the LEED audit.		1. Obtain LEED certification.
			2. Impact of implemented activities is under a monitoring period.		2. Establish specific energy reduction targets for the offices.
	Control and assurance	Establish a stakeholder engagement process.	1. The stakeholder engagement process has been piloted and updated based on the feedback we received.		1. Leverage the release of PIC's sustainability report to engage with stakeholders on sustainability initiatives.
			2. Developing a strategy for engaging with the governmental bodies and regulatory authorities.		2. Identify and engage with additional external stakeholder groups.

 requires further work
  achieved
  on track

Stakeholder dialogue

Maintaining the trust of our stakeholders and remaining accountable to them is part of our corporate values. We continued to dialogue and collaborate with our stakeholders throughout 2014 across many different channels. Through these engagements, we clearly identified common themes of mutual interests. We aim to take these into account and balance the diverse attitudes and concerns with our commitments and strategy. Dialogue with stakeholders also allows PIC to explain our approach and the efforts we undertake to mitigate any negative impact, while helping the Company improve its economic, environmental and social performance.

Whether locally or internationally, the method and channel of engagement are tailored to the circumstances of each stakeholder group. We primarily engage our stakeholders through:



Satisfaction surveys
For staff and employees, conducted on regular basis to gauge the views of the stakeholders on the Company's efforts and activities, and provide relevant updates to senior management accordingly.



Conferences and exhibitions
PIC participates in local, regional and international events to learn and share expertise on emerging practices within the industry. These events provide PIC with the opportunity to engage with its peers, suppliers and customers.



Feedback loops
Whether through direct meetings, electronic communications or our internal online systems, PIC constantly requests feedback from all of its stakeholders to improve its processes and operations.



Meetings
PIC holds a series of meetings year-round with all of its stakeholders; for example, townhall meetings for employees, one-on-one meetings with governmental authorities, general meetings with suppliers and top management meetings with joint ventures.

Through conversations across the different channels, we identified themes of importance for each stakeholder:

Stakeholder	Interests and concerns
 KPC	<ul style="list-style-type: none">Financial sustainabilityCorporate governance
 Employees	<ul style="list-style-type: none">Professional developmentLong-term job securityHealth and safetyResolving complaint mechanism
 Local government and environmental authority	<ul style="list-style-type: none">Contribution to Kuwaiti economyCompliance with laws and regulations
 Customers	<ul style="list-style-type: none">Product and priceDistribution and serviceSafety and security of productsResponsible operations and sustainability
 Contractors and suppliers	<ul style="list-style-type: none">Timely paymentsLong-term partnerships
 Labor unions	<ul style="list-style-type: none">Employee rightsDemocratic managementTransparency
 Media	<ul style="list-style-type: none">Transparency and disclosureResponsible operations and sustainability
 Local communities	<ul style="list-style-type: none">Support for communityJob creationLocal environmental impacts
 NGOs	<ul style="list-style-type: none">Impact on environment and communitiesSupport for local causes
 JV partners	<ul style="list-style-type: none">Corporate governanceProfit distributionInformation sharingCooperation and mutual benefit
 Industry associations	<ul style="list-style-type: none">Responsible operations and sustainabilityLeading business practices

Despite our ongoing efforts to maintain a dialogue with our stakeholders, we recognize the need for PIC to have a more proactive approach in engaging with the different stakeholder groups on sustainability-related topics. In 2013, we established the sustainability stakeholder engagement guidelines, and our efforts in the past year were focused on further strengthening the process and feedback loop. This is important to support our Company in having a clear and consistent message with regard to the image it wishes to project, including PIC's role in meeting the national goals for Kuwait. Therefore, with the support of the Corporate Planning Department, PIC has established a strategy focusing on engagement with key stakeholder groups, primarily the governmental authorities and regulatory bodies. The strategy will be implemented in the coming years, and we shall report on its impact in future reports.

Materiality

In 2013, a comprehensive survey was undertaken to capture the concerns of 21 key internal stakeholders from different functions with regard to various sustainability issues potentially affecting PIC. In parallel, interviews with external stakeholders were performed to identify their views and expectations vis-à-vis sustainability. Combining outcomes from both groups of stakeholders, the issues were mapped into low, medium and high categories on a materiality matrix. These issues were reported upon in the second PIC sustainability report (2013-14).

This year, we have updated our materiality matrix based on targeted sustainability dialogues with our internal and external stakeholders, reputation research on PIC, benchmark results within our sector, and internal enterprise risk analysis. The evaluation focused primarily on how PIC's

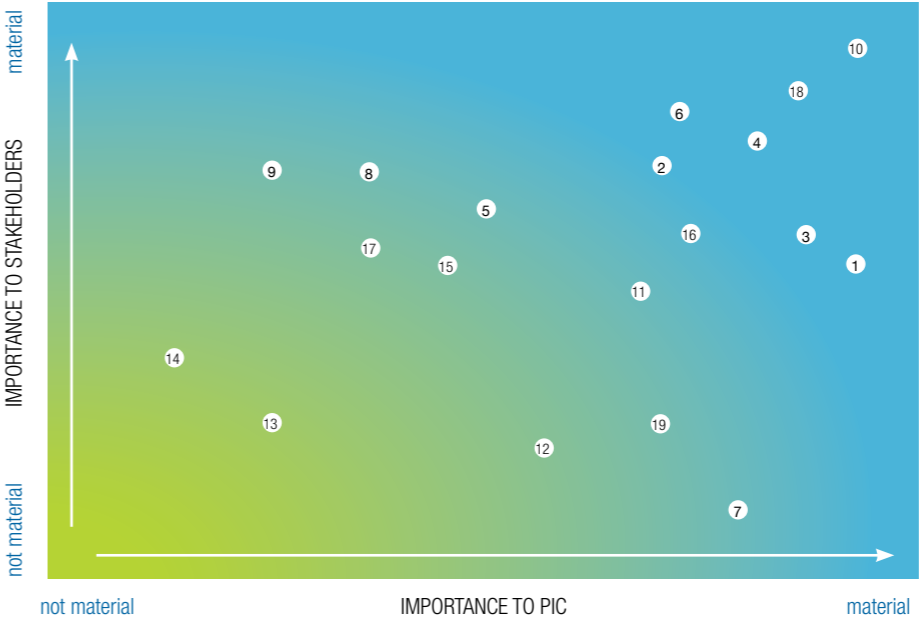
business is impacted by these issues. The complete list of material items was further analyzed in terms of PIC's strategic objectives and presented to the Sustainability Committee for consideration.

This process resulted in a reviewed mapping of the topics potentially affecting PIC against concerns of stakeholders. The most material topics are those of highest concern on both axes (see graph below): particularly transparency, energy and water consumptions, health and safety, and emissions and spills.

- Transparency:** a disclosure of our economic, social and environmental activities and their impacts in a clear and balanced way.
- Energy consumption:** direct and indirect energy uses. Direct energy

use is energy consumption as feedstock and fuel, while indirect energy is electricity consumption.

- Water consumption:** sources and quantity of water used, and any practices to recycle or reuse water in operations.
- Occupational health and safety:** fatalities, rates of injury, lost days and absenteeism, workforce education and training, risk control programs for employees and communities near operational centers.
- Process safety:** number of process safety events by business activity.
- Emissions and spills:** greenhouse gases and other releases to the environment that are considered to be pollutants.



1 Economic performance 2 Indirect economic impact 3 Energy 4 Water 5 Biodiversity 6 Climate change 7 Environmental compliance 8 Products and services 9 Employment 10 Occupational health and safety 11 Training and education 12 Diversity & equal opportunity 13 Non-discrimination 14 Freedom of association and collective bargaining 15 Human rights 16 Local communities 17 Corruption 18 Asset integrity and process safety 19 Product and service labeling

More information about how we work to build a better tomorrow by managing these material topics is provided in the following sections. We aim to highlight our performance in a balanced and fair manner, also discussing the challenges we face to achieve our desired results.

Building a stronger business.
Diversifying Kuwait's economy.



2014-15 Highlights

Revenues



US\$1.09 Billion

Profits



US\$595 Million

Savings



US\$20 Million

Savings from 53
Six Sigma projects

Investments



Initiated several major
investments at home
and abroad

PIC makes an important contribution to the national and regional economy. We create prosperity for employees, suppliers, customers and communities through our projects and the investments we make.

Our business has a direct economic impact from the jobs we create and investments we make. We also have indirect impacts through our supply chain and the use of our products. In each case, we aim to create value

for all of our stakeholders, based on operating as a profitable, responsible business. (See our annual report for full financial data.)

Sharing value

Revenue received:
US\$1.09 billion
(KWD 328 million)

Operating and other costs:
US\$495 million
(KWD 149.1 million)

Economic value retained:
US\$595 million
(KWD 178.9 million)

PIC economic performance for 2014-15

As PIC has evolved over the past 50 years from a local company to an international leader, we have welcomed the responsibilities associated with our growing

significance for the Kuwaiti economy. The success and importance of the Company is reflected in our CEO Mr. Asaad Ahmad Al-Saad being named by *Refining & Petrochemicals*

magazine in the top 20 most influential personalities in the refining and petrochemical industry in the Middle East.

Developing the Company and the economy

The petrochemical industry in our region plays an important part not only in generating economic value but also in diversifying the region's economy. Oil is still a major part of the regional economy and oil exports provide the bulk of national income for Kuwait and other countries. However, the petrochemical sector has grown substantially and Kuwait is one of the regional leaders in petrochemicals.

The fertilizer industry plays a major role in the national economy. In addition to providing urea for farmers to produce food, it helps to maximize Kuwait's hydrocarbon resources by adding value to the natural gas used as a feedstock. PIC is a major player – our factories produce nine percent of Gulf fertilizer output.

Our leadership role

Through international investments and joint ventures, PIC has created a geographically diverse business that extends well beyond Kuwait's borders. Our ambition is to reach 15 million tonnes of production by 2025, creating revenues of US\$20 billion (KWD 6 billion).

The Company is moving forward with numerous strategic projects, inside and outside Kuwait. We are making many new value-added investments, especially in olefins, which include ethylene, propylene and butadiene, and are a major part of the petrochemical industry. These intermediates are involved in the manufacture of many basic



consumer products, such as fibers, paints, plastics, detergents, textiles, cosmetics and medicines.

PIC is a leader in ethylene glycol manufacturing and marketing, producing three million tons a year. Through our partnerships, we are the world's second largest company in ethylene glycol marketing and we continue to develop at home and abroad.

Our strategy in olefins is to become one of the leading international petrochemical companies by finding new local and international expansion opportunities, and by entering the specialized petrochemical sector. In 2014-15, we signed a Memorandum of Understanding

THE COMPANY IS MOVING FORWARD WITH NUMEROUS STRATEGIC PROJECTS, INSIDE AND OUTSIDE KUWAIT. WE ARE MAKING MANY NEW VALUE-ADDED INVESTMENTS, ESPECIALLY IN OLEFINS.

(MOU) with the Indian Oil & Gas Authority for a major share in two petrochemical projects in India, and another MOU with the Bahraini Oil & Gas Holding Company to build an aromatics factory in Bahrain. We also explored a potential role in an integrated refining and petrochemical plant in China and petrochemical



investment opportunities with major international companies in the USA. With the South Korean Company SK, we are investigating a possible partnership to produce propylene and similar products. These are in addition to the Olefins III and Aromatics II plants in Kuwait. The pre-feasibility studies for the refining/ petrochemical integrated complex are underway and will be completed in financial year 2015-16.

Improving productivity

We constantly strive to create additional value by improving productivity. Since 2007, we have applied Six Sigma methodology to achieve comprehensive and continual improvement in our plants and the way we work. More and more employees have been trained in the Six Sigma methodology. In 2014-15, 12 employees received Green Belt certification and 10 were certified as Black Belts.

Applying Six Sigma techniques and tools for process and quality improvement has improved efficiency throughout the organization. In 2014-15, we have carried out 53 projects that have created total savings of US\$20 million (KWD 6 million).

The periodic turnaround of the fertilizer plants is an opportunity to undertake major capital improvement projects, as well as routine maintenance. The turnaround took place over seven weeks at the end of 2014, with an overall budget of US\$107 million (KWD 32.2 million). The maintenance operational element was US\$28.9 million (KWD 8.7 million) and there was a capital budget of US\$78.1 million (KWD 23.5 million). This significant investment is critical to achieving ever-increasing levels of operational excellence. Activities implemented during the turnaround ensure the continuation of the plants' operations

for up to three years, and boosts the efficiency of the equipment. This allows increased production and fewer non-scheduled shutdowns, and further minimizes environmental impacts.

Sustainability risks and opportunities

As a leader in sustainability, PIC has incorporated economic, social and environmental aspects into our enterprise risk matrix. Relevant risks are included in our risk catalogue, which classifies and prioritizes all risks to the business.

All departments are required to reassess their relevant risks each year. The Enterprise Risk Management team analyzes those that are identified and categorizes them according to severity. We define appropriate risk management and mitigation strategies for each risk.

The very high sustainability risks we have considered include:

- Reputational
- Market position
- Volatility in the feedstock price
- Health, safety and environment non-compliance

The risk assessment at the end of 2014-15 considered that the likelihood and/or severity of several of these risks have been reduced due to the various sustainability projects and initiatives implemented throughout the Company.

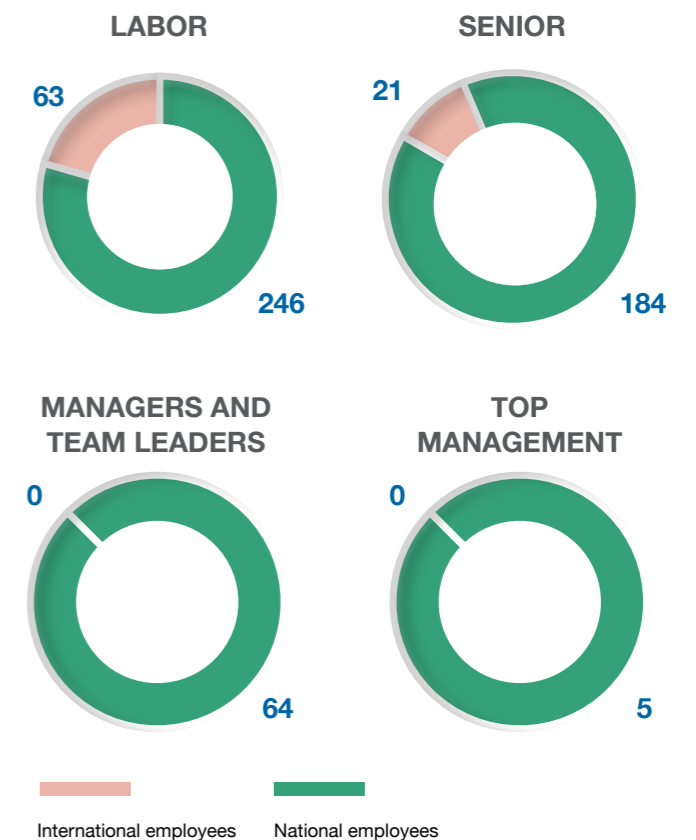
This result demonstrates how sustainability extends beyond impacting our communities and environment to ensuring healthy business continuity.

Providing economic opportunities

As a leading employer in Kuwait, PIC contributes to Kuwait's efforts to build a more skilled Kuwaiti workforce. We provide jobs for local people and business opportunities for local suppliers. In 2014-15, 85.6 percent of our employees were Kuwaitis, meeting the 2030 target set by the Kuwait Government and our parent company, KPC. All of our top managers, managers and team leaders are Kuwaiti citizens.

Supporting local suppliers also makes a valuable contribution to the national economy, as well as provides PIC with supply security. In 2014-15, our material purchases totaled US\$47 million (KWD 14.1 million), almost 75 percent of which was from suppliers in the country of operation.

Grades and numbers of national and international employees



Summary of material purchases during 2014-15

Suppliers	Number of purchase orders (POs)	Amount in million US\$ (equivalent in million KWD)	Percentage of payments
Local suppliers	1,573	35.16 (10.57)	74.8
Foreign suppliers	605	11.84 (3.54)	25.2
Total	2,178	47 (14.1)	100

Caring for customers



Our sustainability leadership extends to the supply chain. We want suppliers to follow practices in line with our sustainability policies. Since oil and chemical suppliers are a priority for our Company, we decided to engage them first. This year, we integrated our sustainable procurement policy in all oil and chemical supplier agreements. The policy also drives continuous improvement by requiring benchmarking of procurement performance to identify areas for improvement. In 2014 we introduced a new requirement for sustainability factors to account for 10 percent of the score in supplier assessments.

Our ambition is to apply the policy to all of our purchases, and require procurement staff not only to incorporate sustainable criteria in evaluating product and service options, but also to support suppliers in their sustainable development. By playing a part in extending sustainability throughout the economy, we promote sustainable awareness among local suppliers and contractors, and support them with training and advice to help them follow best practices.

**THIS YEAR, WE INTEGRATED
OUR SUSTAINABLE
PROCUREMENT POLICY IN ALL
OIL AND CHEMICAL SUPPLIER
AGREEMENTS.**



PIC provides customers with essential building blocks for their end products. Fundamentally, we want our products to meet customers' needs safely and effectively. We are committed to ensuring that the products and services we provide are of the highest quality, meeting local and international standards, and we aim to ensure the safe use of products once they leave our sites. As a Responsible Care® certified company, our commitment to safely handle our products through manufacture and distribution extends, to ultimate reuse, recycle and disposal.

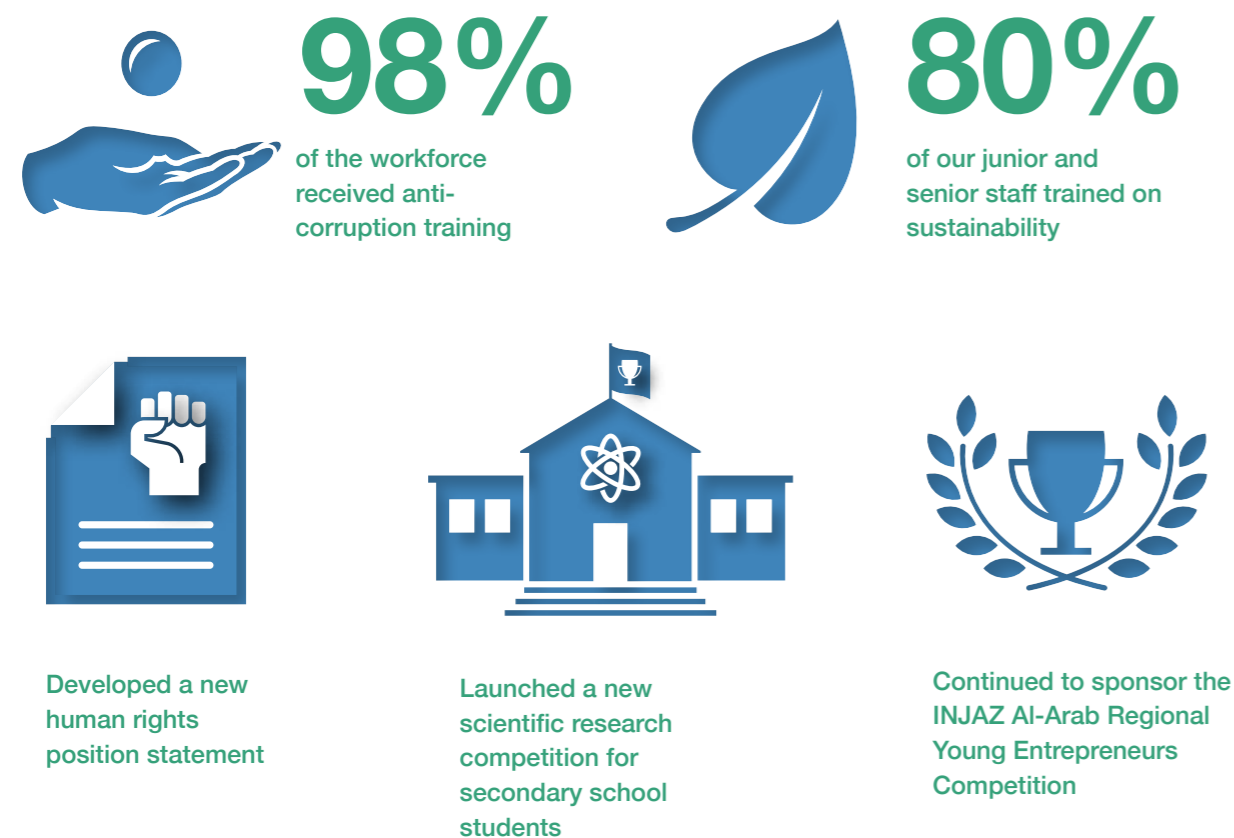
The results of our frequent customer satisfaction surveys reflect our customers' recognition that PIC keeps its commitments nine times out of 10. The surveys identified opportunities to improve our services, for example:

- Providing them with more flexible payment terms;
- Accommodating their requests in contract negotiations and updating them on changes in our Terms and Conditions;
- Improving invoice and document accuracy and settling claims promptly.

Empowering people.
Strengthening communities.



2014-15 Highlights



Responsible citizenship is a vital aspect of sustainability leadership. Therefore, we aim to provide safe, healthy workplaces and contribute to the wellbeing of our communities.

PIC strives to create a diverse, engaged and productive workforce and support the communities where employees live and work. We will get there by creating a safe and healthy workplace that fosters personal growth and opportunity, and by meeting our 2017 responsible corporate citizenship goals.

By developing people, encouraging healthy lifestyles and by investing in our communities, we will build a better tomorrow; a future marked by employee and community engagement and sustained company success.

Building a vibrant workforce

We aim to build a talented and engaged workforce, offering good conditions in safe workplaces to recruit the best and brightest minds, and developing people to make the most of their talents.

Employee benefits include annual leave entitlement, social security, medical insurance and inflation adjustments. Wages are almost twice the minimum wage at entry level in the public sector in Kuwait and we provide a motivational increment for Kuwaiti employees.

PIC helps employees nearing the end of their careers by providing pre-retirement training and assistance in transitioning to their new life. The Company contributes to pension plans for Kuwaiti employees and other residents in the Gulf Cooperation Council (GCC) countries. Pension payments to the retirement fund are based on salaries and length of service (see table 01).



Table 01: Retirement benefit plans for PIC employees

Length of employment	Kuwaitis	Other GCC residents
Up to 5 years	Yearly payment equivalent to 30 days of salary	Yearly payment equivalent to 15 days of salary
More than 5 years	Yearly payment equivalent to 45 days of salary	Yearly payment equivalent to 30 days of salary



Building engagement and employee satisfaction

We believe an engaged, satisfied workforce is more fulfilled and more productive. Therefore, we seek to build good communications with employees to ensure mutual understanding and employee involvement.

Following the outcomes of the Employee Engagement Survey that was implemented in February 2014, the Human Resources department has developed an action plan to address the areas of concern and increase employee satisfaction results. The focus areas of the action plan are:

- Increase communications between management and employees
- Improve the employees’ annual appraisal process to provide constructive feedback

- Increase transparency of the reward and recognition process

The implementation of activities from the action plan started in 2014-15. The CEO led a workshop committed to further improving employee satisfaction, during which he discussed plans with the Deputy CEOs, managers and team leaders. Top management has also held several town hall meetings during which employees interact directly to discuss performance and overall Company plans. In particular, meetings with all employees over two days at the plants and headquarters stressed the desire for dialogue. The slogan “We Want to Hear You” captured top management’s intent. Follow-up meetings sustained this theme. For example, the Deputy CEO for Fertilizers met with employees in August 2014. The discussion

covered the business’s major targets for the year and the progress already achieved in the first quarter. Furthermore, the annual appraisal process has been amended to include three meetings per year between the employees and their direct managers. During these meetings, employees’ progress against the yearly objectives is discussed, and management support is provided as needed.

Employees may also interact more formally with the Company through the PIC workers’ union. The union, part of the national oil and petrochemical union, is recognized as the official union for the sector in Kuwait, and has worked to improve conditions for workers for almost 50 years. We encourage employees to join, and at the end of 2014-15, 96 percent of PIC employees were members.

Developing employees to fulfill their potential

We provide a variety of training and development opportunities. Employees benefit by improving their knowledge, skills and abilities so that they can reach their full potential, while PIC benefits from having a more effective workforce.

Training and development opportunities are provided based on individual needs identified during annual performance reviews, and on the needs of the Company. Performance reviews help PIC maintain the high standards required to achieve our objectives. All staff received performance reviews in 2014-15, except 15 employees due to illness or secondments.

Programs cover technical and professional skills, as well as managerial and leadership aspects, anti-corruption and sustainability. They are delivered through internal workshops and e-learning modules. In 2014-15 we provided more than 19,000 hours training across all employment levels at PIC, equivalent to approximately 33 hours per employee (see table 02).

Table 02: Our training commitment in 2014-15

Employment level	Staff trained	Hours of training
Labor (up to grade 14)	309	10,197
Senior (grade 15-17)	205	6,765
Management and team leaders (grade 18-20)	64	2,112
Top management	5	165

Building sustainability awareness and capability

In order to maintain sustainability leadership, it is essential that we develop a culture throughout the Company that recognizes the importance of social and environmental responsibility. Everyone must understand that sustainable success requires a sustainability mindset.

We have developed a long-term sustainability capability development roadmap to achieve our goal of embedding sustainability in everything we do. The goal is for all employees to understand sustainability, PIC’s role in sustainable development in Kuwait and in the region, and their own role in continuing to meet PIC’s objectives. The roadmap is based on a new sustainability competency program that aims to increase understanding of sustainability and ensure that employees can implement sustainability initiatives in their professional and personal lives.

In 2014-15, we conducted a series of workshops and online training modules for our senior and junior staff covering general concepts of sustainability. We achieved coverage of 80 percent of employees by the end of March 2015. This exceeded our target communicated in the 2013-2014 Sustainability Report to train 70 percent of PIC employees within the year.

Seeing diversity as a strength

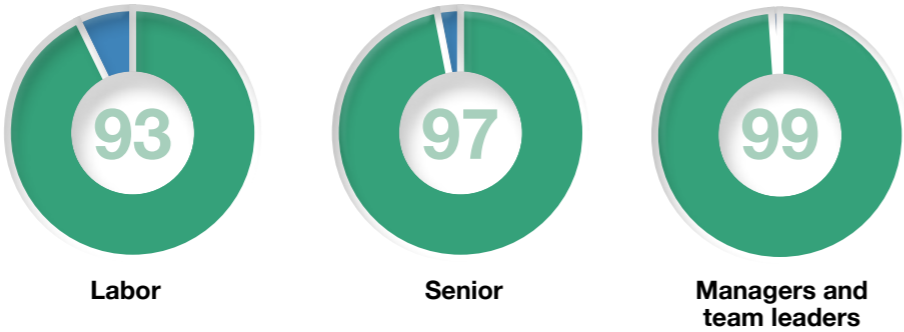
A diverse workforce creates a valuable blend of skills, experiences, cultures and styles. We provide a working environment known for equal opportunity, regardless of gender, age, race or other demographic characteristics. In particular, we are proud to offer the same opportunities to women as to men, but recognize that the proportion of women in our Company remains relatively low (see table 03). In the coming years, we will actively increase our recruitment of qualified women for a diversity of roles at PIC.

Furthermore, in line with our gender equality policy, men and women receive the same basic salaries relevant to their position. However, as per Kuwait Labor Law, married male employees are eligible for extra benefits, such as child and housing allowances, which are not provided to married women. This legal requirement results in small variances in women’s wages compared to men.

Table 03: number of employees at each employee level

MEN			WOMEN		
Labor					
2012	2013	2014	2012	2013	2014
302	321	281	27	31	28
Senior					
2012	2013	2014	2012	2013	2014
170	182	187	16	15	18
Managers and team leaders					
2012	2013	2014	2012	2013	2014
58	56	61	3	3	3
Top management					
2012	2013	2014	2012	2013	2014
5	5	5	1	0	0
Total					
2012	2013	2014	2012	2013	2014
535	564	534	47	49	49

Average women’s wages as % of men’s in 2014



Encouraging ethical behavior

PIC shares with all companies in the KPC group a common Code of Conduct (“the Code”), which is developed by representatives from each company. The Code requires all employees to uphold the highest standards of integrity and personal conduct in all matters involving PIC, including interactions with colleagues, vendors, customers, contractors, government agencies and the public. Sections of the Code deal with respect, ethics and confidentiality, and cover social and environmental topics and human rights.

The Code also addresses topics such as respect for religious beliefs, fair treatment and freedom of expression. We understand that business excellence is based on respect for the dignity, rights and ambitions of everyone, and this is intrinsic to our corporate values and our support for the UN Global Compact (UNGC).

Training sessions explain the Code for new employees. Training or refreshers on anti-corruption are mandatory each year for all employees. In 2014-15, 98 percent of our workforce received anti-corruption training.

Respecting human rights

We support the protection of internationally recognized human rights in our sphere of influence, and we are committed to developing an organizational culture that seeks to avoid complicity in human rights abuses. In 2014-15, we developed a human rights position statement to reflect our commitment and demonstrate progress in achieving the human rights principles of the



UNGC. The human rights statement has been approved by management and communicated internally.

The human rights statement emphasizes our support of international standards; national and international laws, including the principles in the Universal Declaration of Human Rights; United Nations Guiding Principles on Business and Human Rights; and relevant conventions and standards of the International Labor Organization.

This commitment is embedded in our human rights and social policies, internal risk assessment processes and guidelines. It covers:

- **Employees:** including non-discrimination, prohibition of

child and enforced labor, freedom of association and the right to engage in collective bargaining

- **Communities:** respecting cultures, customs and values; positively influencing the communities where we operate; and promoting human rights by improving economic, environmental and social conditions
- **Suppliers:** establishing and maintaining procedures to evaluate and select major suppliers and contractors, based on global rights conventions and social policies

All our contracts and significant investment agreements require compliance with Kuwaiti labor law and the human rights requirements Kuwait recognizes. Our contract supervisors are responsible for monitoring the performance of contractors, including their treatment of workers. This is particularly important in relation to our temporary labor force, most of which is outsourced to contractors.

In parallel with releasing our human rights position statement, a focused workshop was conducted with relevant staff to improve their awareness and understanding of the issues, and enable them to integrate the commitments made in the statement in their daily job activities. This initiative reinforces our values, and will make respect of human rights integral to PIC's work.

WE SUPPORT THE PROTECTION OF INTERNATIONALLY RECOGNIZED HUMAN RIGHTS IN OUR SPHERE OF INFLUENCE, AND WE ARE COMMITTED TO DEVELOPING AN ORGANIZATIONAL CULTURE THAT SEEKS TO AVOID COMPLICITY IN HUMAN RIGHTS ABUSES.

Our human rights commitments

- To develop an organizational culture that supports internationally recognized human rights, and to avoid complicity in human rights abuses.
- To improve our human rights performance by investing in training employees to think and act globally toward social, environmental, health and economic issues.
- To give equal rights and opportunities for males and females.
- To seek an open dialogue with stakeholders, and participate in community engagement activities.
- To ensure the provision of security is consistent with international standards of best practice and the laws of the countries in which we operate, using security services only where necessary, and requiring the use of force only when necessary and proportionate to the threat.

Creating a healthy and safe workplace



Maintaining the highest standards of health and safety is part of our approach to operational excellence as well as a commitment to employee, customer and contractor well-being. A workplace cannot be productive or safe without a healthy workforce.

Our regular communications to employees include articles and events about healthy diets, heart health and the significance of physical activity. For example, medical sessions at the head office and the plants in 2014 focused

on "You & Cholesterol." A doctor explained the causes, negative impacts and protection against and treatment of high cholesterol, highlighting the importance of lifestyle, daily exercise, and eating fruit and vegetables.

PIC's Bubyen Club also supports employee well-being by providing opportunities for recreation and exercise. Employees can come together in the Club with their families and guests for recreation and fitness activities and classes.

A WORKPLACE CANNOT BE PRODUCTIVE OR SAFE WITHOUT A HEALTHY WORKFORCE.

A safe workplace

We recognize that minimizing accidents and injuries requires a strong culture of safety awareness. Establishing this culture begins with PIC's CEO who chairs the Safety, Health and Environment Executive Committee (SHEEC). This committee is responsible for setting policies in these areas, monitoring performance and directing action to maintain performance and close gaps where needed. Our 2017 PIC Sustainability Goals include two health and safety targets: the recordable injury rate and process safety incidents.

Our policy requires an integrated management system compatible with international standards such as OHSAS 18001 and Responsible Care® certification. The management systems include measurable targets and monthly internal and external

reporting to KPC. We also aim to transparently report our safety performance to the public according to the OHSAS and Responsible Care® guidelines, for example through this report.

We monitor process safety performance using leading indicators such as the results of inspections and tests of equipment, as well as lagging indicators of incidents such as industrial non-disability injury (INDI) and industrial disabling injury (IDI). The data is analyzed to identify causes and actions required to achieve continual improvement.

In 2014-15, we didn't record any occupational disease among our employees, and we achieved our health and safety targets (see table 04). There was one incident involving a restricted work type injury and one

OUR 2017 PIC SUSTAINABILITY GOALS INCLUDE TWO HEALTH AND SAFETY TARGETS: THE RECORDABLE INJURY RATE AND PROCESS SAFETY INCIDENTS.

process safety incident during the year. Also, it is with great sadness that we report a fatality during the turnaround activities. The accident was thoroughly investigated by an international independent team and corrective actions are being put in place to prevent a similar occurrence. This was the first fatality at PIC since 2011. These incidents resulted in a recordable injury rate of 0.079.

Table 04: PIC health and safety performance against targets

Target	2012-13	2013-14	2014-15
No more than 0.13 recordable injuries per 200,000 man-hours of work	0	0	0.079
No more than 0.1 process safety incidents per 200,000 man-hours of work	0	0	0.039

Contributing to communities

As a leader in responsible business, PIC supports the communities where we operate in many ways, in addition to providing jobs and supporting services and industries. We aim to create mutual benefits by establishing good relationships with our communities, and providing employees with opportunities to be involved locally.

Employees enthusiastically support projects such as helping in schools, environmental projects and sponsored events. For example, a PIC delegation expressed their social concern through a visit to the Ahmadi hospital on the occasion of Eid to exchange congratulations and convey best wishes for patients' quick recoveries.

Our community efforts are aligned to the external goals in our sustainability strategy, targeting healthy living and developing leaders.

Promoting health

We support the nation's health by working with a leading hospital and promoting health awareness, which can prevent illness and avoid the need for hospital treatment.

A major initiative is the cooperation agreement with the Chest Diseases hospital in Kuwait. Our commitment includes training hospital employees



in the Six Sigma methodology and other management practices to help improve the hospital's effectiveness. PIC also sponsored the 6th Friends of Hearts Marathon, which was organized by the hospital under the patronage and presence of the Minister of Health, Dr. Ali Al-Obeidi.

We also conduct health awareness campaigns, which aim to increase healthy food choices among children and instill healthy lifestyles at an early age.

Recognizing the importance of sport in a healthy lifestyle, PIC demonstrates social responsibility

and support for Kuwait through sponsorship of the Kuwait Disabled Club. We supported the Club in the International Athletics Championship held in the United Arab Emirates in 2014. The Club's team collected 42 gold, silver and bronze medals and set new records that qualified team members for the 2015 World Athletics Championship.

Developing leaders

We understand the value of good leadership for our country and all walks of life in Kuwait. To achieve our goal of developing future leaders, we support activities with schools, universities and other institutions.



IN 2014 WE LAUNCHED
A SCIENTIFIC RESEARCH
COMPETITION FOR SECONDARY
SCHOOL STUDENTS,
PROVIDING AN OPPORTUNITY
FOR THEM TO DEVELOP
THEIR TALENTS AND SKILLS
AND GENERATE EXCITEMENT
ABOUT SUSTAINABILITY
AND BECOMING THE NEXT
GENERATION OF THE
COUNTRY'S ENGINEERS.

One of our annual traditions is to honor the outstanding students among employees' children. The CEO and other senior managers attend a ceremony recognizing the hard work and achievements of the young people who are the backbone of the country's future.

Developing young people's science and business skills is vital for our country's future and we actively help to develop students in both of these areas. In 2014 we launched a scientific research competition for secondary school students, providing an opportunity for them to develop their talents and skills and generate excitement about sustainability and becoming the next generation of the country's engineers. The competition was run in cooperation with the Faculty of Engineering at Kuwait University and the topic was "Waste Management for Better Environment."

Recognizing that entrepreneurship is vital for the country's future, we support tomorrow's business leaders by sponsoring the INJAZ Al-Arab Regional Young Entrepreneurs Competition and the Al-Mubader national project. The INJAZ competition celebrated its 10th anniversary in 2014, and during its first decade almost two million students from 14 nations participated. The competition encourages young entrepreneurs to embrace innovation and risk-taking, and develop their business skills. They spend six months working with corporate mentors to establish (and eventually liquidate) a real business. Each student enterprise presents its business venture to a panel of judges and the audience at the final event.

PIC was also one of three exclusive sponsors of the Al-Mubader national project, an initiative to develop business leadership among

Kuwait's youth. The focus this year is targeting small projects that use petrochemical by-products. Al-Mubader's co-sponsors were EQUATE Petrochemicals and The Dow Chemical Company.



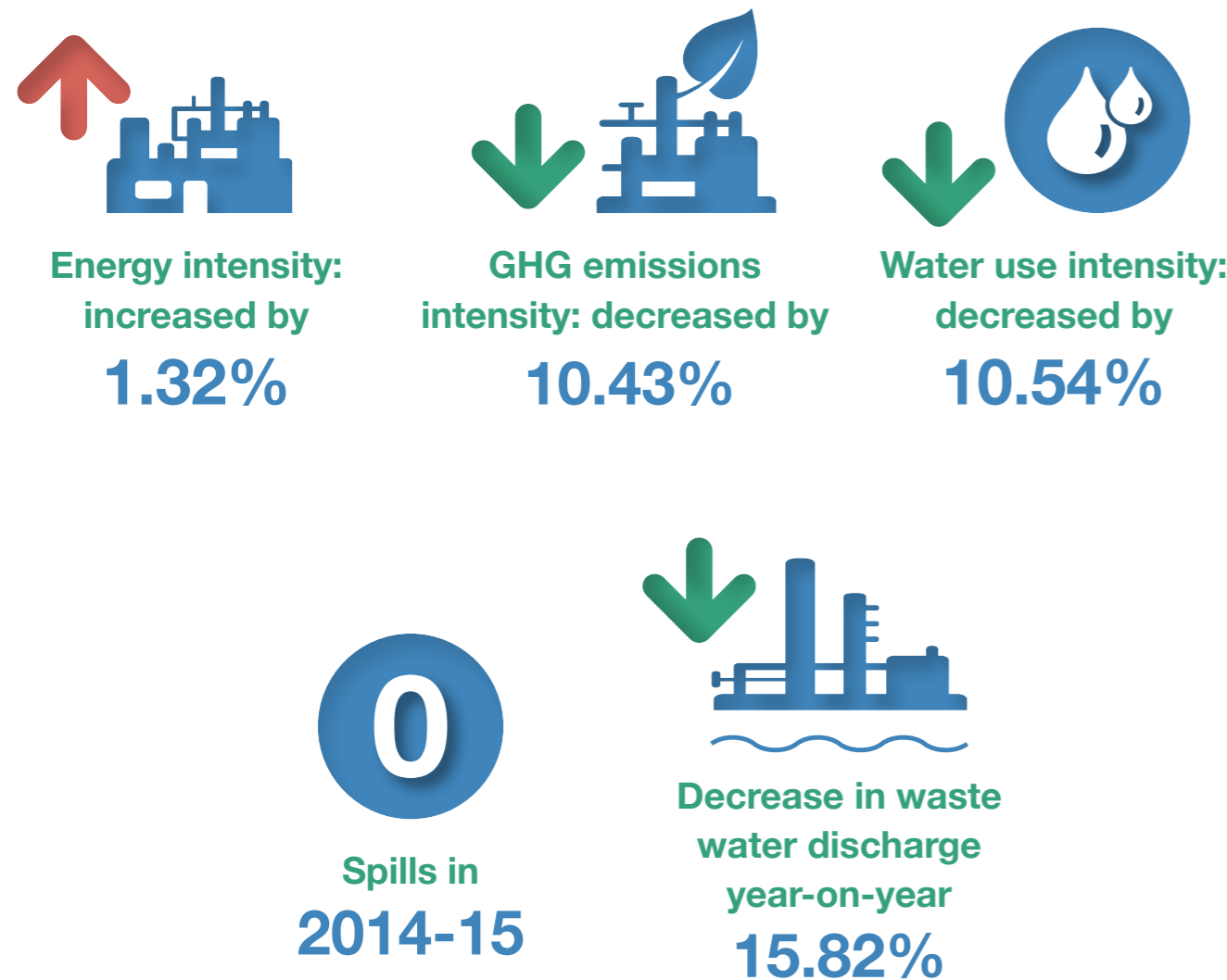
Minimizing our impact.
Protecting our planet.



2014-15 Highlights

We have continued to make progress toward our 2017 PIC Sustainability Goals and voluntary targets, reducing our impacts and contributing to improving the environment in Kuwait.

Operational KPIs against base year 2012-13⁽¹⁾



(1) Due to turnaround activities, the normalized data is higher than it would otherwise be under normal business conditions.



A healthy environment is essential for prosperity, yet human activity and its impact on the environment is threatening the planet’s ability to sustain the growing population. Depletion of natural capital and the effects of climate change will present dire environmental challenges to our region during this century that scientists believe could impact the quality of life. Already, scarce water resources are under increasing pressure and the biodiversity of our region is threatened. These changes could have serious social and economic consequences.

PIC depends on the availability of non-renewable resources for both feedstock and energy. In this context, we are concerned about the efficient use of precious hydrocarbon resources, and accept our responsibility in managing the environmental impacts of our

operations and products. Using these resources efficiently benefits our nation, our Company and our stakeholders.

Furthermore, PIC’s operations can affect the environment through emissions to air, land and water. We have set tangible reduction targets for the most material impacts: greenhouse gas emissions, energy use and water consumption in our operations. We have shown leadership in taking actions to improve our environmental impacts in accordance with the principles of the UN Global Compact and the chemical industry’s Responsible Care® initiative. We are further committed to working with other leaders in the field to improve the environment in Kuwait.

Our environmental efforts are centered on our 2017 PIC

OUR ULTIMATE GOAL IS
SIMPLE: CREATING A BETTER
TOMORROW FOR KUWAIT AND
OUR WORLD

Sustainability Goals, which we will achieve by focusing on operational excellence, embracing opportunities to innovate and developing environmental awareness throughout Kuwait. PIC management is closely monitoring our environmental performance against established targets and taking action to ensure we meet these targets.

Our ultimate goal is simple: creating a better tomorrow for Kuwait and our world.

From compliance to responsibility

PIC began the sustainability journey when we recognized the need to move from passive compliance with laws and regulations to leading the industry in our region in developing a more responsible business. Defining our 2017 PIC Sustainability Goals represented a move from passive response to a voluntary, proactive approach to global citizenship. We recognize that there is much more to do as we continue the transition toward creating sustainable value for all stakeholders, and assisting others to follow a similar journey.



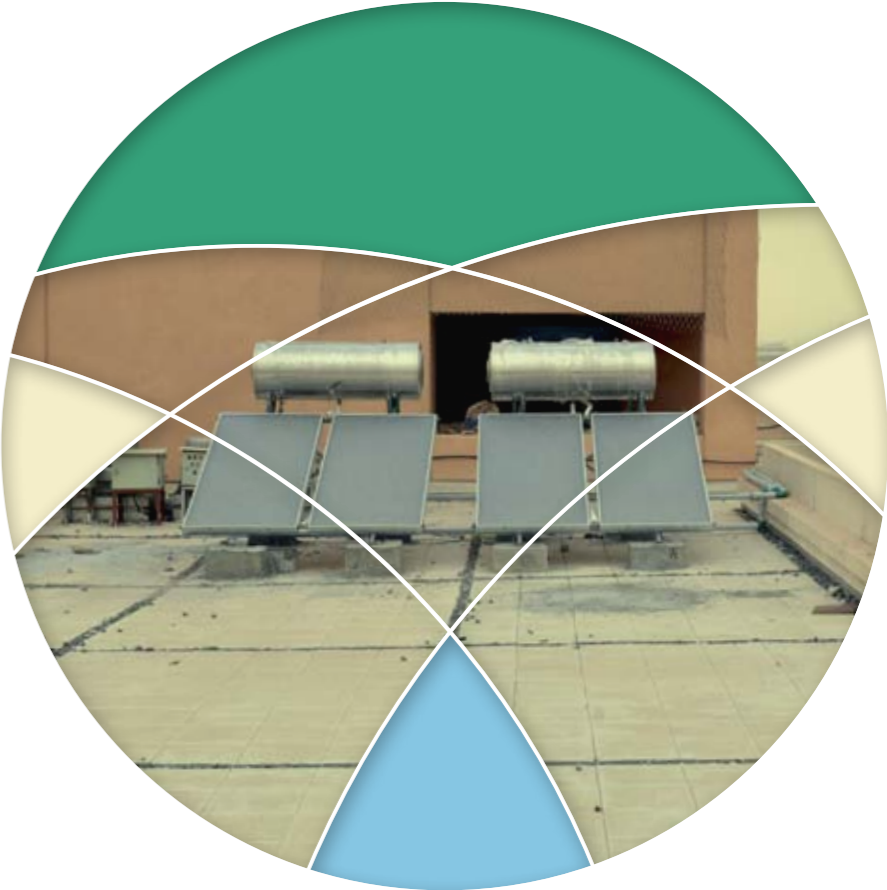
Managing our impacts

We continue to conduct studies and implement initiatives to improve the environmental performance of our operations. Investing in environmental protection helps our business as well as protects natural resources because it improves the efficiency of our plants and lowers costs. These costs, therefore, create benefits for the Company and all of our stakeholders. Environmental spending in 2014-15 amounted to US\$781,445 (KWD 235,000) compared to US\$721,589 (KWD 217,000) in 2013-14.

In addition to action to improving our operations, we work with others in Kuwait to protect the country's environment and help habitats to recover. This activity is included in the end of this chapter.

In the following sections, we present our environmental data for the fiscal year 2014-15, and in comparison with the previous two years' data. It is important to note here that we had a planned turnaround (a periodic shutdown of plants) during November and December 2014, which impacts our intensity figures. There is no production during the turnaround period, while energy and water are still used for the

maintenance activities, which also lead to GHG emissions. Therefore, the normalized data per tonne of ammonia production is higher than it would otherwise be under normal business conditions.





Energy use

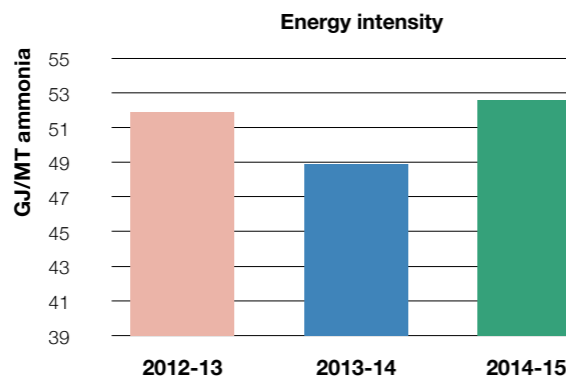
In our plants

Manufacturing urea and ammonia is energy-intensive, using natural gas for process and fuel as direct energy sources, as well as electricity in unit operations (indirect energy). Reducing the energy intensity [gigajoules (GJ) consumed per tonne of ammonia produced] of our operations is a major measure to lower our environmental impact and improve our progress toward protecting natural resources. Though we use diesel in our plants (for example, for back-up generators), consumption is not material compared to natural gas. Therefore, diesel consumption is not included in our energy usage calculations.

Consequently, an energy optimization committee has been operating since 2002, responsible for continually improving our energy consumption. Based on an energy management



Energy Intensity Target
Reduce PIC energy intensity by 6% compared to 2012-13 baseline (51.72 GJ/MT of Ammonia)

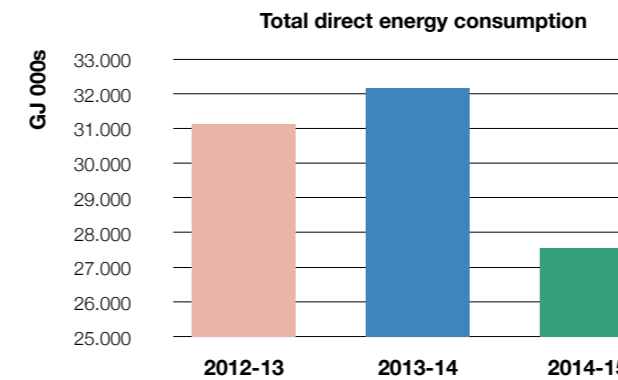


strategy, the committee initiates specific projects and carries out energy awareness trainings as a means of meeting annual objectives. Following a detailed energy audit in 2013-14 and better monitoring of our consumption, we were able this year to define an energy reduction target for 2017 against base year 2012.

In 2014-15, the total energy consumption of our operations decreased compared to the previous two years, though energy intensity increased due to the turnaround. We expect this increase to be temporary, and our energy intensity to decrease

again in the coming years when full production resumes.

As part of our continued efforts to further decrease our energy consumption, this year we installed a boiler feed water (BFW) preheater in the Ammonia III steam system. We plan to install a BFW preheater in the Ammonia II steam system, and a process gas preheater in the Ammonia II convection section during the 2017 turnaround. These projects will enhance PIC's energy efficiency.



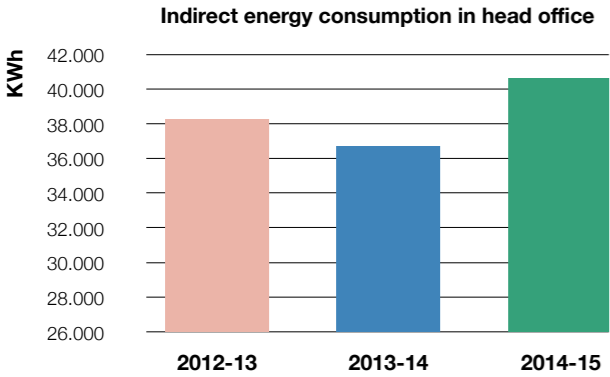
Energy consumption, energy intensity and ammonia production

Indicator	2012-13	2013-14	2014-15
Total direct energy consumption (GJ 000s)	31.097	32.307	27.618
- From process gas	13.728	14.354	11.938
- From fuel gas	17.369	17.953	15.680
Energy intensity (GJ/MT ammonia)	51.72	48.98	52.4
Indirect energy consumption in operations (MWh)	282,351	329,326	292,559
Ammonia production (MT)	599,045	659,790	547,105

In our headquarters

Electricity used in our headquarters’ offices contributes to our indirect energy consumption, though it is relatively small compared to our plants’ energy use. As part of our commitment to conserve energy throughout the Company, we have carried out several projects in our headquarters during the year, which we estimate will support PIC in

reducing electricity consumption in offices by an average of 10 percent. These projects were based on the findings of a building audit for the LEED building sustainability standard. Completion of the projects will enable us to apply for Gold certification under the LEED scheme in coming years.



Energy saving projects implemented in our headquarters

Projects implemented	Description
Solar reflective paint on the roof	The roof of the headquarters was coated with special paint that not only reflects the sun’s heat but also benefits the environment because less energy is needed to cool down building interiors.
Dual set point for HVAC system	Dual set point for HVAC system was implemented to better control internal temperatures in occupied and non-occupied locations. This will significantly reduce energy consumption of cooling system.
Variable frequency drive (VFD) for air handling unit (AHU)	VFD controllers have been installed for AHUs. VFDs can save up to 30 percent of energy consumption.
Lighting control	Daylight and motion sensors were installed throughout the headquarters. These sensors control the switching of the lights.
Solar heater	Solar water heaters replaced electric water heaters to reduce the headquarters’ electricity consumption and GHG emissions.

Water use

Kuwait faces serious water scarcity due to high per capita consumption by international standards and increasing demand due to the growing population and need for irrigation. It is therefore especially important that PIC increase the efficiency with which we use the substantial volumes of water required by our processes. The water we use comes from municipal sources, and every liter we save is an extra liter for domestic or other uses.

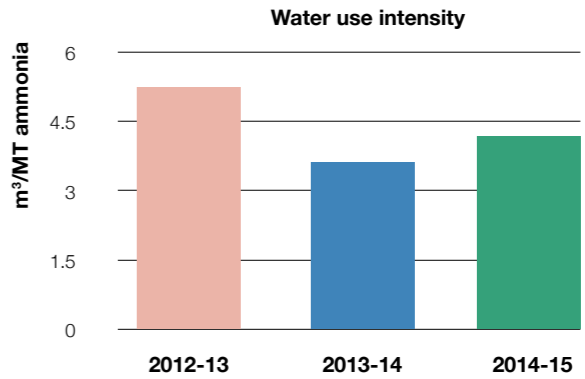
Our 2017 target is to reduce the water intensity of production (cubic meters per tonne of ammonia produced) by 25 percent compared to 2012-13.

In 2014-15, we achieved usage intensity of 4.3 cubic meters per tonne of ammonia produced, a 10.54 percent reduction compared to the base year 2012-13. This reduction is mainly due to 400 cubic meters of water being continuously recycled within our processes, and the reuse of water from the hydrolyser unit for irrigation, which accounts for almost one-third of PIC’s water demand.

Our water intensity figures presented in the chart do not account for consumption in our headquarters, as this is considered insignificant compared to our plants’ water usage. However, as part of our efforts to reduce our water consumption throughout the Company, we have implemented this year a rain water harvesting project in our headquarters, which we estimate will save an average of 20 percent of our offices’ water consumption. This project will also enable us to apply for Gold certification under the LEED scheme.



Water Intensity Target
Reduce PIC water intensity by 25% compared to 2012-13 baseline (4.8m³/MT of Ammonia)




Greenhouse gas emissions

Carbon dioxide (CO₂) is the main GHG, and our most substantial contribution to climate change. CO₂ emissions are associated with fuel gas consumption, flaring, CO₂ venting and losses from the ammonia plants. Emissions of methane (CH₄) and nitrous oxide (N₂O) are also important globally, but less significant in our operations. Our goal is to reduce the GHG intensity of our production (tonnes of CO₂ equivalent emitted per tonne of ammonia produced), so that every tonne we produce has less impact on climate change.

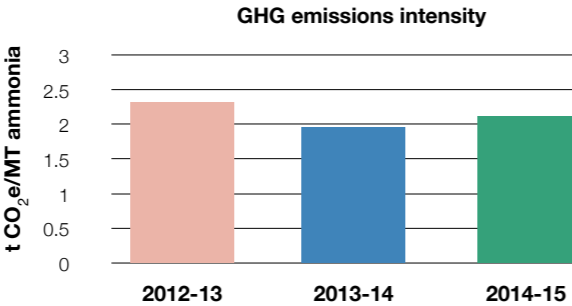
In pursuit of meeting our 2017 target, we are reducing GHG emissions by using energy more efficiently, reducing flaring and exploring the use of less carbon-intensive fuels.

We measure our direct GHG emissions (scope 1) from our direct energy consumption, including diesel consumption, flaring, fugitive emissions, and CO₂ venting and losses in the ammonia plants. We also calculate our indirect GHG emissions (scope 2) associated with electricity consumption using the International Energy Agency (IEA) grid emission factor for Kuwait.

Our absolute GHG emissions in 2014-15 were 18.2 percent lower than 2012-13, while our GHG emissions intensity decreased by 10.43 percent, representing creditable performance in managing our impact on climate change given the turnaround in November/December 2014.



Greenhouse Gas Emissions Intensity Target
Reduce PIC GHG emissions by 14% compared to 2012-13 baseline (2.43 t CO₂e/MT of Ammonia)




Direct and indirect GHG emissions	2012-13	2013-14	2014-15
Scope 1 emissions (t CO ₂ e)	1,241,232	1,029,332	895,172
Scope 2 emissions (t CO ₂ e)	216,608	277,316	297,393
Total GHG emissions (t CO ₂ e)	1,457,840	1,306,648	1,192,565

Spills

Our operations can result in products or other hazardous materials released to the environment through accidental spills. Our utmost responsibility is in managing safe operations and product handling; therefore, we aim to prevent accidental spills and address this through a target integrated into our 2017 PIC Sustainability Goals.

By focusing on technical integrity throughout 2014-15, we maintained our record of not having any significant spill to the environment and meeting our target. We also did not receive any complaints from neighboring communities regarding any negative impacts of our operations.



Spills Target
No more than one spill to the environment each year.

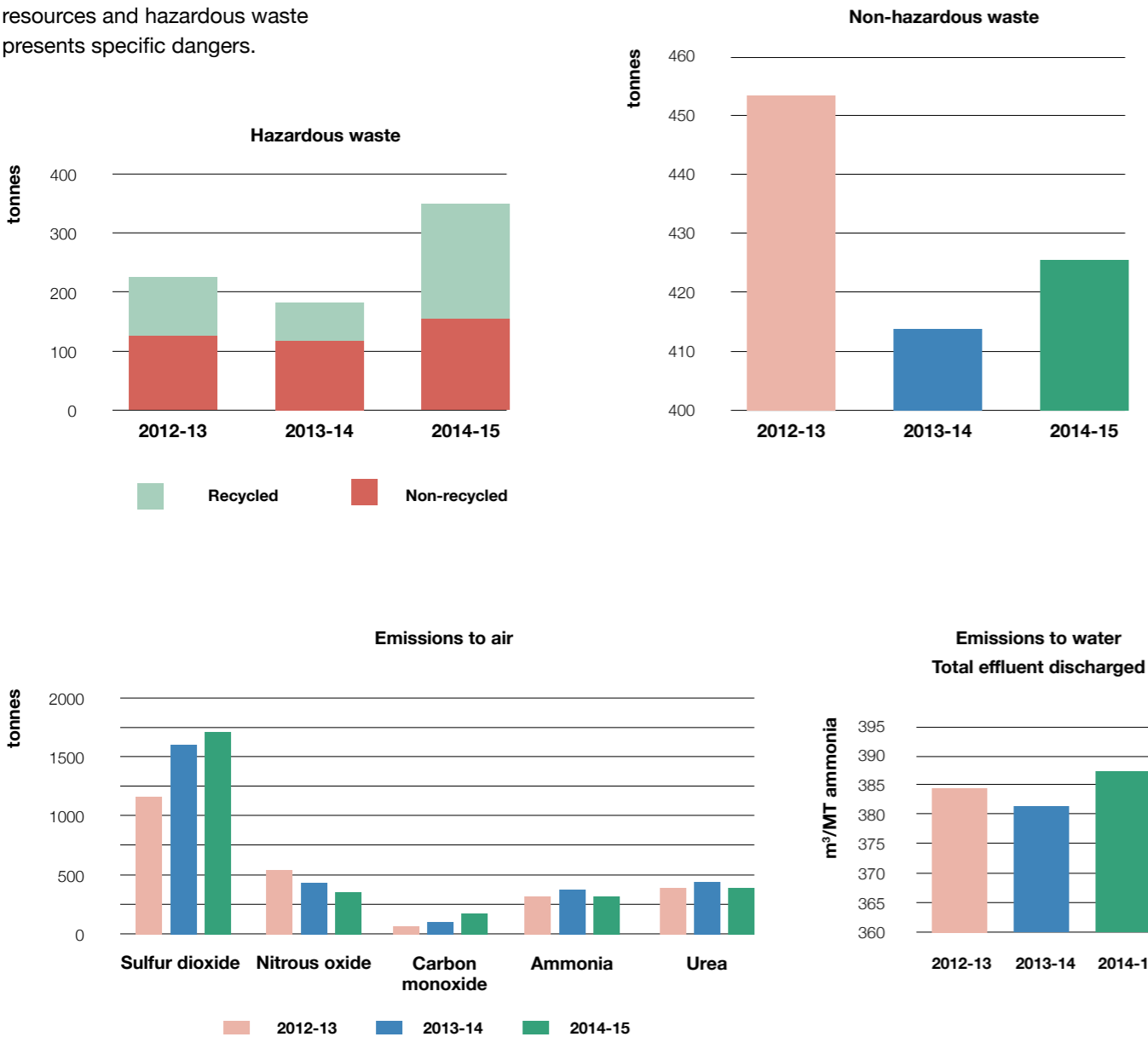


Other emissions to air, water and soil

Emissions to air, water and soil are inherent in our production, and we acknowledge that by discharging effluents or creating waste we place a burden on the environment. Air pollution can cause unpleasant odors and contribute to poor air quality that is a health concern. Effluent discharged into the sea is a potential threat to the multitude of fish in our waters, while all waste uses precious resources and hazardous waste presents specific dangers.

We aim to manage all emissions effectively, complying with local regulations and striving to reduce our impacts wherever possible. This includes minimizing the chemical emissions of ammonia and urea, which are an ever-present danger

in our industry. Our performance in 2014-15 is presented in the accompanying chart. The volume of hazardous waste generated this year was higher than the previous years due to the turnaround.



Spreading environmental action

Protecting the environment extends beyond our plant operations. Just as the environment is a priority in our operations, it is also a key element of our corporate citizenship activities. We help to protect the natural world in Kuwait through conservation of biodiversity, restitution of habitats damaged by human activity and by spreading environmental awareness.

Sound information is essential, and as a subsidiary of KPC, we are covered by an agreement with the Kuwaiti Environmental Protection Authority (EPA), signed in 2014. The Memorandum of Understanding (MOU) relates to the exchange of data between institutions and the EPA. It confirms KPC's commitment to protecting the environment by creating a state-of the-art environmental database.

One of our most significant activities is supporting the Kuwait Green Wall project – a 10-year project started in 2013 to plant 315,000 acacia trees around the country's 420km border. The trees will help to preserve biodiversity and improve air quality, and the campaign is also raising environmental awareness among the population. PIC employees volunteer to plant trees and we invite students and charities to add to the efforts. We also supported the Green Camp, an educational center for campers which uses solar energy and aims to spread a culture of environmental protection.



About this report



This is PIC's third sustainability report. Being transparent and informative, its aim is to meet the requirements and interests of all our stakeholders in assessing PIC's ability to drive growth sustainably in the short, medium and long term.

Reporting principles

This sustainability report covers the performance of PIC from 1 April 2014 up to, and including, 31 March 2015. It describes our sustainability initiatives from an environmental, social and economic perspective.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and the Oil and Gas Sector Supplement (core level). The GRI content index is available on page 79.

The content and quality criteria provided by the GRI Guidelines, such as sustainability context, stakeholder inclusiveness, materiality, completeness, balance, comparability, accuracy and reliability, are integral to the PIC reporting process.

Scope and boundary

The content of the report is based on the material aspects for both our company and our stakeholders (see page 31), and is directly linked to our sustainability strategy and our 2017 PIC Sustainability Goals and targets. The report includes both qualitative descriptions and quantitative metrics to highlight policies, initiatives and performance.



In line with the GRI G4 Boundary Protocol, "where the impacts occur," the reporting boundary was determined based on where impacts related to a material aspect occur. Therefore, this report includes PIC's operations in the State of Kuwait, specifically in the head office in Sabahiya

and the company's production activities in the Shuaiba Industrial Area. Data on joint ventures, contractors, suppliers and clients are not included unless specifically mentioned. During the reporting period, there have been no significant changes to the size, structure or ownership of PIC.

Data collection and reliability

Information for this report was collected through an internal Excel®-based system that was developed to meet specific data collection requirements, ensure accountability and maintain integrity. GRI indicators related to material aspects were assigned to teams consisting of a data provider, a verifier and an owner. This structure is to ensure that various data points are challenged, reviewed and confirmed by subject matter experts. The team responsible for collecting the data tracked their respective indicators throughout the year.

In compliance with the GRI principles, PIC aims to provide timely and complete data. Therefore, the report discloses both successes and challenges for the different material aspects. This supports the company in maintaining report quality, building trust and credibility with stakeholders.

We confirm the accuracy of the safety and economic data presented in the report. The accuracy of environmental data depends on the method of measurement, the calculation procedure, emission factors used and whether estimates have been used. For some parameters, the sampling method and frequency, such as for chemical oxygen demand (COD), can also affect accuracy. Therefore, there is an inherent uncertainty in this data set.

While we work closely with credible international partners to ensure global standards in sustainability reporting, we do not yet seek external assurance.

UNGC Communication on Progress

Our commitments and progress in embracing the United Nations Global Compact (UNGC) principles have been incorporated in this report as a Communication on Progress (COP) on page 71.

Feedback

PIC values open and honest dialogue with its stakeholders, and invites readers to email comments, reactions and views regarding this sustainability report to sustainability@pic.com.kw.

Feedback will help PIC in its continuous efforts to meet all of its stakeholders' requirements and interests.

UNGC

Communication On Progress



CEO's statement of support



These pages summarize the information in our sustainability report and represent the formal Communication on Progress (COP) under the UN Global Compact (UNGC) for the year from 1 April 2014 to 31 March 2015. In signing this communication, I am reaffirming PIC's commitment to the 10 principles of the UNGC and my determination to continue making progress on sustainability.

The COP describes briefly how we are continually integrating the principles in our business strategy, culture and daily operations. Our sustainability report provides full details and is an example of our

transparency and communication with stakeholders, which are also central to the Global Compact.

Integration of sustainability within PIC has continued to advance in 2014-15, following the strategy approved in 2012. In particular, we built on the 2017 PIC Sustainability Goals by identifying quantitative targets for all of the operational goals. We also integrated sustainability objectives in our Enterprise Risk Management mitigation framework, and developed a Human Rights Position statement setting out our commitments to this vital element of the UNGC.

Despite these accomplishments, I recognize the need to continue making progress in the coming years, and the benefits a sustainable business model will bring to PIC, as well as to all of our stakeholders.

Asaad Ahmad Al-Saad
Chief Executive Officer

Human rights principles

- Principle 1:**
Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2:**
Businesses should make sure they are not complicit in human rights abuses.

Assessment, policy and goals

We recognize the importance of protecting human rights for society and the benefits for business. We support internationally recognized human rights and we are committed to developing an organizational culture that seeks to avoid complicity in human rights abuses.

Our Human Rights Position statement has been approved by management and communicated internally. It emphasizes our support for international standards; national and international laws, including the principles in the Universal Declaration of Human Rights; United Nations Guiding Principles on Business and Human Rights; and relevant conventions and standards of the International Labor Organization.

This commitment is embedded in our human rights and social policies, internal risk assessment processes and guidelines, and our Code of Conduct. It covers:

- **Employees:** including non-discrimination, prohibition of child

and enforced labor, freedom of association and the right to engage in collective bargaining

- **Communities:** respecting cultures, customs and values; positively influencing the communities where we operate; and promoting human rights by improving economic, environmental and social conditions
- **Suppliers:** establishing and maintaining procedures to evaluate and select major suppliers and contractors, based on global rights conventions and social policies

All of our contracts and significant investment agreements require compliance with Kuwaiti labor law and the human rights requirements Kuwait recognizes.

Implementation

In 2014-15, we introduced the Human Rights Position statement referred to above. To reinforce the commitments and make them integral to PIC's work, we conducted a focused workshop with relevant staff. The workshop improved employees' awareness and understanding of the issues, and enables them to integrate the commitments in their daily job activities.

We are continuing to implement the commitments in our human rights statement:

- Developing an organizational culture that supports internationally

recognized human rights, and avoiding complicity in human rights abuses

- Improving our human rights performance by investing in training employees to think and act globally toward social, environmental, health and economic issues
- Giving equal rights and opportunities for males and females
- Seeking an open dialogue with stakeholders, and participating in community engagement activities

- Ensuring that the provision of security is consistent with international standards of best practice and the laws of the countries in which we operate, using security services only where necessary, and requiring the use of force only when necessary and proportionate to the threat

In pursuing these aims, we will also share the expertise we develop on human rights with industry peers in national, regional and international forums.

Labor principles

Principle 3:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4:
Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5:
Businesses should uphold the effective abolition of child labor.

Principle 6:
Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Assessment, policy and goals
We understand that business excellence is based on respect for the dignity, rights and ambitions of everyone, the highest standards of health and safety, and a commitment to employee, customer and contractor well-being. This is intrinsic to our corporate values and our support for the UNGC.

The PIC Code of Conduct (“the Code”) requires all employees to uphold the highest standards of integrity and personal conduct in all matters involving PIC. Sections of the Code cover respect for religious beliefs, fair treatment and freedom of expression. Our Human Rights Position statement builds on this fundamental position with specific support for relevant conventions and standards of the International Labor Organization, including:

- Freedom of association and the right to engage in collective bargaining
 - The prohibition of child and enforced labor
 - Non-discrimination, including equal rights and opportunities for males and females
 - **Process safety:** no more than 0.1 process safety incidents per 200,000 man-hours of work
 - **Health:** empower employees and their families to lead healthier lives and work with non-governmental organization (NGO) partners to help people in our society lead long and healthy lives
- Our 2017 PIC Sustainability Goals in this area are:
- **Safety:** no more than 0.13 recordable injuries per 200,000 man-hours of work

Implementation
To ensure that everyone fully understands our Code of Conduct, we provide training sessions for all new employees.



Good communication with employees is also essential to ensure mutual understanding and employee involvement. Top management holds several town hall meetings, during which employees interact directly to discuss performance and Company plans. We have also amended the annual appraisal process to include three meetings per year between employees and their direct managers, during which they discuss progress and identify any management support needed.

For more formal engagement, we encourage employees to join the PIC workers’ union, and 96 percent of PIC employees were union members at the end of 2014-15. This does not include our temporary labor force, most of whom are outsourced to contractors. Their welfare is a concern for our contract supervisors, who are responsible for monitoring the performance of contractors, including their treatment of workers.

We are proud to offer the same opportunities to women as to men, and the same basic salaries relevant to their position (although Kuwait Labor Law provides extra benefits for married male employees). We recognize that the proportion of women in our Company remains relatively low and we plan to increase our recruitment of qualified women for a diversity of roles.

Our health and safety policy requires an integrated management system compatible with international standards such as OHSAS 18001

and Responsible Care® certification. The management systems include monitoring process safety performance using leading as well as lagging indicators, measurable targets and monthly reporting. We also aim to transparently report our safety performance to the public according to the OHSAS and Responsible Care® guidelines, for example through our sustainability report.

We can guarantee that there are zero incidents of child labor or forced labor within the PIC workforce. We are also actively advocating the same principles to our suppliers, customers and other stakeholders to ensure that we are driving the dialogue toward positive action.

Environmental principles

Principle 7:
Businesses should support a precautionary approach to environmental challenges.

Principle 8:
Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9:
Businesses should encourage the development and diffusion of environmentally friendly technologies.

Assessment, policy and goals
A healthy environment is essential for prosperity, yet depletion of natural capital and climate change mean that our region is facing environmental challenges, such as water scarcity and threats to biodiversity, which could pose serious social and economic consequences.

Our operations can affect the environment through emissions to air, land and water, and accidental spills. PIC has shown leadership by committing to a better tomorrow, and taking action to improve our environmental impacts in accordance with the principles of the UNGC and the chemical industry's Responsible Care® initiative. We have set tangible 2017 targets for the most material impacts:

- Greenhouse gas emissions:** reduce PIC GHG emissions intensity by 14% compared to 2012-13 baseline.



- Energy use:** reduce PIC energy intensity by 6% compared to 2012-13 baseline.
- Water consumption in our operations:** reduce PIC water intensity by 25% compared to 2012-13 baseline.
- Spills:** no more than one spill to the environment each year.

Implementation
Our approach is to define broad goals for the most material aspects affecting PIC, translate these into

measurable targets, and create plans with clear responsibilities and adequate resources to achieve the goals. Our Sustainability Committee, chaired by the CEO and reporting regularly to the board, is responsible for overseeing the Company's sustainability agenda. The corporate Engineering, Health, Safety and Environment department has day-to-day responsibility for monitoring and reporting performance. Sustainability is also considered in our approach to risks, and was integrated in our Enterprise Risk

PIC intensity figures	2012-13	2013-14	2014-15
GHG emissions intensity (t CO ₂ e/MT ammonia)	2.43	1.98	2.18
Energy intensity (GJ/MT ammonia)	51.72	48.98	52.4
Water use intensity (m ³ /MT ammonia)	4.8	3.7	4.29
Waste (tonnes)	675	592	775

Management system in 2014. We aim for continual improvement and operational excellence through our integrated management system, which is compatible with international standards such as ISO 14001. Progress is also driven by our approach to performance management. The balanced scorecard system and the department managers' compensation scheme include sustainability targets and goals to ensure that each department implements actions necessary to meet our corporate goals.

Achieving our objectives also requires a culture throughout the Company that recognizes the importance of environmental responsibility and develops a sustainability mindset. Our goal is for all employees to understand sustainability, PIC's role in sustainable development in Kuwait and in the region, and their own role in continuing to meet PIC's objectives. In 2014-15, we conducted a series

of workshops and online training modules covering general concepts of sustainability and reaching 80 percent of junior and senior employees. Externally, PIC also organizes many events to spread awareness and develop an environmentally concerned culture in Kuwait.

Specific initiatives in 2014-15 include:

- An overall analysis throughout the plants to identify energy-efficiency opportunities
- Installing a boiler feed water preheater in the ammonia III steam superheater and boiler to reduce energy consumption
- A Six sigma project to reduce natural gas consumption
- 11 projects at PIC headquarters to enhance its sustainability performance and prepare for LEED certification

Normalized performance (shown in the table) was affected by a turnaround during which there was no production and significantly higher volumes of waste. Comparison with 2012-13 is more relevant, as there was also a turnaround in that year.

Anti-corruption principles

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, policy and goals

We recognize that all forms of corruption are corrosive on the fabric of society and represent a major hindrance to sustainable development. Corruption impedes economic growth, distorts competition and carries serious legal and reputational risks for businesses. We therefore fully support the 10th principle of the UNGC.

Our Code of Conduct makes clear that we will not tolerate any form of bribery or corruption. As part of our commitment to ethical business conduct, the Code sets out requirements under these key topics:

- Business ethics
- Conflict of interest
- Bribery and corruption
- Gifts and entertainment
- Outside employment
- Fraud and theft

Implementation

We reinforce our zero tolerance for corruption with training or refresher courses each year. They are mandatory for all employees and 98 percent of our workforce received anti-corruption training in 2014-15.



GRI Index



GRI Index

STANDARD GENERAL DISCLOSURES

- Complete
- ◐

 Partial
- Non-disclosure



















GRI indicator	Description	Level of disclosure	Reason for omission	Page number
Strategy and analysis				
G4-1	Statement from the most senior decision-maker of the organization	●		07
G4-2	Description of key impacts, risks, and opportunities	●		18, 31
Organizational profile				
G4-3	Name of the organization	●		09
G4-4	Primary brands, products and/or services	●		10, 14
G4-5	Location of organization's headquarters	●		10, 68
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●		14
G4-7	Nature of ownership and legal form	●		10
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	○	Confidential information	
G4-9	Scale of the reporting organization	●		14
G4-10	Total workforce by employment type, gender, employment contract and region	●		46
G4-11	Percentage of employees covered by collective bargaining agreements	●		44
G4-12	Describe the organization's supply chain (including product or service providers, engaged suppliers in total number, type, and location, payments made to suppliers)	◐		13

GRI indicator	Description	Level of disclosure	Reason for omission	Page number
G4-13	Significant changes during the reporting period relating to size, structure or ownership, or its supply chain (including changes in location, operations, facilities, capital information and supplier information)	●		68
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●		68
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●		21, 50, 72
G4-16	Memberships in associations (such as industry associations)	●		19
Identified material aspects and boundaries				
G4-17	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures (List all entities in the consolidated financial statements)	●		12, 14
G4-18	Process for defining report content and the Aspect Boundaries and explain how the Reporting Principles have been implemented	●		68
G4-19	List all the material Aspects identified	●		31
G4-20	The Aspect Boundary within the organization: <ul style="list-style-type: none">Whether the Aspect is material within the organizationThe list of entities included in G4-17 for which the Aspect is or is not materialSpecific limitation regarding the Aspect Boundary within the organization	◐		68
G4-21	The Aspect Boundary outside the organization: <ul style="list-style-type: none">Whether the Aspect is material outside the organizationThe list of entities for which the Aspect is material, relate to geographical locationSpecific limitation regarding the Aspect Boundary outside the organization	◐		68
G4-22	Explanation of the effect of any re-statements	○	Not applicable	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	○	Not applicable	















GRI indicator	Description	Level of disclosure	Reason for omission	Page number
Stakeholder engagement				
G4-24	List of stakeholder groups engaged by the organization	●		29
G4-25	Basis for identification and selection of stakeholders with whom to engage	●		29
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●		29
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting; report the stakeholder groups that raised each of the key topics and concerns	◐		30
Report profile				
G4-28	Reporting period	●		68
G4-29	Date of most recent previous report	●		31
G4-30	Reporting cycle	●		69
G4-31	Contact point for questions regarding the report or its contents	●		69
G4-32	Table identifying the location of the Standard Disclosures in the report	●		80
G4-33	Policy and current practice with regard to seeking external assurance for the report	●		69
Governance				
G4-34	Governance structure of the organization (including report the committees responsible for decision-making on economic, environmental and social impacts)	●		12, 25
Ethics and integrity				
G4-56	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●		11, 21, 26, 27, 28














SPECIFIC STANDARD DISCLOSURES

GRI indicator	Description	Level of disclosure	Page number
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government (by country) and community investments; EVG&D separately at country, regional or market level	◐	34
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	○	
G4-EC3	Coverage of the organization's defined-benefit plan obligations	●	43, 46
G4-EC4	Significant financial assistance received from government	○	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	43
G4-EC6	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	●	37
G4-EC7	Development and impact of infrastructure investments and services supported	○	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	◐	37
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	◐	37
Environmental			
G4-EN1	Materials used by weight or volume	○	
G4-EN2	Percentage of materials used that are recycled input materials	○	
G4-EN3	Energy consumption within the organization	●	59
G4-EN4	Energy consumption outside of the organization	○	
G4-EN5	Energy intensity	●	58
G4-EN6	Reduction of energy consumption	●	59, 60
G4-EN7	Reductions in energy requirement of products and services	○	
G4-EN8	Total water withdrawal by source	●	61
G4-EN9	Water sources significantly affected by withdrawal of water	○	

GRI indicator	Description	Level of disclosure	Page number
G4-EN10	Percentage and total volume of water recycled and reused		61
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		
G4-EN13	Habitats protected or restored		
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)		62
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		62
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)		
G4-EN18	Greenhouse gas (GHG) emissions intensity		62
G4-EN19	Reduction of greenhouse gas (GHG) emissions		62
G4-EN20	Emissions of ozone depleting substances (ODS)		
G4-EN21	NOx, SOx and other significant air emissions		64
G4-EN22	Total water discharge by quality and destination		64
G4-EN23	Total weight of waste by type and disposal method		64
G4-EN24	Total number and volume of significant spills		63
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel convention annex I,II,III and VIII, and percentage of transported waste shipped internationally		
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services		

GRI indicator	Description	Level of disclosure	Page number
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce		
G4-EN31	Total environmental protection expenditures and investments by type		57
G4-EN32	Percentage of new suppliers that were screened using environmental criteria		38
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken		
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms		63
Social			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		
G4-LA3	Return to work and retention rates after parental leave, by gender		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		
G4-LA5	Perecentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender		50
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation		

GRI indicator	Description	Level of disclosure	Page number
G4-LA8	Health and safety topics covered in formal agreements with trade unions		
G4-LA9	Average hours of training per year per employee by gender, and by employee category		45
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		43
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		45
G4-LA12	Composition of governance bodies and breakdown of employees per employee category, according to gender, age group, minority group membership and other indicators of diversity		46
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria		
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		
G4-LA16	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their lifecycle, by type of outcomes		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling and percentage of significant product and service categories subject to such information requirements		
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		
G4-PR5	Results of surveys measuring customer satisfaction		39
G4-PR6	Sale of banned or disputed products		

GRI indicator	Description	Level of disclosure	Page number
G4-PR7	Total number of incidents of non compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		
G4-PR9	Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		48
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		48
G4-HR3	Total number of incidents of discrimination and corrective actions taken		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		

GRI indicator	Description	Level of disclosure	Page number
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	○	
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	○	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	○	
G4-SO2	Operations with significant actual and potential negative impacts on local communities	○	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	○	
G4-SO4	Communication and training on anti-corruption policies and procedures	●	47
G4-SO5	Confirmed incidents of corruption and actions taken	○	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	○	
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	○	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	○	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	○	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	○	
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	○	