Sustainability Report
2020-21

A systemic response to the pandemic to reassess our sustainability approach

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

Contents

04 An Overview of PIC's 2020-2021 Sustainability Report

An Overview
of PIC's 2020-21 Sustainability Report

About this Report

GRI 102-50 **GRI** 102-51 **GRI** 102-52

This report reflects the sixth edition of PIC's sustainability report (the 'Report'), which follows our previous reporting methodologies of sustainability reporting cycles. The current Report mainly focuses on PIC's performance on the material areas listed and demonstrates the latest updates on the initiatives that are linked directly to our sustainability strategy with the corresponding objectives and actions exhibited within the financial year of 2020/2021.

In this Report, we have emphasized our significant efforts in order to ensure effective and systematic actions in response to the global pandemic COVID-19, which enabled us to re-evaluate and realign our sustainability practices across PIC's business activities and operations. As a global manufacturer and potential marketer in the petrochemicals industry, we continued to further work and progress toward a cleaner environment, safer and more efficient operations, enhancing our impact on local economic development through increased focus on local content and positively impacting our people and communities, especially through the challenging times posed by the pandemic.

GRI 102-46

The Report aims to highlight PIC's performance against the social, environmental and economic pillars of sustainability and provides details on key initiatives identified as part of our overall sustainability approach: 'We aim to demonstrate our efforts in advancing our organizational performance and becoming a recognized global petrochemical player to maximize our stakeholder value.'

The Report's sections and the information provided therein are in line with the material topics identified for the reporting year stated earlier. For additional information on the list of material topics identified for PIC, kindly refer to page 45, which addresses 'Our Materiality Assessment Process' section.

In the context of the COVID-19 pandemic, our reporting theme for 2020-21 was chosen to underline our organizational resilience. We were able to successfully address challenges that arose during the pandemic due to our ability to anticipate and

plan our course of action with robustness and agility. Throughout the Report, case studies highlighting critical measures and activities implemented during the pandemic have been addressed across several sections.

The changes in our business portfolio, particularly our operational ownership of the Polypropylene Plant in Kuwait, are reflected in this Report, which represents a new approach to sustainability. We use a structured process focusing and reporting on significant business challenges.

Reporting Framework

GRI 102-46

We comply with the KPC-Group's sustainability reporting policy which highlights the group's commitment to ensuring effective management and communication on economic, social, and environmental performance to all stakeholders. We have further integrated our sustainability commitments across our corporate vision, mission, and values as well as to the strategic objectives of KPC's 2040 Strategic Directions.

This Report has been prepared in accordance with the GRI Standards: 'Core' option. GRI Standards are regarded as the most widely used and recognized global reporting framework for sustainability performance disclosures by organizations globally. The GRI Standards help us identify the most relevant issues for inclusion in our sustainability reports and enhance comparability and quality of the information disclosed on economic, environmental, and social impacts, both positive and negative, that we may have as an organization. They also create a common language to communicate with different stakeholder groups.

Throughout the Report, we have presented a comparison of current performance on key quantitative indicators – where relevant – with that of the previous years to continue our journey towards sustainability excellence and disclosure.

Aligning with Reporting Principles

We aim to utilize GRI reporting standards in order to define report quality and content to produce a high-quality report, which as a result, enables our stakeholders to effectively recognize our activities and their considerable impact.

Reporting Principles for Defining Report Content

Stakeholder Inclusiveness

Stakeholders have a huge impact on the growth of any company. We consider our stakeholders as partners and we understand that they could influence and be influenced by our performance, products and services. Therefore, we have a process and mechanism for engaging our key stakeholders on a regular basis.

Sustainability Context

PIC has a rich history in contributing to the development of the state of Kuwait through community engagement initiatives and activities that are related to Environment, Social and Economy. We are aware of the trends affecting our business and aim to monitor the risks and opportunities along our value chain. We constantly assess our performance and position within the global context align our selves with international guidelines and indicatives such as Responsible Care, UNGC, SDGs, and other international best practice guidelines.

Materiality

A holistic materiality assessment was conducted with internal/external stakeholders to summarize and prioritize the environmental, social and economic topics that will be disclosed in the sustainability report.

Completeness

This Report reflects our performance in economic, environmental, and social activities that were selected as material topics for the period 1st of April 2020 to 31st March 2021.

Reporting Principles for Defining Report Quality

Accuracy
Both qualitative and quantitative data in this Report have been reviewed and approved by dedicated internal stakeholders at PIC.

Balance
Both the positive and negative impacts have been observed during the reporting period to provide a complete picture of our performance.

Clarity
The information published is easy to understand for all our internal and external stakeholders. We have provided a clear description of our data collection and calculation methodology. To ensure clarity of disclosures, we have provided the GRI content index on pages 106-109, and defined the abbreviations used on page 113.

Comparability
The reporting boundaries in this Report cover our Polypropylene plants located in Shuaiba Industrial Area due to shutting-down our Fertilizer plants. The methodology used for compiling and representing the data was consistent with our methodology used in previous reports and key deviations, assumptions, calculation methodologies and disclaimers were clearly described.

Reliability
All information and disclosures presented have been gathered, recorded, compiled, analyzed, and reported in a way that they can be subject to examination, and that establishes the quality and materiality of the information. We plan to undertake external assurance in the near future to further ensure our disclosed information is reliable.

Timeliness
The Report provides an overview of our performance from April 1st, 2020 to March 31st, 2021 which enables stakeholders to review our sustainability information across economic, environmental and social aspects over the reporting period.

Reporting Topic Boundaries

GRI 102-46   **GRI** 102-49

The Report boundary covers assets in Kuwait over which PIC has direct operational control including performance data for the Polypropylene Plant located in Shuaiba Industrial Area, our head office in South Sabahiya, and Boubyan Club. A detailed boundary for each material issue has been included in the materiality assessment section. The Report scope and boundary does not include PIC's subsidiaries and join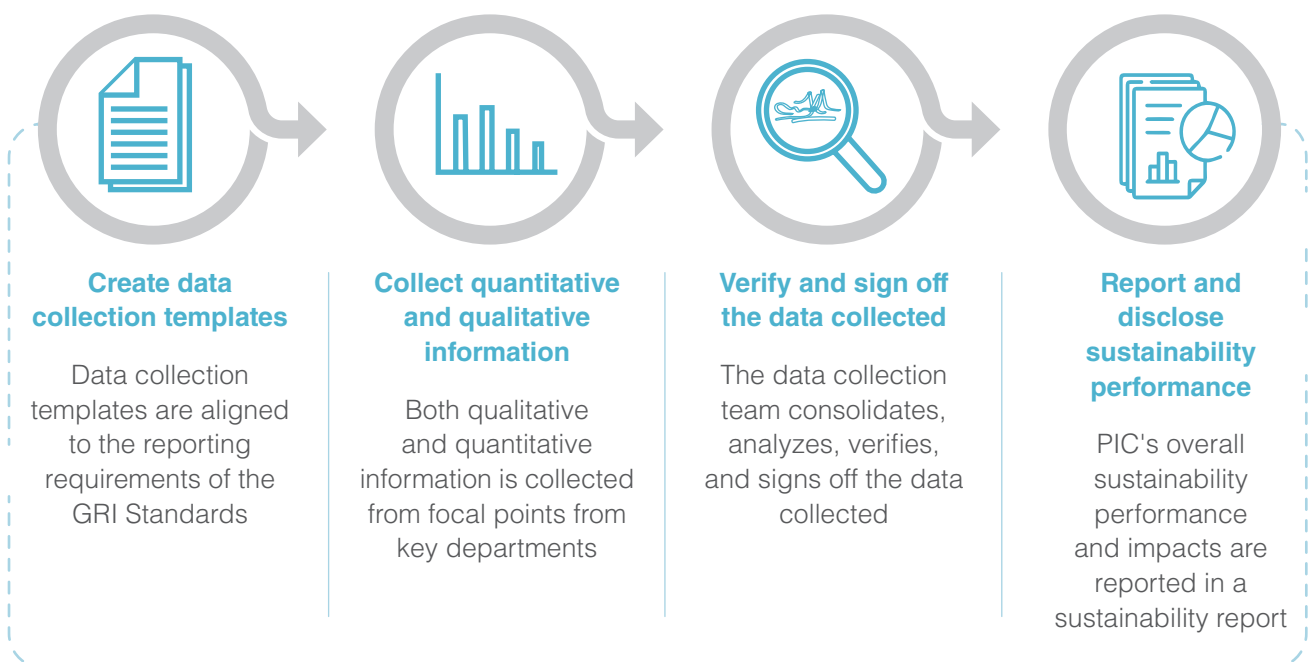t ventures (JVs) over which it does not have operational control. The key changes in our organizational context which impact this Report when compared to the previous ones are the following:

- PIC exited the fertilizer business in Kuwait and closed its plants in July 2018.
- PIC took over the operation of the Polypropylene Plant on January 1st, 2020. This plan was previously operated by EQUATE.

- PIC successfully acquired 49 percent of an existing specialized petrochemical plants owned by the Korean "SKC" Company and the SK picglobal partnership company in 2020 to provide specialized petrochemicals.
- PIC Joint Venture, SK Advanced, established a plant to produce polypropylene in South Korea, in cooperation with its partner, PolyMirae.

Data Collection and Reporting Approach

Our data collection teams used data templates and followed a data collection process, based on GRI requirements, to collect information that is reflected in this Report. The data presented in this Report has been verified and signed off by each data collection team. Any global tools, methodologies, or standards used for any type of information have also been disclosed in the relevant sections, including a GRI content index on pages 106-109.

Create data collection templates

Data collection templates are aligned to the reporting requirements of the GRI Standards

Collect quantitative and qualitative information

Both qualitative and quantitative information is collected from focal points from key departments

Verify and sign off the data collected

The data collection team consolidates, analyzes, verifies, and signs off the data collected

Report and disclose sustainability performance

PIC's overall sustainability performance and impacts are reported in a sustainability report

Feedback and Suggestions

GRI 102-53

We welcome feedback from all our stakeholders on any of our activities or operations, including our sustainability performance, impacts and commitments. Please direct any comments or feedback that you may have on PIC's sustainability performance or this Report to sustainabilityteam@pic.com.kw.

"

As PIC's CEO, it is my pleasure to present our sixth sustainability report. We are proud of our achievements during the 2020-2021 reporting year, especially of our resilience and agility during the ongoing COVID-19 pandemic and how we used the situation as a way for us to reassess our sustainability priorities and continue generating positive value for our stakeholders moving forward.

6th
sustainability
report

CEO Message

I am delighted to present PIC's sustainability report for 2020-21. This Report provides an overview of our sustainability initiatives, summarizing our performance highlights, achievements and learnings which support our key stakeholders and are in-line with the vision of the leaders of our nation. PIC's business has evolved over the last few years as we grew our core portfolio domestically and internationally by expanding into commodities and derivatives linked to our base petrochemical portfolio. In keeping with this refinement of vision our understanding of our sustainability related considerations and their impacts on our business has also changed. As global demand for low carbon products and technologies grows so does our investment in strategic thinking and research and development on these topics. For instance, we are exploring PIC's positioning on the circular economy and identifying opportunities we can capture to expand our green-petrochemical initiatives.

In 2020-2021 PIC, like the rest of the world, grappled with the COVID-19 pandemic. A crisis that tested the bedrock of our sense of community, and our role as a responsible corporate citizen. As the pandemic impacted the lives of millions of people around the world, we stepped up to protect the health of our employees, our workforce, and the communities we operate in while continuing to supply essential products to markets around the world. Our management, HSE and communications teams activated crisis management protocols to ensure that our people were kept out of harm's way and were kept informed of all developments vital for their safety. We tested our business continuity and resilience plans to determine what more could be done to safeguard our long-term goals. We reflected on the lessons learnt as a business leader and as a community of people who are firmly tied to Kuwait.

Implementing the lessons, we have learnt during this year, we will continue to drive operational excellence by investing in our employees, our local contractors and suppliers, and our global partners. We will maintain our standards for zero tolerance on hazards and health and safety risks and safeguard our reputational integrity.

I would like to thank our employees, our partners, and all our stakeholders for supporting us during a challenging time. I am grateful that we have come through it together and all the stronger for it. Together we will work towards a more prosperous future.

Mutlaq Rashid Al-Azemi

Chief Executive Officer

Key Performance Highlights

Kuwaitization rate

Established an Innovation Committee

92.68%

Total hours of training delivered

Direct economic value generated

Total energy consumption

16,480

KWD 111,896,132

132,285 GJ

Women representation across the board of directors

Economic value distributed

Total quantity of solar energy generated

28%

KWD 142,268,654

928 MWh

Total amount invested in renewable energy

Work fatalities and work-related injuries

KWD 4,639

ZERO

Total steam
consumption

128,945 GJ

Decrease in
operating costs

9%

Recordable injuries per
200,000-man hours for
employees and workers

ZERO

Local
procurement

93%

Percentage of
women employees

16

Number of HSE
awareness trainings
and campaigns

15

TPA
Production

9,000,000

Process safety
incidents per
200,000-man
hours

ZERO

Key Highlights: Our Response to COVID-19

"

The human, economic and social impacts of the COVID-19 pandemic continue to have a profound impact on countries and individuals. Throughout 2020 and 2021, we stepped up as a responsible corporate citizen to help protect the health of our employees, our workforce, and the communities we operate in while continuing to supply essential products to markets around the world.

Hamad Dekheel Al-Subaie
DCEO Manufacturing & Marketing

Given the challenging circumstances brought on by the global outbreak of COVID-19, we rapidly responded to the unprecedented crisis, to minimize the pandemic's impacts on our business. We were able to do this by following our standards of operational excellence and rigorous compliance to procedures and controls.

We focused our efforts on continuing to use our size and scale alongside our commitment as a responsible corporate citizen, to support and help our community, our people, and our business. As members of the K-Companies and the Ministry of Health Pandemic Committee we sought to help fight the pandemic, while simultaneously protecting the environment, our people, and local communities from any adverse environmental and social impacts.

The pandemic demonstrated that effective emergency response and resilience are part of our corporate DNA. We made sure to continue our business and operations without disruption and produced new grade of plastic used in producing masks to ensure a sufficient supply of protective masks in Kuwait. PIC's production remained unaffected by the pandemic even though there was a shortage in manpower. We maintained normal production at the Polypropylene Plant by relying on operational efficiencies and rewarding our plant employees with additional benefits for their hard work during these challenging times. We satisfied customer demand without experiencing any delays when the pandemic was at its peak and were able to meet customers' and stakeholders' expectations even during these challenging times. Please refer to the section on 'Crisis Management during Covid-19' for further details.

During full lockdown, the main areas of Kuwait were totally closed, including Mahboula, where most of PIC's contractors and operators reside. Accordingly, we have developed a relocation and accommodation plan to ensure staff availability and prevent any possible disruptions in operations continuity. To avoid manpower shortage, we issued special permits for employees living in such areas, allowing them to transfer from the lockdown zone to PIC's camp, which was based inside PIC's premises in Shuaiba Industrial Area.

Transferring and relocating people can be a challenging process at any time. It was even more difficult during the pandemic. In addition to the standard logistics planning, we made sure that the camp environment was safe and health protocols were strictly observed. We ensured that safety procedures are followed at each stage, followed latest government and company guidance, put up clear signage and hygiene stations. Our main objectives during this process were to:

- Ensure the health, safety, and well-being of staff
- Avoid shortage of manpower
- Ensure safe and easy passage to our facilities

Due to our proactive actions, we were able to maintain manpower requirements and ensure operational continuity at our plants. This realization of supporting business-critical areas during unforeseen circumstances is invaluable for our strategic commitment to business continuity and sustainable production. Consequently, we continue to update our plans to reflect this realization.

Remote working protocols were put into effect for all other employees at the start of the pandemic. With growing numbers of people being vaccinated and a gradual return to the new-normal, PIC has initiated a "Return to Work" Committee to ensure smooth functioning of our business operations and activities during the pandemic, and to ensure the safe return of employees to our offices.

The "Return to Work" Committee's responsibilities include:

- Implement "Council of Ministers" directions with regards to return to work
- Implement "Ministry of Health" directions with regards to return to work
- Implement "KPC" directions with regards to return to work
- Develop a new protocol for Return to Work
- Follow-up on the implementation progress
- Follow-up on COVID cases among employees
- Ensure continuous sterilization of offices and facilities
- Identify the attendance percentage

Other realizations around business continuity triggered by the pandemic centered on the implications of delays in our supply chain characterized by long lead times and delays in shipments. As a result, we moved forward with making changes to our Sustainable Procurement Policy and effecting technical upgrades such as e-procurement. For further details, please refer to pages 99-100.

Updates to our Sustainable Procurement Policy examine availability of, and our relationships with, local suppliers who might serve as alternate vendors for commonly available chemicals and parts that can be fabricated in Kuwait. Further details on our sustainable procurement process are described in the case study on page 100.

The pandemic challenged us to think about capacity development and how we could support our staff with their technical upskilling when all trainings and in-person sessions were cancelled. We launched our innovative On Job Competencies Development (OJCD) program, which provided a framework for deploying in-house technical training and capability building. We organized senior technical expertise within PIC to share their knowledge with other team members to maximize time spent on learning and career development. For further details, please refer to our OJCD case study on page 73.

With quarantine and social distancing to contend with, one of our other HR concerns was how to keep a sense of PIC as a community intact. New employees were still being recruited but the standard avenues of inducting them into their teams, and introducing them to their colleagues, and the larger PIC community were stymied. This gave us the opportunity to launch our Youth Empowerment Leadership (YEL) project. With more than 40 percent of our workforce comprising of young people, YEL is PIC's investment in supporting the next generation of PIC's leaders and highly skilled experts. Utilizing online platforms and livestreaming events, we created opportunities for young professionals to connect with senior counterparts fostering a sense of community and a culture of collaboration. Further details on YEL can be found on page 72.

About PIC

In this Section

PIC at a Glance

Petrochemical Industries Company K.S.C. (PIC) is a global manufacturer and marketer of petrochemicals. It is the petrochemical arm of Kuwait Petroleum Corporation (KPC) and is fully owned by KPC. Established in 1963 by the Amiri Decree, PIC was the first chemical complex in Kuwait and the region. PIC's founding was an important step in helping to diversify Kuwait's economy. More than 50 years later, we continue to play an integral role in strengthening Kuwait's economy and maximizing the value of hydrocarbon resources. We have become an industry leader in the Middle East by diversifying our portfolio through both local and international investments.

We complement our operations in Kuwait through strategic partnerships and joint ventures internationally, which play an important role in our global growth and product diversification. We produce over 9 million tons annually of the highest quality grades of Olefins, Aromatics and Fertilizer products. This production capacity includes our JVs. Our products are distributed in over 60 countries in all 6 regions. In doing this, we bring together world-scale assets in strategic locations, a strong heritage of operational excellence, a passion for working collaboratively and an unwavering commitment to sustainability.

PIC in Numbers

50 years of operation

PIC and its JV operations are based in Kuwait, Bahrain, Canada, USA, South Korea and Germany

+2.5 billion KWD in net sales in the last decade

9 million tons production of high-quality Olefins, Aromatics and Fertilizers

42 total operations

363 total employees

PIC's Mission, Vision, Values, and Overall Strategic Commitments

GRI 102-16

Our Vision

We aspire to be a global petrochemical company committed to adding value to Kuwait's national resources.

Our Mission

As the leading petrochemical arm of Kuwait, PIC develops, operates, and optimizes assets to market products that meet customer needs.

At PIC, we are:
- Driven by commercial sustainability
- Investing in our people
- Acting as a committed and reliable partner in our communities and markets
- Leveraging innovation and adopting the highest standards to achieve operational excellence
- Protecting the environment, adopting circular economy initiatives, and being committed to health and safety

Our Strategy is Based on Three Pillars
- Focus on extending our base petrochemicals both within and outside Kuwait via new builds/expansions and mergers and acquisitions (M&A) activities with suitable international partners, as needed, to achieve a leading position globally.
- Expanding into downstream derivatives linked to base petrochemicals production both within and outside Kuwait, via new builds/expansions and M&A activities, with suitable international partners. We aim to achieve 15% of total equity capacity additions domestically by 2040.
- Building on capabilities in marketing, operations and in research and development.

Our Values

Integrity

Innovation

Excellence

Pride

Caring

Team

Commitment

Partnership

Overview of PIC's Operations

PIC is a significant player in Kuwait's hydrocarbons sector and has a reputation for manufacturing and marketing high-quality petrochemical and fertilizer products through its own assets and its domestic and international joint ventures. Our headquarters are based in South Sabahiya. The Boubyan Club is based in Salwa and our PP Plant is based in Suaiba. Kuwait Vietnam Petrochemical Company (KVPC) is wholly owned by PIC and located in Vietnam. It distributes the polypropylene produced at the Nghi Son Refinery complex (NSRP). Our business includes marketing PP for our plants and on behalf

MEGlobal   **CANADA KUWAIT** PETROCHEMICAL CORPORATION   **equipolymers**

Canada   **Germany**

United States of America

MEGlobal
BOOKRAMEG

○ **PIC's and JVs' Operations**   ○ **Operations Associated with JVs**

of NSRP through KVPC. We also market paraxylene (PX) on behalf of KARO and urea on behalf of GPIC.

Our business sustainability is oriented around building local skills and capacities with a view towards self-reliance; pursuing value-added partnerships through joint ventures to enhance sector leadership and market scale and investing in R&D function for business growth including exploring adoption of green petrochemical initiatives.
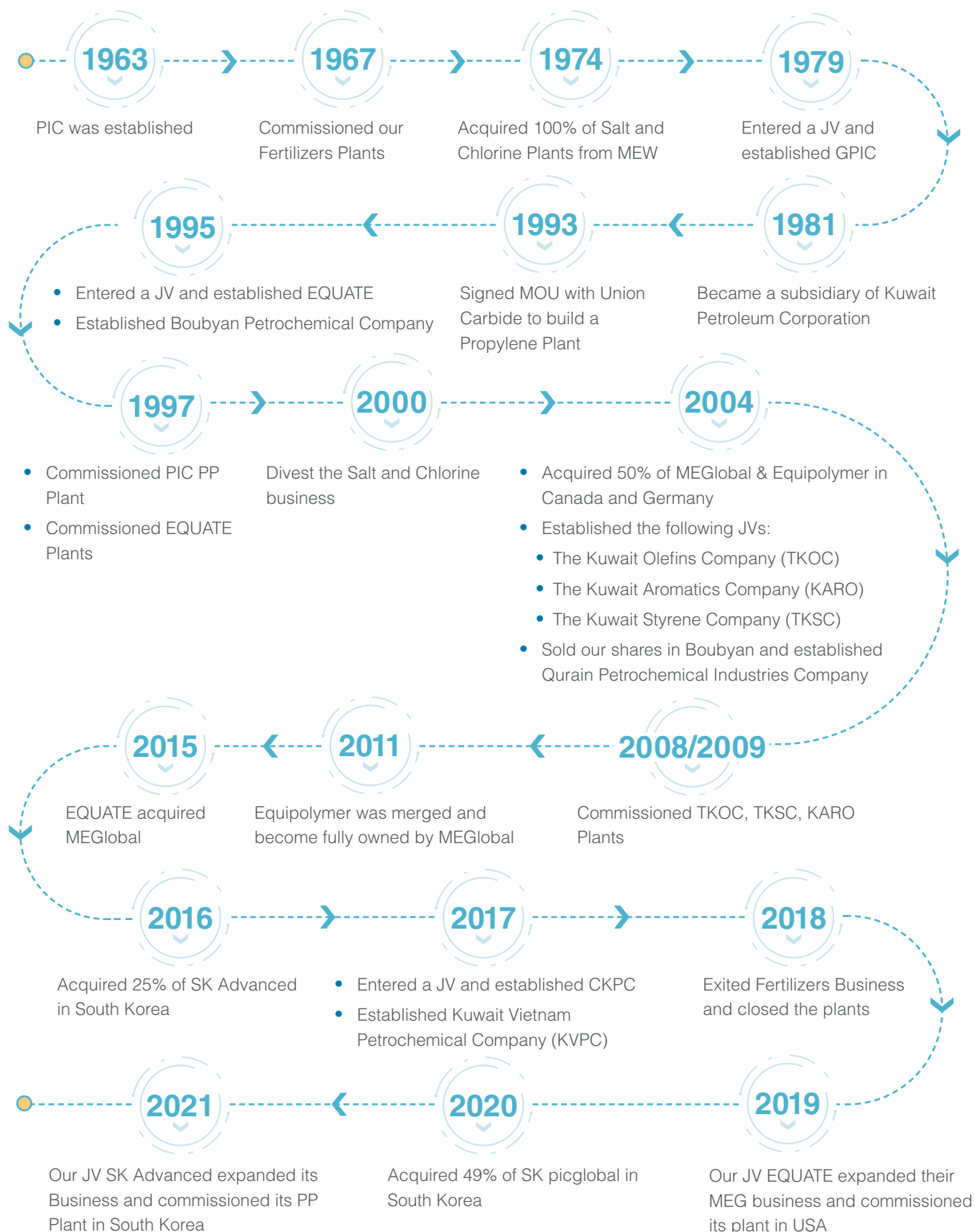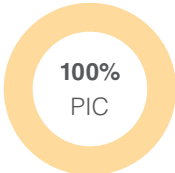
Kuwait

South Korea

Vietnam

Bahrain

Our Journey

GRI 102-9

1963 → **1967** → **1974** → **1979**

PIC was established

Commissioned our Fertilizers Plants

Acquired 100% of Salt and Chlorine Plants from MEW

Entered a JV and established GPIC

1995 ← **1993** ← **1981**

- Entered a JV and established EQUATE
- Established Boubyan Petrochemical Company

Signed MOU with Union Carbide to build a Propylene Plant

Became a subsidiary of Kuwait Petroleum Corporation

1997 → **2000** → **2004**

- Commissioned PIC PP Plant
- Commissioned EQUATE Plants

Divest the Salt and Chlorine business

- Acquired 50% of MEGlobal & Equipolymer in Canada and Germany
- Established the following JVs:
  - The Kuwait Olefins Company (TKOC)
  - The Kuwait Aromatics Company (KARO)
  - The Kuwait Styrene Company (TKSC)
- Sold our shares in Boubyan and established Qurain Petrochemical Industries Company

2015 ← **2011** ← **2008/2009**

EQUATE acquired MEGlobal

Equipolymer was merged and become fully owned by MEGlobal

Commissioned TKOC, TKSC, KARO Plants

2016 → **2017** → **2018**

Acquired 25% of SK Advanced in South Korea

- Entered a JV and established CKPC
- Established Kuwait Vietnam Petrochemical Company (KVPC)

Exited Fertilizers Business and closed the plants

2021 ← **2020** ← **2019**

Our JV SK Advanced expanded its Business and commissioned its PP Plant in South Korea

Acquired 49% of SK picglobal in South Korea

Our JV EQUATE expanded their MEG business and commissioned its plant in USA

PIC Subsidiaries and Joint Ventures

Details of our JVs are as follows:
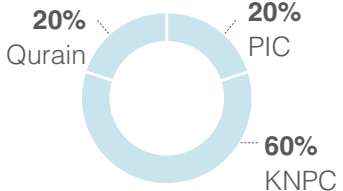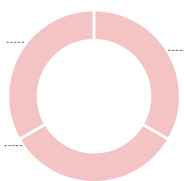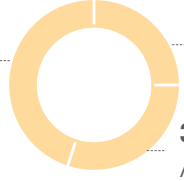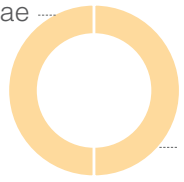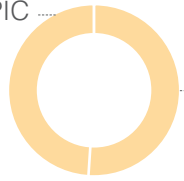
Company	Ownership	Products	Capacity (KTA)	Location
(logo)	100% PIC	Polypropylene (PP)	150	Kuwait
KVPC	100% PIC	Distributers of PP	300	Vietnam
EQUATE	6% Qurain, 9% Boubyan, 42.5% DOW, 42.5% PIC	Polyethylene (PE) Mono Ethylene Glycol (MEG)	900 600	Kuwait
MEGlobal	100% by EQUATE	Plant 1: MEG Plant 2: MEG	1250 750	Canada, USA
equipolymers	100% by MEGlobal	PET	340	Germany
The Kuwait Olefins Co	6% Qurain, 9% Boubyan, 42.5% DOW, 42.5% PIC	MEG	800	Kuwait

🟧 OLEFINS 🟦 AROMATICS 🟥 FERTILIZERS

Qurain: Qurain Petrochemical Industries Company
Boubyan: Boubyan Petrochemical Company K.S.C

PIC Subsidiaries and Joint Ventures (continued)

Details of our JVs are as follows:

Company	Ownership	Products	Capacity (KTA)	Location
KARO	20% Qurain / 20% PIC / 60% KNPC	-	-	Kuwait
KPPC	100% by KARO	Para-xylene (PX) / Benzene (BZ)	820 / 390	Kuwait
TKSC	42.5% DOW / 57.5% KARO	Styrene Monomer (SM)	450	Kuwait
GPIC	33.33% PIC / 33.33% SABIC / 33.33% Nogaholding	Ammonia / Urea / Methanol	400 / 600 / 400	Bahrain
SK Advanced	45% SKGas / 25% PIC / 30% AGIC	Propylene	600	S. Korea
Ulsan PP Co., Ltd.	50% PolyMirae / 50% SKAdvanced	Polypropylene (PP)	400	S. Korea
SK picglobal	49% PIC / 51% SKC	Propylene Oxide (PO) / Propylene Glycol (PG) / Propylene Glycol Ethyle (PGE)	310 / 155 / 15	S. Korea

OLEFINS   AROMATICS
FERTILIZERS

Qurain: Qurain Petrochemical Industries Company
Nogaholding: The Oil and Gas Holding Company
AGIC: Advanced Global Investment Company

PolyMirae: PolyMirae Company Limited
KNPC: Kuwait National Petroleum Company

Our Certifications

We strive to conform to the best international best-practice and standards. To achieve this, we seek accreditation from third-party agencies to ensure we have comprehensive systems for tracking, evaluation, and improvement in place. During the reporting period, our operations were aligned to the following industry best-practice:

Certifications	
ISO/IEC 27001:2013	Information Security Management System
ISO 27031:2011	Information Technology
ISO 50001:2018	Energy Management System
ISO 20400:2017	Sustainable Procurement
ISO 22000:2018	Food Safety Management System
ISO 31000:2018	Risk Management System
OHSAS 18001	Health and Safety Management System

“

The pandemic forced us to confront unique challenges with respect to health, safety and quality. It tested our internal standards and protocols as we continued to center our attention into ensuring the well-being and safety of our employees and their families, while keeping our business activities on track.

Rasheed Hasan Al-Ajmi
Safety, Health and Environment Manager
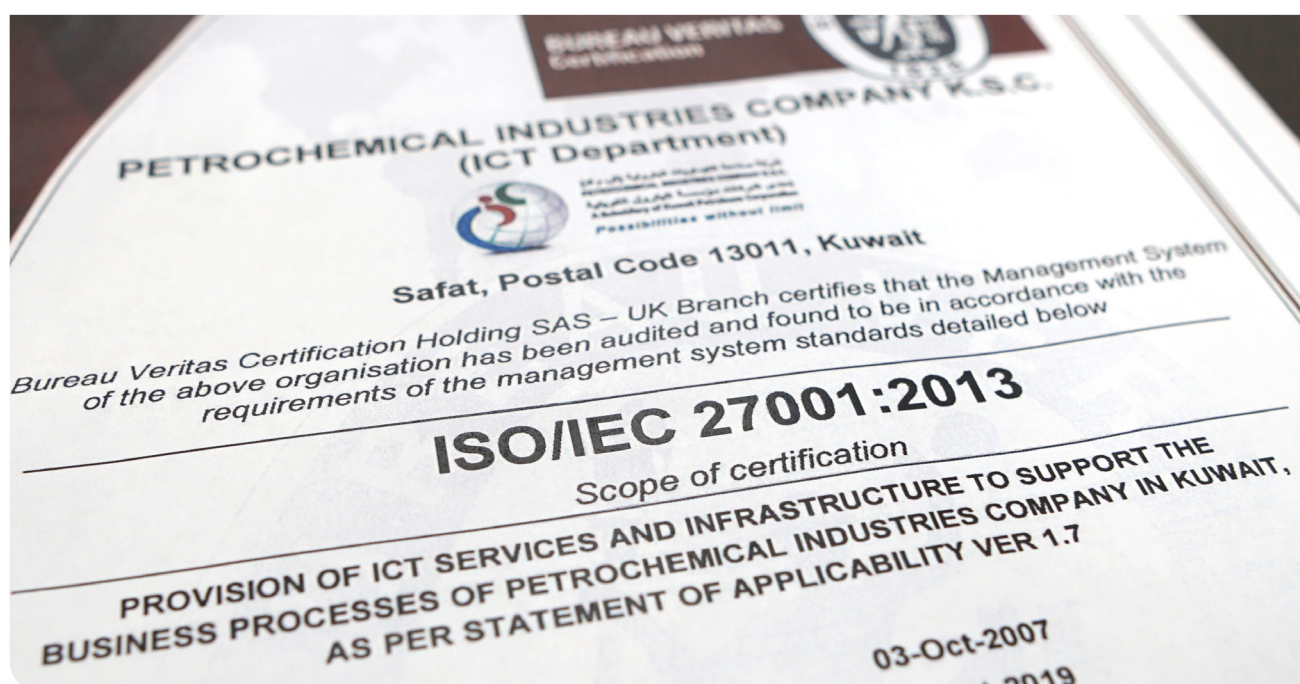
Driving Excellence through Effective Governance

GRI 102-16

Corporate oversight plays a key role in shaping PIC's overall work-place culture, our sustainability values, and our commitment to stakeholders. PIC's Board of Directors, ably supported by the top management team, make strategic decisions, review business performance, and uphold our accountability to our stakeholders in line with our corporate governance framework. This includes a, publicly available and disseminated, Code of Conduct.

Our Corporate Governance

PIC's operations are overseen by a 7-person Board of Directors – the Chairman of the board and six non-executive members, including PIC's CEO. Board members have a 3-year tenure. The board's mandate is to ensure that PIC fulfils its commitments to its stakeholders.

We have a corporate governance framework in place which includes a Code of Conduct. Our commitment to transparency is upheld by the Code of Conduct, regular external auditing, and a board of directors all of which ensure that PIC's stakeholders operate in a fully transparent manner. The Code of Conduct applies to all employees of the Kuwait Petroleum Corporation (KPC) and both its direct and indirect subsidiaries, to the extent permitted by applicable corporate/company law.

We have found that implementing a stringent and clear corporate governance framework:

- Enables better strategic planning and improves top-level decision making
- Facilitates assessing the effectiveness of business decisions and actions as well as overall business goals and targets
- Enables reviewing performance against set business goals and objectives
- Upholds PIC's integrity and accountability towards stakeholders.

Our Leadership

GRI 102-18

PIC is governed by our Board of Directors and the top management team, who are responsible for upholding our commitment and accountability to our stakeholders. PIC's CEO leads a top management team. Management team members have oversight of our three strategic business units: Olefins, Fertilizers, and Aromatics; in addition to Administration and Finance. Visit our website to read more about our board and top management.

We are dedicated to building a long-standing commitment to fostering an inclusive and diverse environment and it starts with our leadership. Women held 28% of board positions throughout the reporting period.

Members of our Board of Directors

Hamad A. Al-Turkait
Chairman

Mutlaq Rashed Al-Azemi
CEO & Board Member

Saad Mohammad Al-Ajmi
Deputy Chairman

Shaimaa Marzouq Al-Ghonaim
Board Member

Jamal Eisa Al-Loghani
Board Member

Ghadah Yousef Al-Amer
Board Member

Fadel Said Abbas
Board Member

Representatives of our Top Management

Mutlaq Rashed Al-Azemi
CEO & Board Member

Hamad Dekheel Al-Subaie
DCEO Manufacturing & Marketing

Nadia Bader Al-Hajji
DCEO Projects & Business Development

Shafi Taleb Al-Ajmi
DCEO Administration & Finance

PIC's Board and Executive Committees:

Information Technology and Communication (IT&C) Governance Committee: Is chaired by the Deputy CEO (DCEO) Admin and Finance. The IT Manager serves as the Deputy Chair. Members include: Corporate Planning, Operation, Finance, Business Development, Business Monitoring & Planning managers. The committee is responsible for leading PIC's IT&C strategy and aligning it with our operational and long-term strategy. The committee also:

- Decides which IT&C initiatives to take forward
- Supports collaborative planning between the IT department and other operational functions
- Has oversight of capital projects implemented by PIC JVs.

Donations & Sponsorships Committee: This committee is chaired by the CEO. The DCEO Admin and Finance serves as the Deputy Chair. Members include the DCEO Manufacturing and Marketing, the DCEO Projects and Business Division, the Finance Manager, and the General Services and Communications Manager. This committee has oversight of all initiatives related to donations and scholarships that address:

- Talent development and educational sponsorship
- Environmental and cultural behavior
- Public health concerns
- Enhancing PIC's public image
- Developing and approving annual plans for donations and sponsorships.

Safety, Health and Environment Executive Committee (SHEEC): The SHEEC is headed by the CEO. The committee is responsible for overseeing the occupational health and safety aspects across the company.

Sustainability Committee: The committee is chaired by the DCEO of Administration and Finance and is responsible for overseeing PIC's sustainability agenda. Further details can be found under 'Sustainability Governance' section of this Report.

Risk Oversight Committee (ROC): The ROC is headed by the DCEO of Administration and Finance. The ROC's primary function is to assist the Board and PIC's top management in fulfilling their risk management responsibilities as defined by KPC. PIC's Chairman of the Board must select an ROC Chairman from the ROC membership. The ROC Chairman must be a member of PIC's top management, and acts as the ROC representative to the Board of Directors. ROC membership should reflect a cross section of PIC's business area managers. Appointment to the ROC is reviewed and either amended or confirmed every two-years or when required by changes in PIC's organizational structure. In addition to the chosen members, PIC's representative on KPC's ROC, ERM Unit Head, and KPC's internal Audit Manager are automatically included in the ROC.

ROC duties include:

- Oversight with approval of all ERM activities
- Recommends and approves mitigation options to risks
- Reports to the Board of Directors and top management, about ERM activities on a quarterly basis including issues the ERM Unit is facing, results of risk monitoring and treatment plans among others
- Actively participates in the monitoring of risks to their pre-determined limits.

PIC's CEO leads a top management team. Management team members have oversight of our three strategic business units: Olefins, Fertilizers, and Aromatics; in addition to administration and finance. Details of our business structure are outlined in the organizational chart below:

Organizational Structure

CEO

Legal

Manufacturing & Marketing
- Operations
- Technical Services
- Safety Health & Environment
- Polymers Marketing
- Aromatics Marketing
- Marketing Fertilizers & Supply Operations

Projects & Business Development
- Mega Projects
- Business Development
- Business Monitoring & Planning

Admin & Finance
- Corporate Planning
- Communication and Services
- Risk Management & Business Process Development
- Finance Affairs
- Human Resources
- Information & Communication Technologies
- Commercial

■ Sector Business Unit (SBU)   ☐ Department

Maintaining Integrity and Ethics in our Operations

At PIC, we believe that customer confidence and a stellar reputation are the bedrock of our business. Therefore, we encourage each employee to read, understand and follow the Code of Conduct. We expect that our employees are committed to conducting business and performing their duties in an ethical, disciplined, and orderly fashion, and with honesty and integrity. This requires adherence to all relevant business laws, regulations, and ethical practices. PIC further requires its employees to ensure that their behavior is characterized by the highest standards of integrity. Any violations of the law and regulations are to be reported to PIC's Compliance Officer. Employees are also required to comply with all directives issued by PIC or its authorized representatives.

PIC pledges to act ethically and commits itself to the highest standards of professionalism, accountability and provide high quality services and products.

Our Code of Conduct is distributed to all PIC employees, as well as all external parties that have signed a contract with PIC. By publishing our Code of Conduct on PIC's website and making it publicly available we encourage our associates to conduct their business with integrity, accountability, and transparency.

Our Code of Conduct

PIC's Code of Conduct covers the following areas:

1. Staff appreciation: PIC's policy is based on respecting other people's faith and religious rites. Hence each employee is responsible for respecting other people's rights.

2. Commitment to a Health, Safety, Security and Environment (HSSE) system: We seek to achieve a minimum number of incidents, injuries, and chronic diseases and to preserve the environment when conducting our business operations and activities. At PIC we strive to ensure the safety of employees at all work sites through compliance with HSSE standards and the safety of operations and operational units.

3. Citizenship and Social Responsibility: PIC seeks to positively contribute to the society. We share common interests with KPC and its subsidiaries in the focus on building long-term partnership with other entities and ensure alignment to achieve corporate goals and benefit the State of Kuwait.

4. Ethical Business Conduct: PIC pledges to act ethically and commits itself to the highest standards of professionalism, accountability and provide high quality services and products.

5. Confidentiality: PIC recognizes the importance of managing the disclosure of data, information, and knowledge flow within the organization as well as the importance of protecting our intellectual property rights.

Reporting Mechanisms for Grievances Related to the Code of Conduct

When it comes to reporting mechanisms for grievances related to the Code of Conduct, any employee can report a violation of the Code to the designated Compliance Officer in writing or by e-mail. The grievance should offer serious evidence that justifies and supports the employee's claim that the reported incident is genuine. Any documents supporting the allegation should be included at this time. PIC handles all reported irregularities and the identity of the complainant in strict confidentiality, and in accordance with the applicable laws.

Upon receipt of a claim, the Compliance Officer is expected to act accordingly.

Employees can also raise concerns with their line managers and seek advice. If the advice is insufficient employees can escalate the issue to the work relations team in HR (Human Resources). This process is applicable for all JVs and is available to contractors too.

Future enhancements under consideration include greater delineation between reporting violations of the Code of Conduct and the HR specific grievance mechanism; in addition to increased clarity on the written process.

PIC's Risk Management Approach

We have developed proactive methods in managing PIC's exposure to risks by using the GRI Standards and the Oil and Gas Sector Supplement as a tool to identify sustainability risks in our risk catalogue. Furthermore, each risk is vetted through our risk assessment heat map where we correlate it against four pre-defined qualitative criteria (Health & Safety, Natural Environment, Social or Cultural Heritage, Community, Government, Reputation & Media) and two sets of quantitative impact criteria (cost of impact, profit of reduction) to measure the severity of impact.

Once risks have been assessed they are prioritized based on projected severity. After the yearly risk assessment, any issues categorized as Very High Risk according to the PIC impact scale are identified and presented to the ROC. In the event, that the risks included in the Risks Index are the same as the Very High Risks based on PIC's impact scale then the ROC uses its judgement to prioritize risks from the Risks Index. This is again done in line with PIC's impact scale. The selection from the High-Risk category is based on the potential impact on business operations and activities.

The monitoring and treatment plans for risks approved by the ROC and their quarterly progress is reviewed by the ROC. PIC also reports risks selected for monitoring and treatment to KPC. The BSC is used to monitor the progress of the treatment plan of the risk index quarterly and is reported to PIC's management and, PIC's parent company, KPC on a quarterly basis. In addition, progress on treatment plans of High- and Very High- High-Risk categories are reviewed by ROC on a quarterly basis. At the end of the fiscal year, each selected risk subject to a treatment plan whether key risk index or high-risk or very high-risk is evaluated against established risk reduction criteria. This analysis is presented to PIC's management and forms the basis for assessing performance on risk reduction.

In terms of analyzing performance against targets, at the end of each fiscal year, risks are evaluated against their reduction criteria, and a filtered list is presented to PIC management for their assessment and actionable decisions. Finally, a Cash Flow at Risk (CFaR) is run to indicate the level of risk PIC is exposed to or potential loss of cash flows due to risks and uncertainty over PIC's tolerance limit. The latter is a set of quantitative parameters limits derived from risk capacity and appetite. For instance, our tolerance limit for cash at risk is 40 percent (cash flow at risk cash flow baseline). This tolerance limit serves as a guideline for corporate decision making according to KPC's guidelines.

Key Risks, Impacts and Opportunities

As described under our Risk Management Approach, we integrate sustainability risks as part of our ERM process specifically risks associated with economic, environmental, and social performance, health and safety, and regulatory compliance. A risk assessment exercise is performed annually. However, the ROC meets quarterly to assess introduction of any new risks, to update and approve the risk register. Overall, PIC maintains a zero tolerance for HSE and reputational risks.

PIC, as a member of the KPC group of companies, is prioritizing business resilience and continuity, especially in view of the pandemic and its impacts. We intend to secure and maintain an ISO 22301:2019 certification in business resilience and continuity. As part of our process safety efforts, we are also on track as per DuPont Sustainability Solutions. Furthermore, we are assessing our waste management protocols and metrics as required by KPC and are identifying their potential business risks to PIC.

PIC's Crisis Management and Emergency-Response Preparedness Approach

GRI 102-11   **GRI** 102-15

At PIC we define a crisis as any situation beyond the norm that threatens our strategic objectives. It can be categorized as either a "sudden" crisis – an unexpected occurrence over which PIC has limited control; or a "smoldering" crisis – a situation that may start as a minor incident which escalates over time to reach public attention. Managing both types of crises require the intervention of the Crisis Management Team (CMT), which is composed of senior management. Typically, a crisis, under our crisis management system, can be a result of internal or external causes. The CMT's crisis management objectives include:

- Carrying out a P.E.A.R analysis, which effectively provides guidance on prioritizing critical areas requiring attention in a crisis including people (P), environment (E), assets (A), and reputation (R)

- Minimizing the resulting damage and recovering from the incident
- Managing public relations
- Activating the necessary recovery and mitigation plans as part of the business continuity process
- Managing communications during and after the crisis and conducting post-event evaluations.

In the event of an external crisis that has strategic implications for PIC, the larger KPC group, or potentially the oil sector, we activate the Enterprise Crisis Management Team (ECMT), which is chaired by the KPC CEO and includes members from KPC-group companies.

Our JVs and subsidiaries under PIC's, and more broadly the KPC-group's, operational control also follow similar crisis management response systems with representatives from PIC's strategic business units included in the response and command chain.

The emergency-response and preparedness system functions in three parts:

1

Emergency

The unusual event that takes place and might cause damage to facilities or harm to the workers which calls for immediate action.

2

Evacuation

An emergency that requires the evacuation of all workers present at the plants to a safe location.

3

All Clear State

Indicates that it is safe for people to return to their work place.

There are three different emergency categories depending on the severity of the situation, the ability to respond to and manage the situation.

Category 1

PIC and Equate designated teams can deal with the emergency situation

Category 2

Emergency requires the aid of neighboring companies to control

Category 3

Emergency requires the interference of external government authorities to control (crisis)

Crisis Management during COVID-19

When the COVID-19 pandemic first emerged, our priority was the health and safety of our employees, workforce, and their families. We acted quickly and decisively as an organization to ensure we could continue to work safely under changing local conditions and protocols. We defined best practice measures and communicated what needed to be put in place across sites and business operations so that people could safely continue their work. The protection of our people is paramount and personal protective equipment (PPE), including masks, gloves, and sanitizers were prioritized and distributed to all our employees monthly. We also worked to raise awareness about the Covid-19 pandemic by conducting online meetings to discuss the risks and described procedures to prevent the spread of Covid-19 inside and outside the company.

From the start, we required and encouraged office-based employees to work from home and reduced onsite workforce to 30 percent. We ensured all team members had the necessary technology, equipment and IT support needed to work from home each day. For those whose presence was essential onsite such as those involved in the operations of the PP plant, we ensured they maintained safe social distances and installed thermal cameras, screen separators, and distributed PPE among our staff. Today we are back to 100 percent onsite capacity which is a testimony of the successful measures put in place. For details on our "Return to Work" Committee and its role ensuring the safe return of employees to our offices, please refer to 'Key Highlights: Our Response to COVID-19'.

The pandemic posed an acute challenge to PIC and to our peers globally. In many ways, it shaped our responses during a time of crisis. We identified gaps in our strategic thinking that needed to be bridged and developed best practices that we decided to continue post-pandemic. In this context, it was a logical decision that our reporting year's theme should be "A systemic response to the pandemic to reassess our sustainability approach." This Report is our attempt at describing our efforts during the pandemic, specifically: what we learned as a business, the decisions we took to ensure the safety of our people while striving to meet production targets, and the opportunities we created for improvement.

During 2020-21, PIC management worked to take decisions appropriate to local circumstances and to secure jobs and livelihoods of our employees while ensuring continuity of the business activities. We actively supported people to adapt to new ways of working and balancing the pressures of work and home life. This was an unsettling time so we took necessary steps to look after the well-being of our people. Our leadership communicated personal messages, business teams shared stories of success and awareness sessions were conducted to regularly communicate changes in pandemic-related protocols and regulations.

There were messages of hope, resilience, and togetherness across the business practices, which motivated us to re-examine our overall approach to conducting business and how we can further apply a sustainability lens to the same.

Our Approach
to Sustainability Management

At PIC, we realize that the petrochemical industry continues to be impacted by sustainability and environmental concerns, as well as changes in demand for petrochemical products. Furthermore, recent stakeholder demands over a robust sustainability approach to risk mitigation for organizations in the petrochemical industry has surged, driving an industry-led focus on incorporating sustainability. The changing global regulatory landscape on sustainability-related risks and managing the impacts of the petrochemical sector may further impact PIC's global footprint.

We created our long-term sustainability strategy and objectives in 2012 and established governance protocols on PIC's approach to sustainability soon after recognizing that building and maintaining our leadership in Kuwait's petrochemicals sector requires insight into sustainability related risks and trends as well as management of such risks. As our business has transitioned from fertilizers to olefins and aromatics, our understanding of sustainability considerations has evolved as well. Our re-entry into the PP Plant in 2020 has reshaped our sustainability approach and reporting needs, which are reflected in this Report. Finally, we anticipate further changes in our business approach as PIC intends to focus more on commodities and specialties. Nonetheless, as part of our efforts to keep pace with changing regulatory landscape, we have acquired a certification in our Sustainable Procurement Policy in 2021, committed to Responsible Care® and are ensuring that we monitor and track sustainability-related risks and performance KPIs.

As a leading petrochemical company in Kuwait, we are also aware of our role in supporting Kuwait's development and our potential to contribute to the Kuwait Vision 2035. Hence, we continue to adopt a forward-looking approach in managing our business practices and changing stakeholder demands by adopting increasingly sustainable practices and initiatives as we continue to grow.

Aligning with National and International Priorities

We aspire to be both a recognized global petrochemical player and admired by our stakeholders, leveraging Kuwait's national resources in value-added partnerships to drive growth. This is a key motivation for aligning our priorities with the Kuwait Vision 2035. We also link our priorities with the United Nations Sustainable Development Goals (SDGs), a set of 17 goals spearheaded by the UN to end global poverty, fight inequality, and tackle climate change. The illustrative below provides a high-level mapping of our key sustainability objectives in relation to national and global sustainability agendas. (Refer to the sub-sections on 'Advancing our Sustainability Agenda' and 'Our Materiality Assessment Approach' for further information on how the below sustainability objectives / themes and material topics were identified for 2020-21).

Key sustainability objective / theme	Alignment with sustainability dimensions / PIC's 2020-21 material topics	Alignment with Kuwait Vision 2035 pillars / strategic goals	Alignment with relevant UN SDGs
Sustainability governance and strategy	**Sustainability Dimensions:** • Governance • Strategic Direction • Metrics and Targets	• Public administration	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
Risk and opportunity assessment	**Sustainability Dimensions:** • Risk and Opportunity Assessment • Material Topics • Business Continuity	• Public administration	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION
Stakeholder engagement and materiality assessment	**Sustainability Dimensions:** • Stakeholder Inclusiveness • Materiality Assessment	• Public administration	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
Sustainability data collection and communications	**Sustainability Dimensions:** • Data Collection and Verification • Communications on Sustainability		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES, 11 SUSTAINABLE CITIES AND COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
Environmental footprint management	**Material Topics:** • Energy • Waste	• Sustainable living environment	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
Health and safety	**Material Topics:** • Occupational Health and Safety • Product Stewardship	• High quality healthcare	2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Employment practices and capacity development	**Sustainability Dimensions:** • Sustainability Capability Development **Material Topics:** • Training and Education • Employment • Diversity and Equal Opportunity	• Creative human capital	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 7 AFFORDABLE AND CLEAN ENERGY, 10 REDUCED INEQUALITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Key sustainability objective / theme	Alignment with sustainability dimensions / PIC's 2020-21 material topics	Alignment with Kuwait Vision 2035 pillars / strategic goals	Alignment with relevant UN SDGs
Drive excellence through innovation	**Material Topics:** • Circular Economy • Innovation	• Sustainable diversified economy • Global positioning • Sustainable living environment	6 CLEAN WATER AND SANITATION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND
Finance and compliance role in sustainability	**Material Topics:** • Compliance • Economic Performance	• Sustainable diversified economy	2 ZERO HUNGER, 5 GENDER EQUALITY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Enhance and measure impacts of external initiatives	**Material Topics:** • Local Content • Local Communities	• Sustainable living environment • Effective services • High quality healthcare • Creative human capital	7 AFFORDABLE AND CLEAN ENERGY, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sustainability Management and Governance

GRI 102-18   **GRI** 102-19

PIC's approach to sustainability is mainly focused on achieving development that reflects our current obligations, stakeholder expectations, and requirements, as well as the projected needs and expectations of the future generations. Our Board of Directors and management play a critical role in directing our efforts to ensure accountability and to incorporate sustainability in all of our business practices and procedures.

We believe that effective management of sustainability risks can improve business performance. A robust sustainability governance model allows us to effectively manage our sustainability risks and performance. Our dedicated Sustainability Committee is responsible for implementing our sustainability approach across all our business activities and ensuring regular monitoring and management of the targets and initiatives embedded within the strategy. The Sustainability Committee, chaired by the DCEO - Administration and Finance, is responsible for overseeing and

providing the direction for our sustainability agenda. The committee, led by a senior member of from corporate planning, meets monthly to monitor progress on PIC's sustainability objectives and material Key Performance Indicators (KPIs) and has representatives from different departments across PIC including corporate planning, safety health and environment, business monitoring and planning, information and communication technologies, communication and services, marketing, operations, human resource and finance. Members who are key initiative focal points and data owners track and share progress on the completion of initiatives and monitor KPIs.

As a company focused on integrating responsible and sustainable business practices across the value chain, we are also making sure sustainability practices are integrated and followed by our Joint Ventures (JVs), as listed in the previous section. (Refer to 'About Us' section for further details). All our JVs in place as of 2020-21, have also adopted and/or initiated sustainability efforts as described below.

Joint Venture	Key Sustainability Efforts / Management Approach

Our JV, EQUATE, is Kuwait's first Responsible Care® accredited and certified organization and one of the founding members of Gulf Petrochemicals and Chemicals Association. As a key entity contributing to the local economic growth in Kuwait, and supporting national development plans and agendas, EQUATE understands its responsibility towards maintaining sustainable business excellence and has a Group corporate business strategy in place that embeds sustainability elements within its objectives and focuses on five key pillars, namely:

Sustainability   **People Excellence**   **Business Excellence**   **Growth**   **Maximize Value**

EQUATE established its sustainability strategy in 2015, aligned with its Group Corporate Strategy, with the aim of combining innovation and industrial expertise with competent human resources, technological breakthroughs, rich feedstock, and valuable infrastructure to implement 16 key sustainability strategic initiatives by 2025.[1]

GPIC's approach to sustainability focuses on the three pillars: People, Planet and Profit.

GPIC is committed to the ten principles of the UNGC, the 6 Food and Agriculture Business principles (FAB) and the UNGC's Women's Empowerment Principles (WEP) and issues annual Communications on Progress (CoP) about implementing the UNGC principles.

GPIC started setting its long-terms sustainability goals in 2014 to make a greater impact, to scale up the contribution of our business to UN priorities and to align its overall strategy to Bahrain's Economic Vision 2030.

The goals are focused on the below aspects:

Climate change   **Energy and water conservation and resource efficiency**   **SHE excellence**

Human capital development   **Corporate social responsibility and community engagement**   **Business excellence and economic sustainability**

GPIC's long-term sustainability goals and targets are based on its past performance, regularly monitored, and reported and shared with all relevant stakeholders to demonstrate both its transparency and complete dedication to sustainable development.[2]

Joint Venture	Sustainability Efforts / Management Approach
SK picglobal	Our values are in alignment with our JV, SK picglobal, in South Korea. SK picglobal has embedded sustainability into its operations after adopting the world's first eco-friendly propylene oxide (PO) manufacturing method. SK picglobal identified environmental, social, governance (ESG) considerations as a core management principle. Working closely with PIC, the JV's strategic sustainability related goals include reducing their environmental footprint, achieving RE100 targets, and securing zero hazard safety. Future plans include exploring options for eco-friendly technologies to improve material safety, and testing the commercial applications of pyrolysis i.e. the thermal degradation of plastic waste at different temperatures, in the absence of oxygen, to produce a liquid that can be burned as fuel and other feedstock which can be used for other chemical processes.
SK Advanced	SK Advanced is a proponent of ESG values across its group of companies. Social value divisions across the group focus on promoting and operationalizing ESG values through its "Double Bottom Line" principle which pursues social performance by creating social benefits through economic activities, reducing harmful social impacts as a result of economic activities, and generating economic value for its stakeholders.
CKPC **Canada Kuwait Petrochemical Corporation**	Establishment of physical plants under the Canada Kuwait Petrochemical Corporation is under process. However, all policies, HSE processes, environmental and operational procedures will be in line with KPC's mandates.
KVPC **Kuwait Vietnam Petrochemical Company Limited (KVPC)**	As a wholly owned company under the KPC group of companies, KVPC understands its responsibility towards maintaining sustainable business excellence and has a Group corporate business strategy in place in line with the KPC agenda.

....
1. https://www.equate.com/wp-content/uploads/2020/10/Equate-Sustainability-report_V51_Final_Medium-Res.pdf
2. https://www.`gpic.com/responcibility/sustain/

Advancing our Sustainability Agenda

In 2012, our sustainability journey was formalized with the development and adoption of our sustainability strategy cementing our commitment to contributing to the economic, social, and environmental well-being of our Company, communities, and country. The following year, we set PIC's long-term Sustainability Goals plan to accelerate strategy implementation and to address the key material aspects identified.

PIC's Sustainability Goals

Operational Excellence

Objective:

Make our operations safer and more efficient and productive

Responsible Corporate Citizenship

Objective:

Develop the current and future leaders in sustainability and championing healthy lifestyles and the conservation of natural resources

When PIC assumed operational control over the Polypropene Plant we decided to reboot our approach to sustainability. This was also in recognition of the knowledge that the global and regional regulatory landscape is changing rapidly, stakeholders are asking for greater disclosures under non-financial reporting, and the race to net-zero is rapidly gaining momentum.

The subsequent sections provide an overview of the approach we followed to advance our sustainability agenda by reassessing the maturity level of our sustainability practices against nine sustainability dimensions and the identified material topics for the current reporting year.

PIC's Maturity Assessment Approach

The infographic below outlines the changes we have made to our sustainability objectives, themes, and initiatives during the reporting year as part of a maturity assessment exercise conducted during the year.

We carried out the maturity assessment to identify gaps and areas for improvement based on PIC's existing approach to sustainability, changing stakeholder expectations and leading practices adopted in the sector. The assessment was conducted against nine dimensions identified as relevant for assessing PIC's approach to governance and management of sustainability risks and opportunities.

Maturity Level Dimensions

Governance	Strategic direction
Risk management and opportunity assessment	Metrics and targets
Data collection and verification	Stakeholder inclusiveness
Materiality assessment	Sustainability capability development

Communications on Sustainability

Maturity Assessment Process

Assess current practices

Interviewing or receiving feedback from select PIC personnel to obtain an understanding of current practices

⬇

Identify best practices

Identifying best practices by benchmarking publicly available peer information

⬇

Identify gaps and recommendations

Identifying gaps and recommended area for improvement based PIC's current practices assessment against the nine dimensions and peer best practices

A list of recommended objectives and related key activities were identified based on the maturity assessment. These objectives were further combined under common themes and were further mapped against each sustainability dimension and material topic.

No.	Relevant Sustainability Objectives	Themes
1	• Objective 1A: Establish formal sustainability governance structure for PIC • Objective 1B: Develop sustainability strategy for PIC • Objective 1C: Develop measurable KPIs for all material sustainability topics	Sustainability Governance and Strategy
2	• Objective 2A: Enhance business continuity management at PIC • Objective 2B: Integrate risks related to material sustainability topics into PIC's Enterprise Risk Management framework	Risk and opportunity assessment
3	• Objective 3A: Enhance stakeholder engagement strategy • Objective 3B: Enhance materiality assessment process	Stakeholder engagement and materiality assessment
4	• Objective 4A: Enhance sustainability data collection and verification process • Objective 4B: Enhance credibility of sustainability metrics through independent assurance • Objective 4C: Enhance sustainability communications at PIC	Sustainability data collection and communications
5	• Objective 5A: Enhance PIC's energy management practices • Objective 5B: Enhance waste management practices at PIC	Environmental footprint management
6	• Objective 6A: Enhance occupational health and safety (OHS) practices • Objective 6B: Develop a dedicated product stewardship framework for PIC	Health and Safety
7	• Objective 7A: Enhance sustainability awareness and capability of PIC personnel • Objective 7B: Enhance development of women and persons with special needs within PIC • Objective 7C: Assess and enhance employment practices	Employment practices and capacity development
8	• Objective 8A: Develop a circular economy strategy and implementation framework • Objective 8B: Develop and implement an Innovation Strategy for PIC	Drive excellence through innovation
9	• Objective 9A: Enhance Compliance function's role in Sustainability • Objective 9B: Enhance Finance function's role in Sustainability	Finance and compliance role in sustainability
10	• Objective 10A: Enhance PIC's Local Content practices • Objective 10B: Enhance PIC's CSR practices	Enhance and measure impacts of external initiatives

Our Collaborative Approach to Driving Sustainability

GRI 102-13

Our participation in various associations allows us to stay connected with our stakeholders and address critical issues within relevant industries. We are members of the following associations:

Membership / Association	Contribution / involvement to drive PIC's sustainability agenda further
Gulf Petrochemicals and Chemical Association (GPCA)	PIC is one of the founding members of the GPA and serves on three GPCA committees — Fertilizers, Responsible Care, and International Care. We participate in many GPCA-sponsored conferences, conventions, annual forums, and networking platforms. Through our membership with GPCA, we are able to share best practices, inspire and learn from our peer companies to drive the sustainability agenda. The association also enables us to establish contacts with industry executives, potential customers, and influential decision-makers in various parts of the GCC region and throughout the world.
International Fertilizer Industry Association (IFA)	PIC has been a member of the IFA, a not-for profit business and industry association, which represents the fertilizer industry globally. IFA currently has 542 members spread across 81 countries, with 50 percent of members in developing economies. We endorse IFA's 12 safety, health and environmental (SHE) principles that represent the association's commitment to responsible and sustainable fertilizer production and use.

Our Stakeholder Engagement Process

GRI 102-40   **GRI** 102-42   **GRI** 102-43

"

Our stakeholders are key to driving PIC's decision-making. We value their opinions and make sure any new strategies, programs or systems are aligned with the vision of our stakeholders.

Shafi Taleb Al-Ajmi
DCEO Admin & Finance

KPC

Industry associations

Kuwait Environment Public Authority (KEPA)

KEPA

PIC Sustainability Committee

JV partners

NGOs

Local communities

KPC

Employees

Kuwaiti or local government

Suppliers and contractors

Local and international customers

Labor unions

Media
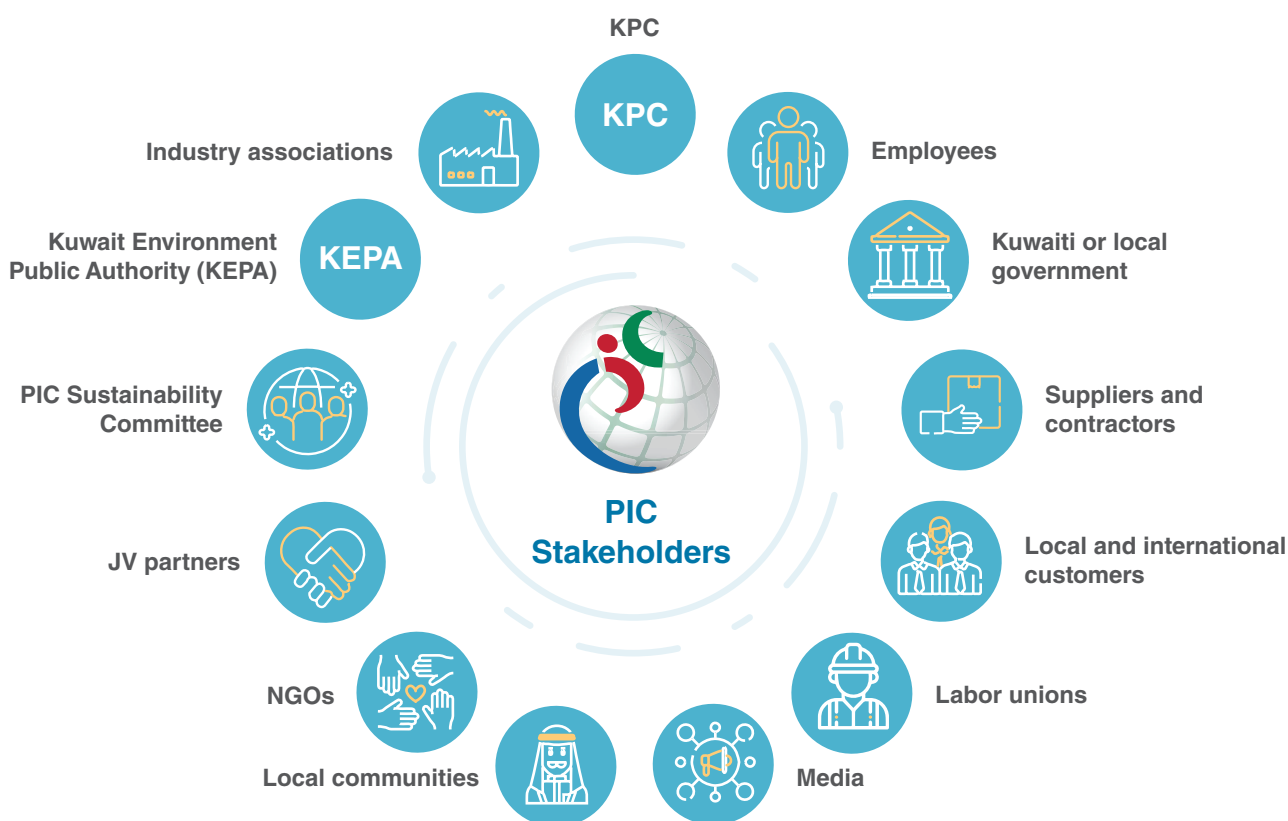
PIC Stakeholders

A stakeholder-driven sustainability approach is an effective and important mechanism to ensure that PIC remains cognizant of changing market trends and demands and the needs of the community. Our internal and external stakeholders are our primary focus as we closely collaborate and engage with them on a regular basis in order to build trust and long-term relationships. Stakeholders' involvement has enabled us to identify, understand and effectively respond to their potential requirements and expectations, adding more value through being people focused.

Our stakeholder engagement approach and their feedback are valuable inputs that help us define the objectives of our sustainability approach and initiatives. This also enables us to integrate the same into our decision-making process. We understand that our stakeholders have different concerns and expectations and our goal is to manage our ongoing engagement with them through multiple channels to stay attuned to their expectations and to respond to their concerns.

We established our stakeholder engagement guidelines in 2013, to help enhance our stakeholder identification and selection process. The guidelines have been used since then to effectively identify and prioritize stakeholder groups that can be said to reasonably impact or could be affected by PIC's activities and operations. For the current reporting year, we have also identified the key stakeholder groups for PIC, as highlighted in 'Appendix B – Detailed Stakeholder Engagement Map'.

Our Materiality Assessment Process

GRI 102-42   **GRI** 102-46   **GRI** 102-47

Identification of potential material topics for PIC across economic, environment and social performance was key for us. To aid this exercise, we conducted a peer assessment of the material topics identified by selected peers in their latest publicly available sustainability reports. Finally, to evaluate PIC's external sustainability context, relevant topics

from the following sustainability-related guidelines, standards, and regulations were assessed and mapped to our potential material topics, as well as the GRI Standards.

- GRI Oil and Gas sector supplement
- Sustainability Accounting Standards Board (SASB) on Oil & Gas – Refining and Marketing
- World Economic Forum International Business Council (WEF IBC)
- International Petroleum Industry Environmental Conservation Association (IPIECA)
- Responsible Care (RC)
- Kuwait National Development Plan
- United Nations Sustainable Development Goals (UN SDGs)
- Local Regulations: (Ministry of Oil, Ministry of Electricity and Water, KEPA, other governmental regulations)

We further assessed the internal sustainability context for PIC as a subsidiary of KPC by identifying potential sustainability topics from KPC's 2040 Strategic Directions, PIC's Corporate Strategy as well as our values and Code of Conduct. To select the most pertinent topics for PIC, topics were ranked, and material topics identified based on stakeholder engagement – both internal and external. The topic listing was validated by PIC's management to come up with the final list of 15 material topics.

To further refine the highlighted material topics,

we have held multiple remote discussion sessions with PIC's internal and external stakeholders. For instance, we have managed to coordinate nine stakeholder engagement sessions, which consisted of three sessions among the internal stakeholders and six sessions with our external stakeholders. As a result, 15 material topics were compiled by taking an arithmetic average of all the responses after scaling them.

Materiality Assessment Results:

The final 15 material topics were selected by plotting the results of internal and external stakeholder sessions on the materiality matrix. The plot has two dimensions illustrating the following:

- Horizontal axis: the significance of economic, environmental, and social impacts for PIC. The topics were positioned based on the arithmetic average of internal stakeholder sessions results.
- Vertical axis: the primacy of these economic, environmental, and social for external stakeholder decisions. The topics were positioned based on the arithmetic average of external stakeholder sessions results.

The topics were ranked depending on the values of horizontal and vertical dimensions, and the top 15 topics selected were then validated with PIC's top management.

Materiality Matrix

Materiality Matrix

High

Impacts on external stakeholders' decisions

9.00 — Compliance

Occupatonal Health and Safety

Employment

8.50 — Asset integrity — Business Continuity — Energy

Circular Economy — Training and Education

Product Stewardship — Economic Performance

Local Content

8.00 — Innovation — Diversity and Equal Opportunity

Water and Effluents — Local Communities

Emissions — Waste

7.50 — Biodiversity

Materials

7.00 —

Non-discrimination — Anti-corruption

6.50 —

Human Rights

6.00

6.00   6.50   7.00   7.50   8.00   8.50   9.00   9.50   10.00

Significance of Economic, Environmental and Social Impacts at PIC

Low   High

Rank	Topic	Selected Key Performance Indicators (KPIs)	Data Collection Boundaries
1	Occupational Health and Safety	• GRI 403-9: Work-related injuries (includes rate of fatalities, rate of high consequence work-related injuries, rate of recordable work-related injuries, number of hours worked)	• Polypropylene Plant • PIC Head Office
2	Compliance	• GRI 307-1: Non-compliance with environmental laws and regulations • GRI 419-1: Non-compliance with laws and regulations in the social and economic area	• Polypropylene Plant • PIC Head Office
3	Economic Performance	• GRI 201-1: Direct economic value generated and distributed	• Financial performance data as presented in PIC's consolidated financial statements
4	Energy	• GRI 302-1: Energy consumption within the organization • GRI 302-3: Energy intensity • GRI 302-4: Reduction of energy consumption • GRI OG 2: Total amount invested in renewable energy • GRI OG 3: Total amount of renewable energy generated by source	• Polypropylene Plant • PIC Head Office • Boubyan Club

Rank	Topic	Selected Key Performance Indicators (KPIs)	Data Collection Boundaries
5	Training and Education	• GRI 404-1: Average hours of training per year per employee • GRI 404-2: Programs for upgrading employee skills and transition assistance programs • GRI 404-3: Percentage of employees receiving regular performance and career development reviews	• Polypropylene Plant • PIC Head Office
6	Business Continuity	• Top emergency scenarios covered under the Business Continuity Plan	• Polypropylene Plant • PIC Head Office
7	Waste	• GRI 306-3: Waste generated	• Polypropylene Plant • PIC Head Office
8	Circular Economy	• WBCSD: Percentage of renewable energy	• Polypropylene Plant • PIC Head Office
9	Employment	• GRI 401-1: New employee hires and employee turnover • GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees • GRI 401-3: Parental leave	• Polypropylene Plant • PIC Head Office
10	Product Stewardship	• GRI 416-1: Assessment of health and safety impacts of product and service categories	• Polypropylene Plant • PIC Head Office
11	Local Content	• GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage • GRI 203-2: Significant indirect economic impacts • GRI 204-1: Proportion of spending on local suppliers	• Polypropylene Plant • PIC Head Office
12	Local Communities	• Details of Corporate Social Responsibility Programs undertaken	• Polypropylene Plant • PIC Head Office
13	Asset Integrity and Process Safety	• GRI OG13: Number of process safety events (including Tier 1 and Tier 2), by business activity	• Polypropylene Plant • PIC Head Office
14	Diversity and Equal Opportunity	• GRI 405-1: Diversity of governance bodies and employees • GRI 405-2: Ratio of basic salary and remuneration of women to men	• Polypropylene Plant • PIC Head Office
15	Innovation	• Name of the program and a description of the Program	• Polypropylene Plant • PIC Head Office

Ensuring Compliance

GRI 102-11

We are aware that violations or non-compliance of any kind may lead to restrictions to our license to operate, sanctions, and substantial fines. Hence, at PIC, we firmly enforce measures to ensure our compliance with laws, regulations, and standards. We passionately believe that it is our responsibility to ensure compliance with applicable national and international socio-economic and environmental regulations, as well as industry standards relevant to our operations. We have established an effective approach for compliance management that is overseen by the Legal department. The framework helps us identify compliance requirements, set controls and policies, and periodically monitor our compliance performance.

We are proud to state that PIC did not incur any significant fines and non-monitory sanctions, or cases related to non-compliance with any environment or socio-economic performance related laws, regulations, or standards during 2020-21.

Environmental
Performance

In this Section

Overview of PIC's Environmental Performance and a Shift Towards a Circular Economy Focus

Driving Efficiency Across our Energy Usage Performance

Waste Management

Overview of PIC's Environmental Performance and a Shift Towards a Circular Economy Focus

The global petrochemical industry is reducing its reliance on fossil fuels, limiting emissions, and reducing its environmental footprint. We recognize that growing interest from stakeholders in climate action particularly the role played by the petrochemical sector will shape future business development. Stakeholders' demand has also increased in terms of declaring sustainability performance in relevance with their imposed critical issues within the petrochemical industry. Combined with increasingly significant long-term risks posed by environmental issues such as global warming, climate change, depletion of non-renewable natural resources and ecosystem degradation, we acknowledge the importance of businesses' participation in taking the lead on addressing such concerns.

PIC is recognized as a petrochemical industry pioneer. As a result, we are committed to reducing our environmental impact. Regarding our operations in Kuwait, we have obtained ISO 14001 certification in environmental management as well as Responsible Care® certification.

As part of our efforts towards improving environmental protection and environmental performance management, our energy, water, waste, and greenhouse gas (GHG) emissions are regularly monitored and/or audited. On the basis of six-sigma strategies and methodologies, we have deployed optimization programs for the purpose of reflecting continuous improvement. Thus, we have attained USGBC LEED (Leadership in Energy and Environmental Design) Gold certification for our PIC's head office building as part of our efforts in minimizing our impact on the environment. In addition, we have contributed in promoting environmental-friendly technologies that use renewable energy as the main source through installing energy-efficient lighting and solar panels in our head office and parking sheds over the last few years.

We aim to produce high-quality products for our customers, while improving production efficiencies, and reducing our own environmental impact through economical use of resources and improving operational and energy efficiency. By using renewable and non-renewable natural resources, we recognize the fact that our operations have beneficial environmental impacts including reducing emissions to air, land, or water, which also contributes in reducing biodiversity loss and climate change. Through our initiatives that target energy conservation, global warming prevention, resource preservation, and pollution prevention, we continuously strive to actively monitor, track, and control our environmental impacts.

A founding member of the Gulf Petrochemicals and Chemical Association (GPCA), PIC is aligned with their mission to support the growth and sustainable development of the petrochemical and chemical industries in the Arabian Gulf. We are working towards embedding a circular economy approach across our business practices, both through intention and design – including gradually replacing the concept of product end-of-life with reuse, shifting towards the use of renewable energy, eliminating the use of harmful or non-reuse chemicals, and the elimination of waste across our value chain through superior material design, efficient products, systems, and business models.

As the petrochemical arm of KPC, we are driven by KPC's 2040 Long-Term Downstream Strategy, which outlines an ambitious growth plan in petrochemicals that is mainly focused on attaining global market leadership around select core commodities and derivatives. Our strategy focuses on the circular economy, which KPC describes as "the license to operate in the chemical industry in the future". The proposed circular economy cycle is as follows:

1. **Buy**
   materials that are regenerative or recycled

2. **Design**
   products that are recyclable and reusable

3. **Make**
   product waste-free and resource-efficient as possible

4. **Sell**
   access (rather than ownership) leasing or sharing products

5. **Use**
   products responsibly, not exessively to extend their lifetime and to reduce pollution

6. **Collect and Recycle**
   products and materials at the end of their current life to close the loop

Accordingly, PIC's mission statement has been modified, and the company plans to develop capabilities to expand into green petrochemicals and circular economy business initiatives.

Pre-Feasibility Study for Plastic Waste to Petroleum Products

In line with KPC's 2040 strategy, PIC intends to explore opportunities to treat plastic waste within Kuwait, exploring the possibilities of using plastic waste as feed stock or converting it into petroleum products. The petroleum products are expected to be dispatched to facilities owned by KNPC/KIPIC and sold by KPC's International Marketing Department. The objective of our study is to execute a pre-feasibility study which can form the basis of future research and development activities by Kuwait's private sector.

Reusing plastic meets the 3 main principles of a circular economy approach: reduce, reuse, and recycle. This study approaches recycling through the umbrella term of chemical recycling. The main technical concepts in chemical recycling are thermolysis (gasification to produce Syngas or "synthesis gas"), pyrolysis to produce pyrolysis gas also known as "Py-gas" or pyrolysis oil also known as "Py-oil" (a process which can convert mixed plastic waste into naphtha which can be cracked into petrochemicals and plastics), and chemical depolymerization (which breaks down polyester and polystyrene into their raw materials for conversion back into new polymers). The objectives of the existing pre-feasibility study addresses stage one: pyrolysis.

Depending on the outcomes of the pre-feasibility study, we anticipate that our research and investment may help to partially reduce and reuse plastic waste generated in Kuwait, which will have positive environmental results, primarily:

- Reduce plastic waste
- Reduce GHG emissions
- Curb dumping plastic waste into marine and desert ecosystems
- Curtail unsightly landfills as waste is repurposed

There are concomitant economic benefits as well such as:

- Creating entrepreneurial opportunities and avenues for innovation

- Alignment with Kuwait's national sustainability vision and drive ling-term investments in infrastructure
- Support economic diversification and value creation

Finally, potential social benefits we hope will accrue from future developments include:

- Cultivating a knowledge-based economy
- Job creation
- Improving living standards and quality of life
- Encouraging environmentally responsible civic behavior

As part of this study, we assessed quantities of plastic waste collected and stored by municipal facilities (approximately 400 kilotons) during the reporting year and came to the conclusion that stakeholders must act collectively and responsibly to reimagine how plastic waste can add value to petroleum products. The study also indicates more effective proactive alignment with our updated mission statement as well as KPC's strategic direction for 2040. The latter emphasizes the importance of "innovation" specifically renewing focus on adopting new ideas that create value. In addition to, "facilitating technology and capability transfer" by simplifying the process to pursue transfer of technologies to and from K-companies and creating platforms for collaboration. Finally, as a responsible business leader in Kuwait and the region, we believe that our efforts will support Kuwait's national efforts to combat climate change as per the Paris Agreement.

As part of our long-term commitment to achieve sustainable production, we anticipate that once this pre-feasibility study is complete and all stakeholders have agreed upon a clear roadmap, we will be positioned to involve the private sector in both research and development and investing in implementing the results of the study.

Driving Efficiency Across our Energy Usage Performance

"

At PIC we've found that energy efficiency and effective waste management are relatively simple and cost-effective ways to embed sustainability in our day-to-day decisions and work practices. They reflect our commitment to the environment, improve our competitiveness, and address some of key concerns our stakeholders are raising. We will be working to make further gains in our performance in these aspects.

Ahmad Abdulameir Abbas
Operations Manager

As part of our efforts in shifting towards a circular economy model is reducing our overall energy consumption and mitigating PIC's environmental impact. PIC is currently tracking the percentage of renewable energy produced and consumed in order to shift away from a heavy reliance on single-use hydrocarbon energy resources.

We have played a significant role in driving environmental stewardship in Kuwait and in the region through our efforts in monitoring, managing, and reporting on the impact of our business on the environment. As an organization in an energy-intensive industry, we also understand how our operations and products impact national energy demands. Therefore, we have several ongoing initiatives linked to managing our energy use. Greater energy efficiency will help us reduce our operational costs and lessen our direct environmental impact. Our 2040 strategic objectives also highlight PIC's efforts towards ensuring efficient

energy performance, with "Achieving Operational Excellence by driving efficiency in usage of energy".

Our energy use is composed of direct energy consumption (natural gas which is used both as a process input and as a fuel in our operations) and indirect energy consumption (electricity procured from the national grid).

PIC's Approach to Maintaining Highest Standards Across its Energy Performance Management

GRI 103-1   **GRI** 103-2   **GRI** 103-3

PIC has developed an Energy Management Policy as a subsidiary of KPC, prioritizing intensity reduction through investing in renewable energy and energy efficiency technologies. The policy also includes inculcating awareness of the benefits of energy savings among employees. Since 2012-2013, we have been tracking our direct energy consumption and have made tremendous progress toward attaining efficient energy performance across all of our operations and assets, including the adoption of ISO 50001-compliant energy management system.

The operational data covered in this Report is taken from the period of April 1st, 2020 to March 31st, 2021. PIC has defined its reporting boundaries for energy usage at its main office (HQ), Polypropylene Plant, and Boubyan Club. As of January 2020, the Polypropylene Plant has been fully operated by PIC. The plant represents nearly 100% of PIC's overall energy consumption and primarily consumes steam, which is provided by EQUATE's group.

The reporting boundary has no significant restrictions or exclusions. In future reporting cycles, we may consider expanding our reporting boundaries to include energy performance aspects across our value chain.

Several obstacles have arised towards our operations and activities and were directly imposed by the COVID-19 pandemic during the current

reporting year. We have encountered several operational issues, such as delays in progressing in our existing energy management activities and adopting new conservation measures. One of the most key challenges that we have faced was with regards to the maintenance of the 820kW photovoltaic (PV) system. Due to the imposed lockdown restrictions, employees in charge of cleaning and maintaining the PV system were unable to accomplish their jobs, resulting in lower system productivity. Therefore, between March and October of 2020, our PV system produced less solar energy, resulting in lower conversion efficiency.

However, during the current reporting year, we managed to renew our ISO 50001 certification for energy management systems to include the Polypropylene Plant within our reporting boundaries. Because our production facility is an energy-intensive aspect of our business, it is crucial to be more aware about the improvements that will enable us to operate more efficiently. Despite

such challenges, we are currently working towards resuming energy efficiency strategies and further improving our energy footprint.

One key mechanism, related to our energy use and performance, that we follow and integrate across our operations and activities, is to align with KPC's established energy management standards and systems, including aligning our energy efficiency and management related initiatives and activities in line with the roadmap for the same deployed by KPC for all its direct and indirect subsidiaries.

Some of key governance considerations to ensure holistic alignment of our energy performance considerations with KPC's energy management approach include:

Our Top Management Team remains accountable for

- Providing adequate resources to enable PIC to comply with and effectively implement KPC's Energy Management Standard

- Approving the scope and boundaries of PIC to be addressed by the KPC Energy Management System

- Promoting awareness of the KPC Energy Management Policy and other relevant elements of the KPC Energy Management System to all employees of PIC

- Approving PIC's Energy Performance Indicators (EnPIs) and reviewing them at determined intervals to ensure they appropriately represent our energy performance

- Approving and reviewing energy objectives, targets, and action plans

- Approving and issuing the controlled versions of the necessary documentation to support the establishment and implementation of the KPC Energy Management System

- Nominating an Energy Management Team by identifying suitably qualified and competent representatives from relevant functions to carry out energy planning, reporting and performance management tasks

Our Energy Manager is responsible for

- Acting as the principal coordinator between the Top Management Team and our Energy Management Team for anything associated with the KPC Energy Management System
- Reporting to our Top Management Team on energy performance and PIC's performance in relation to the KPC Energy Management System
- Providing support and inputs related to energy reviews, EnPIs, objectives, targets, and action plans for energy performance improvement to the KPC HSSE Manager, when prompted
- Determining PIC's scope and boundaries to be addressed by the KPC Energy Management System
- Promoting awareness of the KPC Energy Management Policy and other relevant elements of the KPC Energy Management System among all PIC employees
- Communicating to other relevant functions their obligations pertaining to energy management and any changes to the KPC Energy Management System documentation or the KPC Energy Management Standard
- Establishing and implementing relevant criteria and processes to ensure that the energy review and planning activities are effective and are conducted at set intervals

Energy Optimization

We have established an Energy Optimization Committee to provide effective management-level insights and decision-making in relevance to enhancing PIC's energy efficiency as well as tracking and managing performance against set energy performance baselines and targets with identifying areas of improvement as required.

Organizing awareness raising sessions on energy efficiency and energy audits — 8

Achieving all requirements of the ISO 50001 certification for the energy management system and working on continuous improvement and developing appropriate solutions for all internal and external observations — 7

Submitting and reviewing periodic reports on the extent of achieving goals and energy consumption — 6

Updating energy reading of the head office in 2021 — 5

Energy Optimization Committee

Identifying opportunities for efficient energy consumption in PIC's facilities — 1

Setting annual goals and indicators to measure the energy performance of the head office, Polypropylene Plant, and Boubyan Club — 2

Developing an action plan to implement the opportunities and objectives in line with KPC Energy Management Standards — 3

Following up the implementation of goals and recommendations with the departments responsible for implementation — 4

The Energy Optimization Committee has established monthly KPIs and targets for each of the facilities included in the reporting boundary. The following targets are reviewed monthly during the Balance Score Card meetings (a risk assessment and prioritization system described under PIC's Risk Management Approach. See pages 33-35):

1. Polypropylene Plant has a target to maintain energy intensity at or below 0.68 MWh/ton.
2. The head office has a target to maintain energy consumption at or below 223 MWh/month.
3. Boubyan Club has a target to maintain energy consumption at or below 55 MWh/month.

Because the Polypropylene Plant is a direct source of revenue for PIC, a different metric has been used for our main building as it is critical to examine if the output is being produced at an efficient rate of energy consumption.

To raise employee awareness on the importance of energy savings, the Energy Optimization Committee hosted two knowledge sharing sessions during the current reporting year. Currently, we do not have a mechanism in place to evaluate the impact of such efforts. Nonetheless, we will continue conducting these sessions based on the feedback we receive from our concerned stakeholders on such topics.

We also conduct regular internal energy audits as part of our overall internal audit plan, in addition to any external verification or audit exercises conducted as a part of obtaining specific certifications or licenses (e.g., ISO 50001 certification renewed during 2020) related to energy management. Energy consumption data is collected via meter readings and invoices for steam purchase from EQUATE group. The data is then collated in an excel workbook and verified by a member of the Energy Optimization Committee. This is followed by a series of unit conversions and calculations to determine whether PIC has maintained its consumption at or is below the predetermined monthly targets.

Due to the pandemic, we were unable to carry out regularly scheduled energy performance audits. These will resume once lockdowns and travel restrictions ease and it is safe for our teams to carry out their duties.

Energy Consumption and Intensity within the Organization

GRI 302-1　**GRI** 302-2

As we operate in an energy intensive sector, we seek to establish practical pathways towards achieving best industry practices and manage our energy consumption to minimize our carbon footprint.

PIC's energy mix relies on steam, solar and grid power. The steam is strictly utilized for the operation of the Polypropylene Plant, while the solar production and grid power draw is utilized by the main office and the Boubyan Club. Our energy use consists of direct energy consumption (natural gas which is used both as a process input and as a fuel in our operations) and indirect energy consumption (electricity procured from the national grid). Diesel consumption has not been included in our energy usage calculations, as it is used only for maintenance vehicles and not in our operations.

During the reporting year, we have recorded an increase in our total steam consumption and energy consumption in comparison with the previous year by 7 percent and 5 percent, respectively. The increase is attributed to the circumstances caused by the pandemic, in addition to reduced solar production due to an inability to perform routine panel maintenance.

Total Energy Consumption across PIC
(as per reporting boundary considered)

Total Steam Consumption (GJ)

2019-20
120,964

2020-21
128,945

Total Energy Consumption (GJ)

2019-20
125,759

2020-21
132,285
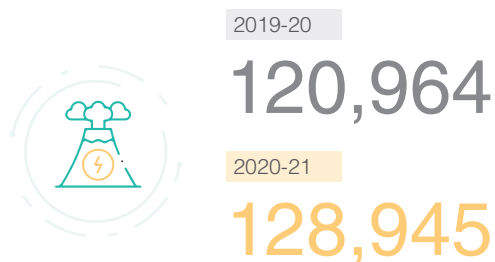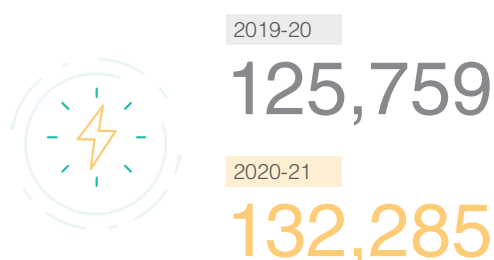
Since 2020, the Polypropylene Plant operations are being managed under PIC's direct control. We have also began to monitor steam consumption and electricity consumption at the plant and are currently disclosing on the same with a month-wise breakdown.

Breakdown per Month	Total Steam Consumption for the Polypropylene Plant (MKcal)	Total Electricity Consumption for the Polypropylene Plant (MWh)
April 2020	3,124	5,114
May 2020	2,432	3,952
June 2020	2,921	4,799
July 2020	2,985	4,960
August 2020	2,918	4,845
September 2020	2,726	4,713
October 2020	2,809	4,801
November 2020	2,624	4,083
December 2020	2,949	4,600
January 2021	2,713	4,499
February 2021	2,624	4,371
March 2021	0.2	927

Polypropylene Plant - Energy Intensity 2020
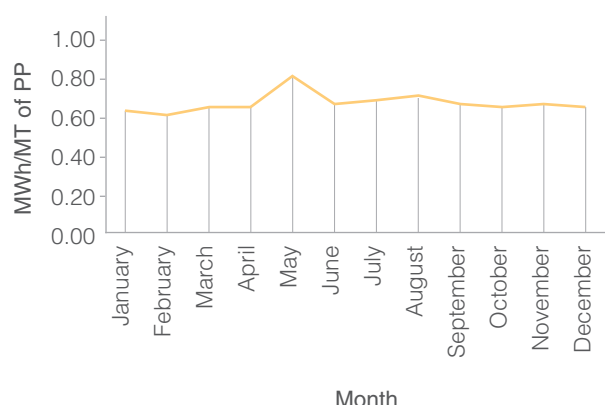
Polypropylene Plant - Energy Intensity 2021
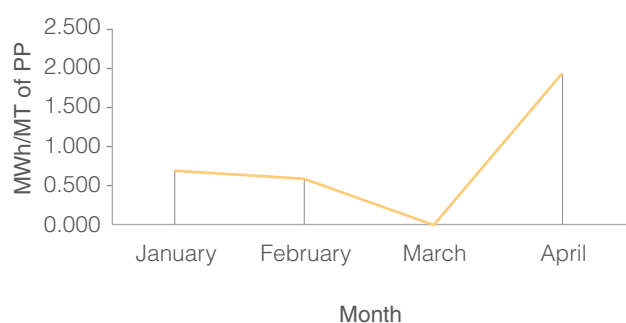
We also monitor GHG emissions from our Polypropylene Plant operations, as most CO_2 emissions are from the plant's operations and activities. However, we do not yet publish detailed information on emissions as a material issue. Presently, we are in the process of further updating and improving our emissions monitoring and tracking mechanisms and procedures.

We will consider including further details on our emissions performance in the future reporting cycles; however, the below details provide a high-level overview of the CO_2 emissions from our Polypropylene Plant during the reporting year, as well as some of the key suggestions and outcomes identified for improving our emissions performance through internal division meetings.

Total CO_2 Emissions (in tonnes) from PIC's Polypropylene Plant (Month-wise breakdown)
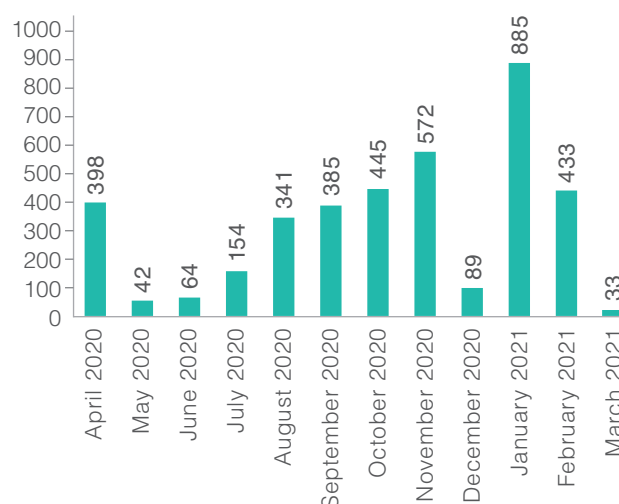
Some of the key focus areas and recommendations identified for future changes to our emissions' management performance, based on internal division-level meetings include:

- Agreement that while monthly emissions reporting mechanisms were identified indicating a reasonable level of accuracy; however, further improvements may be required to the daily emissions reporting mechanism for increased accuracy
- KEPA requirements indicate that daily emission quantities have to be tracked and reported with reasonable accuracy levels and based on flow meters instead of equal distribution of monthly emitted quantities. Accordingly, PIC will update its existing monitoring and reporting mechanisms
- PIC will need to confirm with KEPA if emission calculations in DCS from available flow meters will be considered sufficient to ensure PIC's continued compliance with the latest environment regulations
- PIC's operations division will explore the possibility of creating a calculation block in DCS to monitor the daily emission rate.

Energy Consumption Reduction

GRI 302-4   **GRI** OG2   **GRI** OG3

Prior to PIC acquiring operational control over the PP Plant, any initiatives for efficient energy consumption did not fall under our remit. However, since PIC's assumption of control over the PP Plant, we have completed a few energy optimization actions such as converting the plant to LED lighting in order to reduce electricity consumption; others, such as executing the Energy Walk Through Audit's suggestions and reporting on detailed power consumption KPIs, are still in progress. During the initial phase, soon after PIC took over the PP Plant, the prime focus was mainly on ensuring smooth plant operations without downtime. However, in the future we intend to capture and capitalize on opportunities for energy optimization.

Other potential energy optimization opportunities for our head office include upgrading previously defunct power meters, tracking power consumption after making a partial switch to solar energy, and conducting at least one knowledge sharing session on reducing power consumption for staff. At the Boubyan Club, we are replacing steam traps as necessary to improve fuel efficiency and reduce

emissions; as well as identifying older equipment in order to replace them with relatively higher-efficiency models.

The below graphs illustrate our investment in renewable energy, expenditures on maintenance, and total amount of solar energy generated. A slight dip in solar energy generation in 2020-2021 was a result of lockdowns during the height of the pandemic.

Expenditure on PV Maintenance

Total Invested in Renewable Energy

■ 2019-20   ■ 2020-21

Total Amount of Solar Energy Generated

Fiscal Year

■ 2019-20   ■ 2020-21
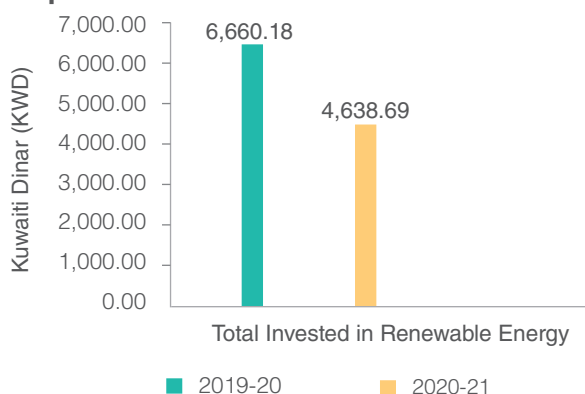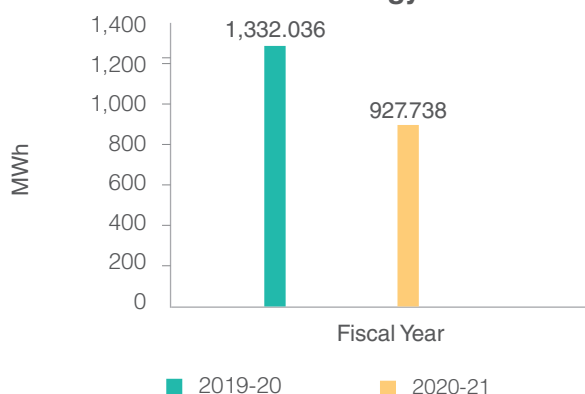
Waste Management

We recognize that our operations have a direct impact on the communities in which we operate, and it is our responsibility to manage waste safely and to increase our efforts to prevent significant spills. To meet our commitment to environmental safeguards, we have implemented well-defined policies and management systems for the effective management of the use of natural resources, and our impact from waste disposal. We follow leading waste management practices as part of our commitment to Responsible Care® and strive to eliminate or minimize the generation of waste at source and encourage reuse or recycling.

PIC's Approach to Maintaining Highest Standards in Waste Management

GRI 103-1	GRI 103-2	GRI 103-3
GRI 306-1	GRI 306-2	

Regarding the waste management related aspects for the current reporting year, the reporting boundary for quantitative disclosures in this section extends to our head office and the Polypropylene Plant. Through our management approach and other qualitative disclosures, we aim to highlight our efforts and commitment to keeping to the highest standards of waste management. We may further extend the reporting boundary for our waste management practices across different components of our value chain as a part of our future reporting cycles in line with our commitment to transition to a circular economy model across our business operations.

Our Waste Management Related Performance

We emphasize the importance of environmentally sound management of our chemicals and waste. By minimizing waste spills, we reduce our environmental impact on land and water resources. We have also been expanding our recycling capacity over the last few years as it brings significant cost savings and reduces our environmental impact.

We work closely with our external waste management contractor, the only entity approved to handle hazardous waste – which for us is primarily medical waste – by the Kuwait Environmental Protection Agency (KEPA) and the Public Authority of Industry (PAI). We comply with the requirements of KEPA regulations related to waste management, including those related to waste transfer and disposal.

As a part of our waste management related efforts, we have implemented specific policies and procedures across our operations that enable us to govern our activities and performance in an efficient manner, including the following:

- **Waste management and disposal:** This standard establishes the minimum practices pertaining to the management of waste and disposal at all operations of PIC. In addition, it establishes the requirements to ensure that generated wastes are managed in a systematic, controllable, and accountable manner to reduce associated environmental impacts to an acceptable level in compliance with applicable KEPA & KPC guidelines / regulations.

- **Used / broken fluorescent bulb disposal program:** This standard establishes the minimum practices pertaining to the management of used/broken fluorescent bulbs disposal in an environmentally friendly manner. In addition, it establishes the requirements to ensure that generated wastes are managed in a systematic, controllable, and accountable manner to reduce associated environmental impacts to an acceptable level in compliance with applicable KEPA & KPC guidelines / regulations.

We are committed to GPCA's Operation Clean Sweep initiative, which aims to support each link in the plastics manufacturing value chain to implement good pellet, flake and powder handling practices and maintain industrial sites.

In addition, all employees participate in regular trainings or awareness sessions, as required, on waste management related aspects to ensure their understanding of and compliance with all requirements to be followed for proper disposal and handling of waste generated.

Hazardous and Non-hazardous Waste Generated

GRI 306-3

We manage the disposal of our hazardous waste as per Kuwait's existing regulatory requirements. PIC's hazardous waste generation during the reporting year increased to 0.33 tons in 2020-2021 compared to 0.12 tons reported in 2019-2020. This increase in waste generation was mainly due to an increase in medical waste generated during the year, which was then safely managed by PIC's external contractor through incineration.

Our non-hazardous waste generation during the reporting year increased from 28.74 tons in 2019-2020 to 120.61 tons in 2020-2021. The non-hazardous waste generated at PIC was composed of paper, plastic, wood, and cardboard. Most of our non-hazardous waste is handled by our external contractor by landfill disposal in accordance with the waste management and handling regulations as per KEPA requirements. We understand the implications of all types of waste to the environment. Moving forward we are actively working on a new initiative that will enable us to decrease the quantity of non-hazardous waste generated across our different operations and business activities.

Hazardous waste (MT)

	2019-20	2020-21
	0.1	0.3

Non-hazardous waste (MT)

	2019-20	2020-21
	29	121

Significant Spills

It is our responsibility at PIC to ensure that our operations do not release harmful products or other hazardous materials into the environment through accidental spillage. Our target is to have no more than one spill each year, and throughout the reporting year, we have managed to report zero spills and spill-related incidents.

We strive to conduct our business in compliance with local regulations, industry standards and regional and international best practices. We have conducted regular HSE awareness campaigns for our employees, including workshops on safe product handling, to ensure effective compliance. As a responsible corporate citizen, we understand the potential risks related to accidental spills when customers use our products. We are also committed to eliminating and reducing environmental impacts during product usage.

Despite the fact that PIC does not have any explicit waste management targets in place currently, our top management and the SHEEC members examine PIC's waste management performance on a monthly basis to verify that we are adhering to existing policies and procedures. During ISO auditor visits, external audits are performed. We conduct an internal audit if a noticeable change or disparity in the amount of waste generated across any of our facilities becomes apparent, because we track waste management internally.

To ensure effective governance around waste management, we have established committees and appointed individuals to oversee and manage waste management aspects across PIC.

Pollution Prevention and Occupational Health Committee (PPOH)		Responsibilities
HSE Manager (Chairman)		• Chairman of the PPOH Committee • Approve and finalize decisions made by the committee members • Initiate and sign the official letters and decisions from the committee
Environment & Occupational Health Team Leader (Member)		• Represents the HSE Department • Provides solutions for issues related to his section • Suggests initiatives related to his role
Production Team Leader (Member)		• Represents the operations department • Presents operational issues related to Environment and Occupational Health • Makes sure to apply the decisions made by the committee in his department
Engineering Team Leader (Member)		• Represents the technical services department • Studies the feasibility of the projects suggested by the committee • Allocates budgets for approved projects • Executes approved projects
Physician (Member)		• Represents the clinic and occupational health • Provides solutions for issues related to his section • Reports the number of occupational health illnesses • Coordinates health campaigns and leads awareness raising during the financial year
Senior Environment Engineer (Member and Rapporteur)		• Prepares minutes of meetings • Organizes and schedules the date and time of the committee meetings • Follows up on the objectives and KPIs set by the committee • Prepares the monthly report for the PPOH Committee

Future Plans and Commitments

Currently, PIC is undertaking an assessment of waste management and reduction protocols along with relevant KPIs, which fall under the HSE department instead of operations. Cross-functional targets may have more opportunities to be developed, however, this is still under discussion. Beyond exploring the results and opportunities emerging from the pre-feasibility study of using plastic waste as a value addition to petrochemical products, we are looking into:

• The feasibility of installing GHG transmitters to calculate our actual emissions

• Installing gas meters to monitor emissions as identified by the risk register

• Capitalizing on any other energy optimization and waste management opportunities we can identify during our regular assessments.

Social Performance

In this Section

Employment Practices

Training and Education

Creating a Diverse and Inclusive Work Environment

Engaging with our Local Communities

Ensuring Occupational Health and Safety for the Workforce

Asset Integrity and Process Safety

Employment Practices

At PIC, we believe that our employees are the cornerstone of our success. With this in mind, we do our utmost to create an inclusive work environment free of discrimination to enable our employees to work to their fullest in helping us reliably deliver high-quality solutions to customers and stakeholders. We think of our employees as partners, so it is our priority to ensure every employee is valued and respected as such. We appreciate that our people are the building blocks to our success and prosperity. Furthermore, we strongly believe in providing equal employment opportunities to all employees, complying with all applicable laws and regulations, wherever we operate.

"

Every achievement at PIC starts with our people who play a key role in driving the petrochemical industry toward a sustainable future. We ensure every employee is valued, respected and encouraged to obtain their fullest contribution.

Mohammad Zedan Al-Enezi
Human Resources Manager

Management Approach

GRI 103-1   **GRI** 103-2   **GRI** 103-3

We strive to attract the best talent through recruitment campaigns, provision of internship programs, and active participation in job fairs. Our responsibility encompasses not just recruitment but employee retention too. To reaffirm our position as an employer of choice, we offer ongoing support to all our employees through PIC's benefits scheme as well as continuous opportunities for learning and development. This section is aimed at further highlighting our efforts in managing to do so even during the 2020-2021 pandemic.

For employment-related disclosures included in this section, we have considered the reporting scope and boundary to be information related to our employees across the PIC Head Office and the Polypropylene Plant. We may consider further expanding this boundary in our future reporting cycles.

As one of the KPC Group Companies, we have adopted the KPC Group's Code of Conduct. The Code is applicable to all those employed by KPC and all its direct and indirect subsidiaries to the extent permitted by applicable law. The committee responsible for developing and updating the Code includes representatives from every company in the group, including representatives from PIC.

The Code of Conduct represents our core values and outlines the behaviors expected from all employees to create a culture of mutual respect and ensure ethical conduct. It is designed to guide employees in their business and professional activities, including their interactions with colleagues, vendors, customers, contractors, government agencies and the public. The Code includes the following key elements:

Code of Conduct

Respect

Environment

Community

Ethics

Confidentiality
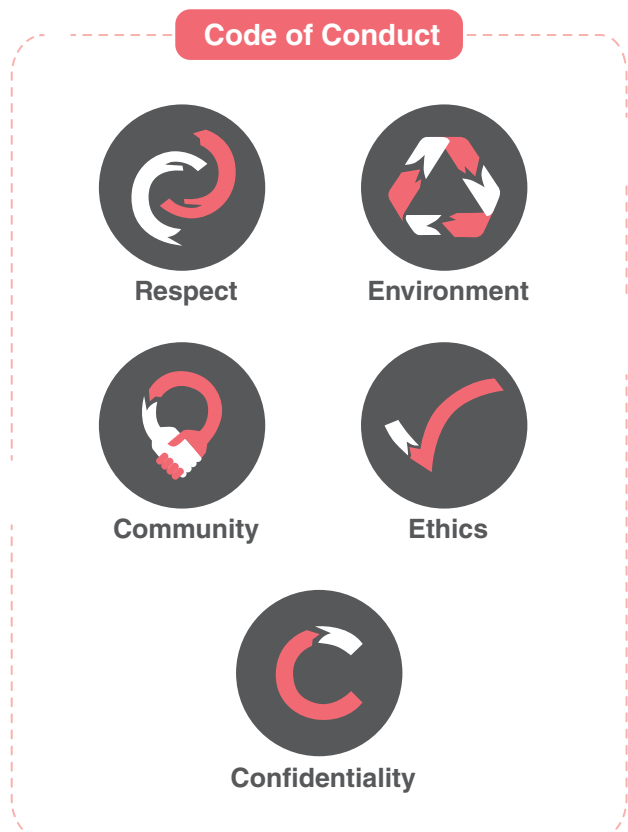
We strive to create a secure, healthy, and enabling work environment for all our employees. In turn, we expect our employees to treat their colleagues with respect and refrain from workplace misconduct. Our Human Resources (HR) department is responsible for the effective implementation of our HR policies and managing performance across all our HR functions.

In today's competitive business environment, skilled and experienced employees are highly sought after. Our HR policies support establishing mutual understanding between PIC and our employees across all aspects of employment and aim to implement fair and equitable HR practices that will enable recruitment, retention, and development.

We offer competitive salaries and benefits to attract and retain talent commensurate with the high level of skill and experience expected of them. Benefits include annual leave entitlement, social security, medical insurance coverage, family increments, and inflation adjustments, among others.

Benefits Provided to Full-time Employees

GRI 401-2

We offer a wide range of benefits to adequately support our employees and their families. Compensation and benefits, as well as additional support to balance personal and professional life, complete our approach to the recruitment and retention of talented employees.

Parental Leave

All PIC all employees are eligible for parental leave in accordance with local laws. We do not offer paternity leave. However, women employees are offered 70 days of maternity leave. In 2020-2021, all our female employees who availed leave during the reporting period, returned to work and have completed 12 months after their return.

1 Total number of employees that were entitled to parental leave

2019-20	2020-21
3	8

2 Total number of employees that took parental leave

2019-20	2020-21
3	8

3 Total number of employees that returned to work in the reporting period after parental leave ended

2019-20	2020-21
3	8

4 Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work

2019-20	2020-21
3	8

5 Return to work rate of employees that took parental leave

2019-20	2020-21
100%	100%

Our commitment to our employees continues even after their retirement. We ensure that all our employees, including non-Kuwaitis with GCC residency, receive secure retirement pay. The retirement benefits for each employee are calculated on the basis of the employee's length of service at PIC and pay grade. We also take care of our retirees by assisting them in managing the end of their careers. Along with employee pensions, we provide training for employees planning to retire as well as assistance on transitioning to post-work life. Additionally, we actively engage with retired employees by holding annual ceremonies to honor their hard work and dedication to PIC.

The past year presented us with a series of challenges because of COVID-19 preempting our need to respond quickly and decisively to ensure we continued to work safely under changing health protocols and local conditions.

The onset of the pandemic triggered our primary concern: the wellbeing, health and safety of our employees and workforce. We defined best practice measures and communicated what needed to be put in place across our office and sites so that people could continue their work safely. Since the declaration of the pandemic, we have implemented several measures to protect our employees and contractors, while also supporting the government

efforts to address the crisis. PIC's management strove to take decisions appropriate to local circumstances, as well as securing the jobs and livelihoods of our employees. We actively supported our employees to adapt to new ways of working and balancing the pressures of work and home life, through measures including:

- Transitioning to working from home and offering IT assistance and support to employees for online meetings and engagements

- Employees and contractors who were needed at the plant were offered additional overtime pay during quarantine as a way to offset potential risk

- Gloves, masks and sanitizers were distributed among all employees

- Ensuring that all employees had access to online and web-based trainings to support their skill development

- Active communication with all employees to ensure that employees and contractors stayed abreast of the latest COVID-19 health and safety information

- Providing contractors with shelter on PIC premises ensuring that they had a safe place to stay during lockdown

Reporting Mechanisms for Grievances

GRI 102-17

At PIC we find that investing in our employees contributes to our success, to our products, and to our business performance. PIC believes in developing the talent of new employees with programs designed to give in-depth experience and build skills that are crucial to their long-term success.

All our employees, ranging from labor workers to senior managers receive training on PIC's Code of Conduct. We encourage a culture of mutual respect in which everyone recognizes and values the diversity among our employees, customers, communities, and stakeholders. We have a dedicated grievance, misconduct, and compliance-related reporting and monitoring mechanism in place, which allows all our employees to report any Code of Conduct violation to a Compliance Officer in writing or by e-mail. We ensure that all reports are handled in a timely manner and the identities of whistleblowers are handled with strict confidentiality, in accordance with the applicable laws.

For PIC, an inclusive environment promotes diversity at all levels. Employees from different cultural backgrounds prosper in our company. Apart from Kuwaiti employees, we also employ nationals of Bahrain, Egypt, India, Jordan, Lebanon, Pakistan, Palestine, Saudi Arabia, and Syria. We are committed to providing equal opportunities to every employee, irrespective of their race, gender, or culture. For example, both male and female employees receive wages equal to or above the minimum entry level across the company in accordance with Kuwaiti law.

At PIC, we keep track of our hiring, turnover, employee benefits, salaries, and attrition rates. In 2019-2020 and 2020-2021, we hired a total of 51 and 14 new employees, respectively. Most of our new hires are between 30-50 years old. The number of hires during 2020-21 was reduced slightly compared to previous years due to the pandemic induced change in working conditions. However, we have substantially increased the number of women employees. 4 percent and 29 percent of our new hires in 2019-2020 and 2020-2021 respectively were women due to our strategic focus on promoting gender diversity. Please refer to pages 75-77 for our efforts in promoting a diverse and inclusive workforce.

We place a premium on retaining our employees and seek to minimize our attrition rate. We have several practices and initiatives in place to ensure employee satisfaction and guarantee that employees feel valued while offering them competitive benefits for their exceptional efforts. In 2019-2020, due to the global pandemic, 64 employees left PIC. In 2020-2021, we maintained a lower turnover of 22 employees. Our highest turnover in 2020-2021 was of employees over the age of 50 once they reached retirement.

Total number of permanent employees by gender

Permanent (PIC Employees)

	2019-20	2020-21
♂	313	304
♀	57	59
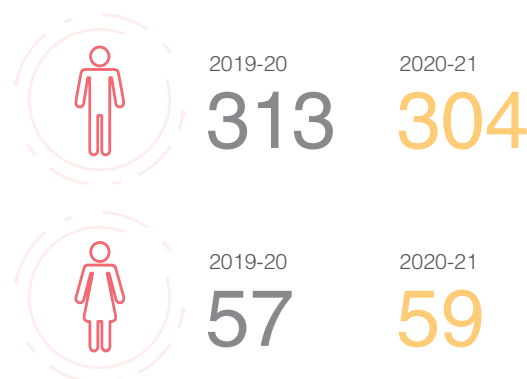
Total Number and Rate of New Employee Hires During the Reporting Period Disaggregated by Gender and Age Group

New employee hires disaggregated by gender

Females: 4 (2020-21), 2 (2019-20)
Males: 10 (2020-21), 41 (2019-20)

Legend: 2020-21, 2019-20

New employee hires disaggregated by age group

Over 50 years: 0 (2020-21), 17 (2019-20)
30-50 years: 4 (2020-21), 26 (2019-20)
Under 30 years: 10 (2020-21), 0 (2019-20)

Legend: 2020-21, 2019-20
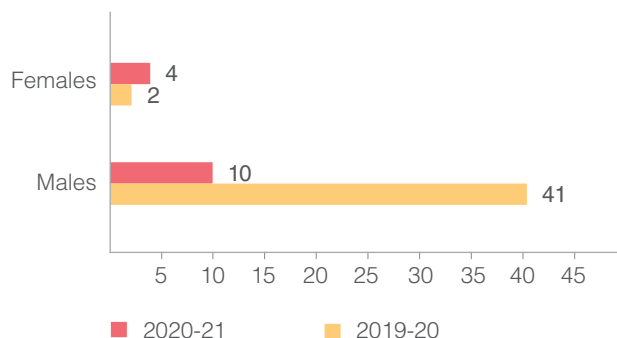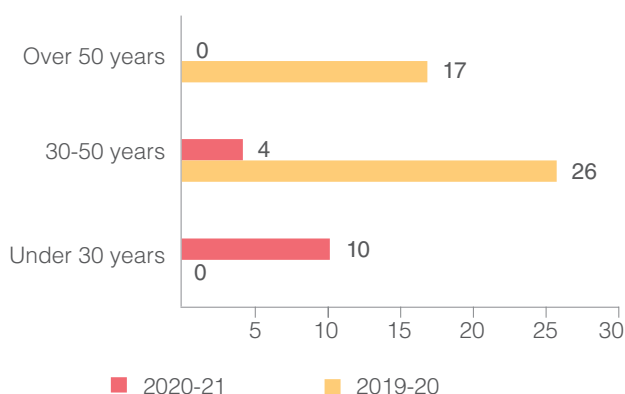
Total Number and Rate of Employee's Turnover During the Reporting Period Disaggregated by Gender and Age Group

Employee turnover disaggregated by gender

Females: 2 (2020-21), 4 (2019-20)
Males: 20 (2020-21), 60 (2019-20)

Legend: 2020-21, 2019-20

Employee turnover disaggregated by age group

Over 50 years: 11 (2020-21), 37 (2019-20)
30-50 years: 10 (2020-21), 25 (2019-20)
Under 30 years: 1 (2020-21), 2 (2019-20)

Legend: 2020-21, 2019-20
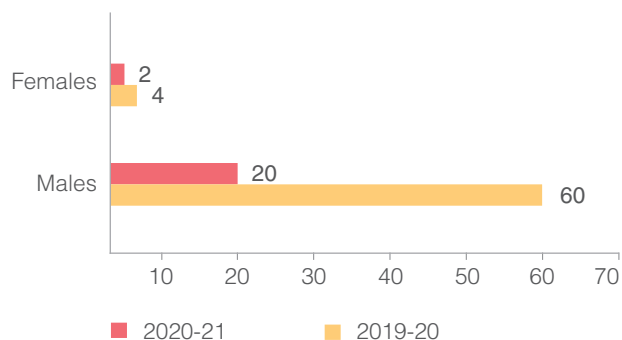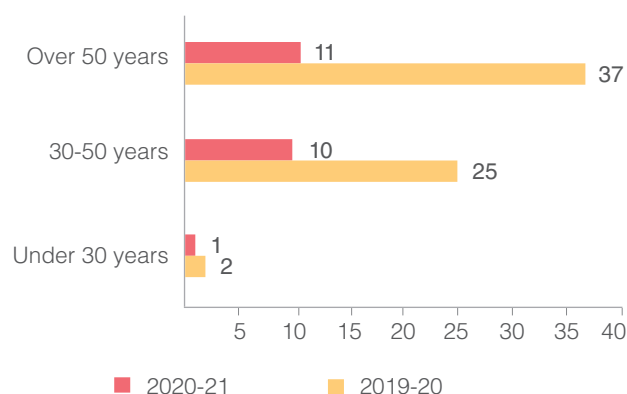
Contribution to Nationalization Efforts

The advancement of Kuwaiti nationals is fundamental to PIC's contribution to Kuwait's human capital development, and Kuwait's Vision 2035. Our employee profile fulfils our commitment to the government's Kuwaitization target as well as KPC's 2030 target of 85 percent Kuwaitization. In line with KPC, we have also set the same target and are taking strategic steps to achieve this goal. We achieved 91.24 percent Kuwaitization in 2019-2020 and 92.68 percent in 2020-2021. For contract employees we have not set a target beyond the one mandated under Kuwaiti law. Thirty percent of our contractors are Kuwaiti nationals, which is ahead of the legally mandated target. Our senior management (including Team Leaders, Managers and higher levels) are Kuwaiti nationals.

Training and Education

At PIC, we are firmly committed to the learning and development needs of all our employees. We recognize that skills, both technical and leadership, are necessary for keeping pace with the rapidly changing world of business. We aim to train and develop all our employees into highly qualified problem-solvers utilizing best-in-class knowledge transfer methodologies.

Management Approach

GRI 103-1   **GRI** 103-2   **GRI** 103-3

Our training methods include e-learning, general and specialized training courses to obtain degrees, and rotational programs with other oil sector companies to exchange expertise and on-the-job training. During 2020-2021, we had to transition from a traditional face-to-face training approach to virtual/remote learning due to pandemic-related travel and social distancing restrictions. However, we managed to do so successfully. Apart from the annual awareness session on the Code of Conduct for all KPC companies and all employees, all other in-person trainings were placed on hold during the pandemic.

Time Spent on Training

GRI 404-1

We invest in our employees' capabilities to enable them to achieve their full potential, offering a wide range of learning and development opportunities based on their individual development and long-term objectives.

Each department defines its own set of technical, general and business-level professional competencies that all employees are required to cover during their initial training periods. In addition, there are other training and development opportunities that all employees can utilize, based on the alignment of their personal and professional growth expectations with PIC's overall strategic goals.

In total, our employees received 16,480 training hours during 2020-2021, with an average of 48 training hours per employee. The decrease in the training hours during 2020-21 was mainly due to the pandemic as Kuwait was under quarantine protocols, and the changing working environment protocols and regulations. However, we will continue to invest in the training and skill development of our workforce as it remains a strategic area of focus for us.

Training hours delivered to employees

Total training hours

2019-20	2020-21
35,309	**16,480**
Hours	Hours

Average number of hours per employee

2019-20	2020-21
100	**48**
Hours	Hours

Total number of employees

2019-20	2020-21
350	**340**
Number	Number

Training hours delivered to employees, by Employee Category

Top Management (CEO and DCEOs)

2019-20	2020-21
146	8
Hours	Hours

Managers

2019-20	2020-21
1,068	97
Hours	Hours

Team Leaders

2019-20	2020-21
2,367	243
Hours	Hours

Other Employees

2019-20	2020-21
16,684	1,893
Hours	Hours

Programs for Upgrading Employee Skills and Transition Assistance Programs

GRI 404-2

As described previously, our training methods include e-learning, general and specialized training courses to obtain degrees and rotational programs with other oil sector companies to exchange expertise and gain on-the-job training. Some of these skill development programs include: Youth Empowerment Leaders (YEL), Sustainability Capability Development Programs such as On Job Competencies Development (OJCD), etc.

CASE STUDY

Youth Empowerment Leaders (YEL)

With a younger demographic representing over 40 percent of PIC (more than 70 employees), we launched the Youth Empowerment Leaders (YEL) initiative to leverage innovation in the company's future by investing in and empowering PIC's next generation of leaders. We also wanted to create a mechanism to promote not only their integration in the company, but also streamline their contribution to the 2040 strategy. Investing in PIC's future generation will have a positive impact on the company's performance and productivity. YEL's 13-member committee sponsored by DCEO Projects and Business Development was created in February 2020.

Through the YEL program, the committee aimed to:

- Enable skill development, specifically people and workplace management, of PIC's young employees to help create a new generation of PIC employees and leaders

- Enhance PIC's image and work environment through innovative concepts to better integrate younger employees in PIC

- Mentor new hires and support their initial progress and development in line with HR's guidelines

- Review and endorse key decisions and recommendations to maximize their potential with top management

Objectives

Investing in PIC youth to achieve PIC 2040 strategy

Youth employees empowerment

Creating direct communication channels with Kuwait's key sectors

YEL was very active during the pandemic and we are pleased that it holds potential for expansion and possible replication by other companies under the KPC umbrella. Some highlights from the year include:

- Quarantine with YEL: a live stream broadcast hosted by YEL in response to the pandemic. The live stream featured various PIC employees discussing their fields of expertise and their experiences at PIC. An innovative approach to sharing knowledge and expertise, this activity successfully enhanced employee engagement, and created shared experiences across the company

- Introducing a Buddy System: a new onboarding and knowledge sharing initiative to help new employees find their feet and become accustomed to workplace practices. Implementing this support system encouraged new hires to become more confident in their roles, help them navigate company hierarchies and modes of behavior while allowing them to focus on adding value to their department

- Great Minds of PIC: another innovation where YEL's official Instagram account featured new PIC employees with unique talents. Creating engaging content through a comparatively informal medium contributed to creating a culture of open conversation and sharing

- Enhance PETCHEM knowledge: the YEL committee came up with creative ways to enhance PETCHEM knowledge within PIC, one of which is to share paper airplanes printed with PETCHEM information among all employees

YEL has yielded positive results. This has encouraged us to build on our success and aim higher for the future, including:

- Encouraging employees to qualify for certified professional programs by increasing their understanding of and access to these programs

- Expanding the YEL committee and its vision across the KPC group and our JVs

- Engaging in process improvements to engender a sense of confidence and ownership among new recruits and younger employees

Sustainability Capability Development

At PIC, we also recognize the pressure to remain profitable and succeed in a competitive marketplace while being responsive to environmental and social pressures. Our HR department has developed a long-term sustainability capability development roadmap by setting its goals and objectives towards our ambition to embed sustainability in everything we do.

It would be difficult for us to realize our sustainability goals and objectives without the support and informed engagement of our employees. We appreciate that building employee awareness and training them on sustainability issues will, in all likelihood, result in improved employee engagement and support the advancement of our long-term sustainability strategy. We are currently utilizing e-learning modules on sustainability as a primary mode of engagement with our internal stakeholders.

Our goal is to enable our employees to understand more about sustainability, and PIC's role in the sustainable development of the petrochemical sector in Kuwait and the region, as well as our contribution towards Kuwait's sustainable development. As part of the maturity assessment exercise conducted during 2020-21, we identified various short-, mid- and long-term initiatives against the sustainability objectives we defined, including those related to raising awareness and building capacity of our employees. We are now working towards developing an implementation plan for these goals and will be working on including the training and capability-development related initiatives as part of our overall HR Development Plan, as applicable.

CASE STUDY — On Job Competencies Development (OJCD)

OJCD is a new initiative launched by PIC with the goal of creating a roster of in-house experts who function as a centralized knowledge sharing platform for PIC to minimize knowledge gaps and ensure that all technical competencies required by PIC can be fulfilled internally. By developing this pool of technical expertise within PIC, we are proactively attempting to strengthen knowledge transfer among employees, improve skills and capabilities which in turn has a positive impact on employee growth and career progression, and finally improve work continuity.

The pandemic and its associated protocols of quarantine, lockdown, and social distancing compelled PIC to suspend all in-person training plans for fiscal year 2020 – 2021. OJCD was created as one answer to this challenge. It provided a framework to help deploy in-house training programs that utilize PIC's internal experts and their ability to share their knowledge with other employees to bridge gaps in technical know-how. In 2020-2021:

- OJCD activated 52 experts who were responsible for 79 trainees
- Trainees accumulated more than 408-hours shadowing experts

- Trainees attended more than 34 workshops
- Trainees undertook 68+ tasks, sat in on 102+ meetings and were exposed to 79+ technical/ knowledge sharing presentations

Not only is OJCD cost effective, in that it cost nothing to effect the program, it also has significant benefits for PIC's performance and employee development. Investing in our people led to us to achieve 28% more training and development of PIC employees, which can only benefit the company in the long run. Furthermore, by aligning closely with PIC's strategic commitments in terms of building capabilities and contributing to a knowledge-based economy, the OJCD program expanded cross-functional skills among employees.

The OJCD program's value has become evident over the past year as has its innovation of knowledge-sharing and addressing technical capacity gaps among PIC's employees. As a result, we intend to run this program in the coming year and are in discussion with our parent company to support its replication and uptake across the KPC group.

Future plans:

An exciting learning initiative for building and expanding technical capabilities within PIC, the OJCD program is listed as a K-company Best Practice and has elicited interest from other companies in the K-company group. In fact, OJCD owners from PIC have already met with other K-companies interested in adopting OJCD as a best practice.

After the success of the pilot program, having the OJCD program as an annual recurring program in PIC's annual incentive plan creates a series of welcome opportunities to gain the most benefit from PIC expert employees, ensuring knowledge gain across PIC, close technical learning needs and improve workflow continuity. There are discussions of automating OJCD in collaboration with PIC's ICT department to create a platform where all departments can upload and see their results live after being approved.
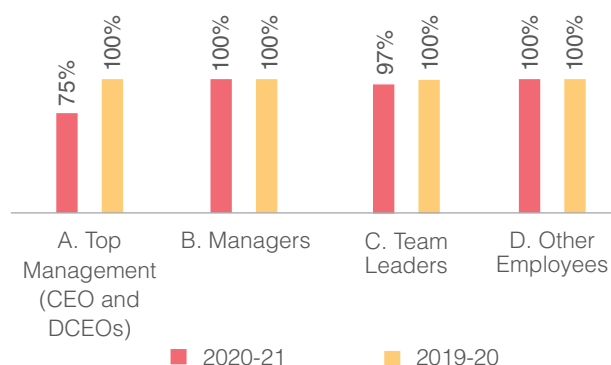
Performance and Career Development Review

GRI 403-3

As part of our employee development approach, we provide regular performance evaluations and career development reviews to our employees. An annual performance appraisal system is used to give constructive feedback to all employees. These assessments determine who is eligible for promotions and development opportunities, which are key in the success of an employee's career. Our goal is to create an engaging and inclusive working environment where people from all backgrounds have the same opportunities to flourish and advance their careers based on merit.

Appraisals are conducted at least twice a year, but most often three times in a year. The first appraisal meeting is held at the beginning of the year to set objectives or goals and the second meeting is a mid-year review. The third meeting closes this process and assesses whether the objectives or goals set out at the start of the process were met. This process provides employees with valuable insights on their performance and helps them understand areas for improvement. In 2020-21, 100 percent of our employees undertook career performance reviews.

Percentage of employees receiving regular performance and career development reviews

	2020-21	2019-20
A. Top Management (CEO and DCEOs)	75%	100%
B. Managers	100%	100%
C. Team Leaders	97%	100%
D. Other Employees	100%	100%

Future Plans and Commitments

We intend to build on our success with the YEL and OJCD initiatives, both of which have proved to be cost effective and supportive of PIC's strategic goals on recruiting and retaining the best emerging talent and extending employee capabilities at PIC.

Precipitated by the pandemic, our transition to online and web-based learnings is also underway and we anticipate being 100 percent online during the coming year. This means that PIC employees will have greater access to a wider range of professional development and educational opportunities, and they will be able to manage their own skills development journey.

Creating a Diverse and Inclusive Work Environment

GRI 405-2

We consider diversity and equal opportunity to be competitive drivers contributing to the long-term success of our business. Unique abilities, strengths, and differences among employees are vital for a business to stay relevant and to grow. Working on the principle that our employees are the cornerstones of our success, we do our utmost to create a work environment free of discrimination with the principles of equality present in all aspects of our day-to-day work. Diversity in our opinion rises above gender, age, and ethnicity; it is a blending of experiences, cultures, talents, competencies, and decision-making styles. Harnessing this diversity for PIC's sustained growth requires cultivating equal opportunity as an integral part of our working environment. We are very proud to announce that PIC offers the same opportunities to both men and women, including equal basic salary and remuneration. We are continuously looking to improve the gender parity ratio at the workplace and across all functional groups.

Management Approach

GRI 103-1   **GRI** 103-2   **GRI** 103-3

Ethics

I pledge to act ethically

As a KPC-group subsidiary, our Code of Conduct is aligned with our parent company. It is applicable to all employees under KPC and its direct and indirect subsidiaries, to the extent permitted by applicable legislative and regulatory requirements. The Code provides a set of guidelines for all employees on how to conduct their business and professional activities. This requires maintaining and upholding the highest standards of integrity and personal conduct in all matters that involve PIC in accordance with applicable local laws, resolutions, and regulations.

As part of our ambition to create an inclusive working environment where people from a variety of backgrounds have the same opportunities for professional advancement, we rely on our Code of Conduct, which includes equal opportunity guidelines for all employees. In keeping with these guidelines, we monitor and maintain staff regulations, implement relevant programs and protocols to avoid discrimination in all aspects of employment relations and conditions including employment, assignment, promotion, redeployment, termination, entitlements, wages, and selection for training programs. For more details on our Code of Conduct, please refer to page 32 of this Report. To encourage the appropriate implementation of this policy, we have instituted an internal grievance procedure, which employees can use to raise concerns related to any perceived discrimination which stands against our commitments to uphold diversity, equal opportunity, and non-discrimination.

All PIC employees are entitled to file a complaint under our grievance procedure if they have experienced behavior that contradicts our Code of Conduct. The latter is clearly communicated to all employees and is publicly available on our website.

Over the past two years, we have implemented several initiatives to create a more inclusive company as we are aware that women specializing in technical roles tend to be a minority in the petrochemical sector. Having said that, we are aware of the importance of encouraging more female employee representation across all technical and management-related roles within PIC. Consequently, we have taken several steps to change our organizational culture in ways that attract female employees and enable them to thrive.

In 2009, KPC launched the Professional Women Network (PWN) as part of its agenda to improve gender parity, increase women's participation in the petrochemical sector, and contribute to enhancing women's sense of empowerment. PWN provided training to its members and positioned them as KPC role models. It also engaged with the government and sought an exception in Kuwait's labor law allowing women to work in the operations side of Kuwait's oil and gas sector. Within the KPC group, HR targets and performance measures were devised to track gender Diversity and Inclusion (D&I) indicators across all KPC group companies supplemented by pilot projects to encourage women's participation in petrochemical projects.

In 2019, there was an internal push to revive PWN this time with a broader focus on women's career progression and to broaden the D&I agenda to include youth. PIC, as a member of the KPC group, has a special interest in this initiative and is currently conducting a current state assessment to assess its positioning on gender and youth issues, as well as surveying best in class D&I practices adopted by regional and global peers. PIC's revamped incarnation of the D&I Council was launched in 2020 headed by the DCEO Projects and Business Development. The D&I Committee focuses on:

- Creating a more gender diverse workplace
- Empowering women to enhance their natural progression into leadership
- Revamping policies and culture to encourage motivation among women and young people in PIC's employee group

CASE STUDY | Creation of PIC's Diversity and Inclusion Committee (D&I)

Sponsored by KPC's CEO, the D&I Committee's governance structure has been designed to demonstrate leadership's commitment to the program and its planned outcomes. PIC's D&I Committee is accountable to KPC's Executive Committee, which has advised it to:

- Diagnose PIC's current ecosystem including gap identification to be aligned with other members of the KPC group
- Once the current state assessment is complete, the KPC Executive Committee will agree on a specific strategic intent mapped to KPC's 2040 strategy. PIC will then have the opportunity to adapt this mandate and broad strategic outlook to its own strategic targets, internal processes and workplace practices

- Post identification of targets, PIC's D&I Committee, under the guidance of the KPC Executive Committee, will devise an implementation strategy focusing on the desirable initiatives, talent development and securing quick wins

With the process green-lit by the KPC leadership, PIC is in a position to identify members for the D&I Committee and to activate it. Apart from its regular cross-functional membership, the proposed committee will also include 3 PMOs and will coordinate with the D&I task forces working on diagnostics across the KPC group.

Our 'Fair Treatment' policy as per our Code of Conduct, also ensures fairness and equity in decisions that have a direct bearing on job status, particularly with regard to the following:

- Promotion: is based on merit and good performance. PIC articulates clear criteria to select candidates and fill vacancies.
- Development: PIC creates an environment conducive to building its employees' capacities and capabilities in accordance with their roles and ranks. This is also in line with the regulations and rules set by the company and employee training plans.

- Accountability: PIC ensures legal guarantees for the employee, in accordance with established disciplinary rules ensuring the protection of employee rights by permitting the employee to present a defense with supporting documentation as well as hearing witness accounts (if necessary) during administrative investigations.

All our employees also have the right to appeal or seek review of a disciplinary penalty in accordance with the rules and regulations set by PIC.

We also encourage our employees to join the PIC workers' union as per Kuwaiti law.

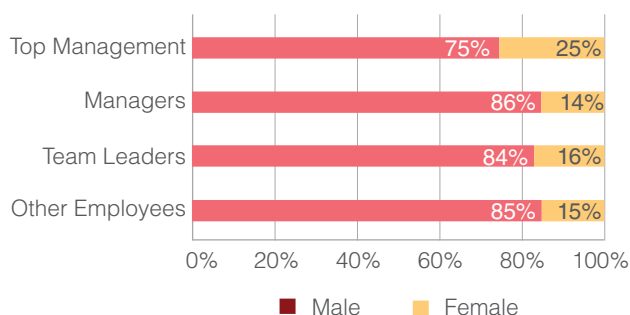# Demographics and Gender Diversity of our Employees

GRI 405-1

We are committed to strengthening the diversity of our workforce and fostering talents of various origins and different backgrounds.

At the end of the reporting period, we recorded 25 percent of the proportion of women in top management roles, 14 percent in managerial roles and 16 percent overall representation of women within the workforce.
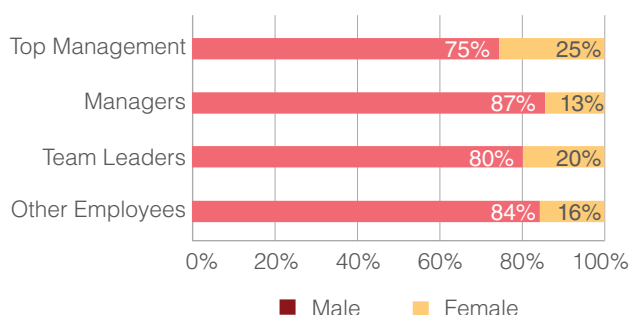
We attribute our long-term success to working towards successfully retaining the expertise of our long-standing, high performing employees. The majority of our employees are between 30-50 years of age. Our aim is to recruit more employees under the age of 30 into our workforce, as we believe that younger employees are essential for our continuity and strengthening our employee ranks.

Employees within PIC Based on Gender Diversity per Employee Category

Percentage of employees within PIC based on gender per employee category (2020)

Category	Male	Female
Top Management	75%	25%
Managers	86%	14%
Team Leaders	84%	16%
Other Employees	85%	15%

■ Male ■ Female

Percentage of employees within PIC based on gender per employee category (2021)

Category	Male	Female
Top Management	75%	25%
Managers	87%	13%
Team Leaders	80%	20%
Other Employees	84%	16%

■ Male ■ Female

Age-wise and Gender-wise Breakdown Across our Top Management

Gender representation across Top Management
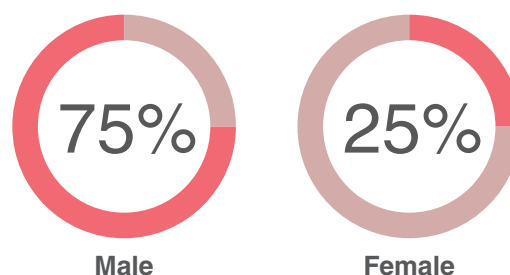
75% Male

25% Female

Age representation across Top Management
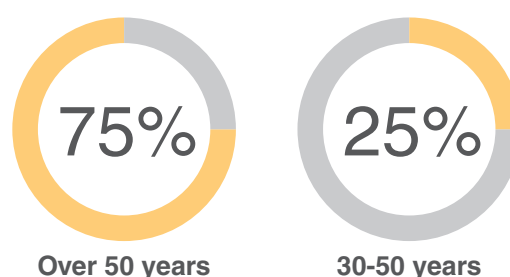
75% Over 50 years

25% 30-50 years

Employees within PIC Based on Age Group Diversity per Employee Category

Percentage of employees within PIC based on age group diversity per employee category (2019-2020)
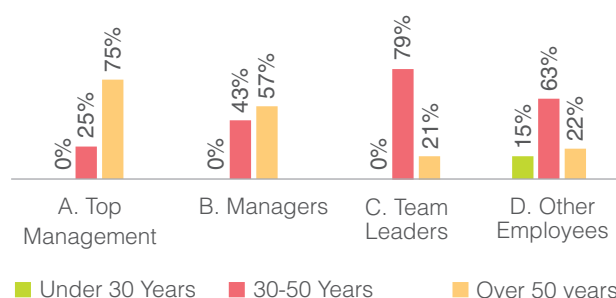
Category	Under 30 Years	30-50 Years	Over 50 years
A. Top Management	0%	25%	75%
B. Managers	0%	43%	57%
C. Team Leaders	0%	79%	21%
D. Other Employees	15%	63%	22%

■ Under 30 Years ■ 30-50 Years ■ Over 50 years

Percentage of employees within PIC based on age group diversity per employee category (2020-2021)

Category	Under 30 Years	30-50 Years	Over 50 years
A. Top Management	0%	25%	75%
B. Managers	0%	47%	53%
C. Team Leaders	0%	69%	31%
D. Other Employees	17%	59%	24%

■ Under 30 Years ■ 30-50 Years ■ Over 50 years
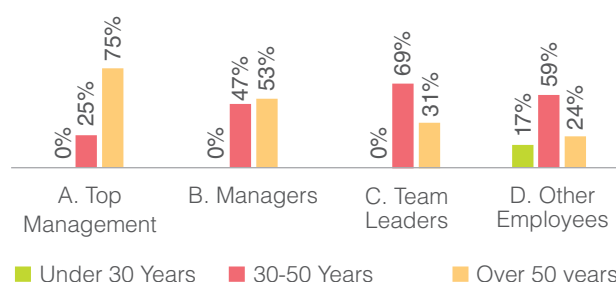
Ensuring Socio-economic Compliance

GRI 419-1

We are cognizant of how non-compliance with laws, regulations and standards can lead to restrictions to our license to operate. We believe that it is our responsibility to ensure compliance with KPC targets as well as with national and international socio-economic regulations and industry standards relevant to our operations. The cost of compliance is not only limited to financial impacts, but with evolving regulatory requirements, may also impact our license to operate, putting our reputation and stakeholder trust at risk.

During the reporting period, PIC did not incur any significant fines and non-monetary sanctions for non-compliance with any social or economic performance related laws, regulations, or standards, nor did we face any cases brought through dispute resolution mechanisms.

As indicated in previous sections, our Code of Conduct provides a set of guidelines for all employees on how to conduct their business and professional activities when dealing with colleagues, vendors, customers, contractors, government agencies and the public. It also outlines clearly defined principles that apply to all our employees. We ensure that these are communicated at regular intervals, including any updates or amendments that may be introduced.

Compliance with Law

We are keen to raise awareness of laws and regulations among our employees to better protect PIC's interests. All employees are informed of any new requirements that may result from the passing of new legislation and its potential impact, if any, on new business ventures or projects. Employees are responsible for notifying us of any incidents or circumstances that may have legal implications for PIC. Employees must comply with all laws and regulations articulated by PIC and adhere to the laws of any country or territory they may visit for business or training purposes.

Regular training sessions on PIC's anti-corruption policies and procedures are organized, and it is mandatory for employees to attend. This is to ensure that all PIC staff understand and demonstrate the values enshrined in our Code of Conduct. We have made incremental improvements in our corruption prevention systems by integrating corruption prevention training with internal controls. Our Anti-corruption Policy prohibits all employees from accepting any gift, cash bribe or anything of value, whether directly or indirectly, from any person for the purpose of influencing a decision, official assignment or to obtain, retain, assign or influence business for the benefit of any third party or any other person.

We organize training sessions on the Code of Conduct for all employees annually as directed by KPC.

Engaging with our Local Communities

At PIC, we believe that we are in a position to wield a positive influence on the communities we work in and are committed to addressing their social needs. Our involvement extends beyond financial contributions to building partnerships promoting healthy lifestyles, conservation of natural resources, and developing local talent.

"

As a corporate citizen with a significant presence in Kuwait, giving back to our communities is an ingrained practice. Nurturing partnerships for their long-term development is one of our commitments to the communities we operate in.

Jaber Al-Khashem
Communication & Services Manager

Management Approach

GRI 103-1   **GRI** 103-2   **GRI** 103-3

As a responsible business working towards sustainable development within the state of Kuwait, we work to give back to our people and communities through various social projects and initiatives that could create a positive impact. We believe that real benefits and long-term value can be created by establishing strong relationships with our communities and society at large. We aim to support worthy causes closely linked to our mission, vision, and values, and encourage our employees to do the same. Some of the causes that we have previously supported include visits to hospitals, schools, and homes for the elderly, as well as participating in a variety of social events, fitness activities, school trips and clean-up projects in and around Kuwait.

For the community-related disclosures included in

this section for the current reporting year, we have considered the reporting scope and boundary to be information related to our CSR activities in Kuwait. We may consider further expanding this boundary in our future reporting cycles, including capturing the social impact and value being generated through various activities and social initiatives supported by our joint ventures and suppliers as well.

We have integrated our community engagement efforts characterized by support, sponsorship and launching of various social, health and environmental activities as an important annual objective for PIC. We aim to support many more initiatives that can contribute towards promoting a culture of social work and signal a shift from non-mandatory voluntary service to mandatory social work for the benefit of Kuwaiti society.[1] The Code of Conduct we follow also includes "Community" as a key pillar integrated across our business practices, cementing our belief that community engagement is a component of our responsibility as a corporate citizen. Working collaboratively with the communities we operate in is also a strategic and competitive business advantage. Furthermore, inclusiveness is at the core of our operations, our Code of Conduct, and our company values.

Community

"

I pledge to contribute positively to my community

Our company is committed to taking steps to giving back to the local communities in which we operate. To do so efficiently, we have implemented an annual calendar for all CSR activities in line with KPC's mandate. The calendar tracks celebrations and events, which are approved by top management typically focusing on education, health, environment, and safety. It also reflects activities our JVs engage in on an annual basis. Our top management is responsible for overseeing our social investments, and for evaluating and making decisions about CSR activities.

....
1. CSR | PIC

The quarterly BSC reports are used to regularly monitor and track our performance against set goals and targets, in addition to regular annual audit plans in effect to monitor the payments made throughout the year for any CSR-related spend. We also have monthly team briefing sessions with PIC's top management as well as sector-focused meetings with the DCEO Admin and Finance to ensure continuous improvement of our CSR performance and impact on local communities. We also have clear goals and targets in place, which are regularly monitored, with respect to our CSR performance.

To ensure that we can enhance our contribution to the local community in Kuwait, we conduct multiple campaigns to spread social awareness in our communities. The blood donation drive is one of our longest running initiatives, and has been active since 2003. Based on KPC's directions and precautionary measures implemented by the Ministry of Health, we halted our CSR-related activities, including in-person participations in events, conferences, and other activities. However, the safety and well-being of our communities remained a top priority as we introduced new measures and interventions to prevent the spread of the virus, including providing regular and uninterrupted communication regarding the pandemic. We deployed awareness campaigns in addition to disseminating information and circulars from KPC, top management and other concerned departments about the pandemic. These awareness campaigns and information dissemination activities were not just for our employees, our workforce, and their families, but also for the local communities in Kuwait.

We are an active member of the GPCA and serve on three GPCA committees, including the Responsible Care® Committee through which we can share best practices, inspire, and learn from our peer companies to drive the sustainability agenda. This enables us to further improve our social impact by allying with industry executives, potential customers, and influential decision-makers in various parts of the GCC region and throughout the world to advocate for the importance of sustainability related aspects.

Social Impact Assessments and Development Programs

GRI 413-1

We keep track of health and safety risks that could affect communities close to our plants. Our ERM department has identified three key risks that could threaten our positive relationship with local communities:

- Risk of release of hazardous materials
- Risk of air, water, and land pollution
- Change in public opinion if the previous two risks materialize

We continue to devise programs and policies to address the above risks and prevent them from materializing. Where applicable, under local regulations, we also carry out social impact assessments as part of our planning processes for any new projects. In 2020-21, due to the pandemic, we temporarily halted our social impact assessment studies as our community projects were also put on hold.

Future Plans and Commitments

With a majority of the population vaccinated and an easing of government mandated lockdowns and social distancing protocols, we intend to resume our CSR activities in the coming year. Our support for various health-based groups such as blood drives for the Red Cross, joint activities with local hospitals and welfare groups will resume, as well as our participation in exhibitions, conferences, and job fairs etc.

Ensuring Occupational Health and Safety for the Workforce

At PIC, we are focused on improving the quality of life of our people and ensuring safe, healthy workplaces for them and our host communities. We recognize our duties and obligations towards the health and safety of our employees, clients, and contractors, and strive to create a culture of safety awareness. We endeavor to create a safe and healthy workplace for our employees and contractors by trying to minimize our recordable injury rate and process safety incidents.

"

We make every effort to comply with the HSE standards in coordination with various concerned bodies internally and externally. We always seek to screen our stakeholder's needs and prioritize their health and safety by responding to them under specific leading standards

Rasheed Al-Ajmi

Safety, Health & Environment Manager

We recognize that keeping our workforce safe and healthy positively impacts their performance and contributes to PIC's success and we endeavor to do this by implementing various programs and initiatives. With the aim of effectively achieving the objectives mapped out in our 2040 Strategy, including those related to 'Efficient and Safe Operations', we strive to maintain the highest standards in health, safety, environment, and quality principles.

For this reporting year, we faced unique challenges posed by the pandemic with respect to health and safety. We focused all our efforts and diverted all necessary resources into ensuring the well-being and safety of our employees, workforce and their families during the pandemic, while continuing our business activities. We adapted our existing health and safety related mechanisms, management systems, initiatives, and efforts to address the effects of COVID-19. We were diligent in providing a safe environment for our workforce to enable them to continue working productively.

Management Approach

GRI 103-1   **GRI** 103-2   **GRI** 103-3

We understand the importance of ensuring health and safety (H&S) across our operations, particularly given the nature of our industry. Our health and safety policies, procedures and designated H&S focal points ensure our workforce, communities and the environment are protected, and H&S risks remain as low as reasonably possible.

Our Code of Conduct explicitly articulates our commitment to health and safety as an integral part of our operations and activities across PIC. We endeavor to minimize the number of incidents, injuries and chronic diseases at our work sites while trying to preserve the environment during the course of our business activities. We strive to ensure the safety of our employees at all work sites by complying with HSSE standards and secure the safety of our operations and operational units. It is mandatory for all employees to comply, follow and implement health and safety related work standards, measures and practices that are in place and documented in HSSE Management Systems. Any violation of the same within PIC may lead to disciplinary action.[2]

For health and safety related performance aspects for the current reporting year, the reporting boundary for the quantitative disclosures in this section extends to our head office and PP Plant. However, through our management approach and qualitative disclosures, we aim to highlight our efforts and commitment towards maintaining the highest standards of health and safety for all our employees, contractors, customers, suppliers, and the public at large.

....
2. https://www.pic.com.kw/wp-content/uploads/2021/07/code-conduct-en.pdf

At PIC, we have an Integrated Management System in place, which includes relevant performance considerations related to maintaining quality, health and safety, environment, energy, sustainability, and security across all our business operations. As part of our Integrated Management System, we remain committed to establishing, implementing and maintaining an effective management system targeting occupational health and safety, quality, security and assets management among other aspects, compatible with the requirements of RC 14001, ISO 45001, ISO 14001, ISO 9001, ISO 50001 and ISO 31000.

Our Health, Safety, Security, Sustainability, Environment (HSSSE) and Quality Policy provides safeguards for our employees, contractors, visitors, customers, suppliers, distributors, and the public. This policy and related processes, procedures and mechanisms enable us to identify risks related to our business activities, including health and safety related risks, and also enable us to maintain, reduce or mitigate these risk levels to desired levels required to comply with regulatory standards and other guidelines and frameworks that PIC is aligned with.

Our line management, supported by our occupational health and safety management systems, is responsible for implementing the HSSSE and Quality Policy. The Safety, Health and Environment Executive Committee (SHEEC) is headed by our CEO, who oversees the management of safety risks across PIC.

We are diligent in conducting our business in accordance with local and external legislative requirements, industry standards and best practices. As mentioned, our SHEEC Committee, headed by our CEO, is responsible for overseeing the occupational health and safety related aspects throughout PIC. We also include our employees in the safety decision-making processes. Approximately 60 percent of our workforce is represented in joint management-worker health and safety committees. Our commitment to safety and a high level of safety performance has been recognized by certifications from OHSAS and Responsible Care®.

To ensure effective governance around our overall health and safety performance, including occupational health and safety aspects, we have established and implemented various committees that are responsible for overseeing and managing H&S aspects across PIC.

Committee Name	Brief description of committee responsibilities
Safety Health Environment Executive Committee	• Establish a Corporate HSE strategy and philosophy • Establish corporate level HSE goals and objectives • Establish SHEEC subcommittee's responsibilities, objectives and deliverables while reviewing their assignments, concerns, and recommendations • Establish HSE related accountabilities to demonstrate commitment towards world class HSE performance • Review corporate sustainability goals performance with trends, analysis, mitigation/improvement plans along with their follow-up/progress • Review joint venture partners quarterly HSE performance with trends, analysis, mitigation/improvement plans along with their follow-up/progress • Review PIC assets HSE performance with trends, analysis, mitigation/improvement plans along with their follow-up/progress • Approve corporate level HSE rules and procedures • Approve and encourage HSE initiatives/ideas for achieving world class HSE performance • Encourage and activate communication channels for HSE issues effective communication across the organization
Pollution Prevention Occupational Health Committee	• Active committee which looks at all environment and pollution related KPIs • It meets monthly
Behavior Based Safety Committee	• Senior Safety Engineer is the committee coordinator • While the committee is inactive, the Senior Safety Engineer carries out the duties of the function, which focuses on training newcomers to PIC on safety

Committee Name	Brief description of committee responsibilities
GPCA Responsible Care Committee & GPCA Task Force	• Headed by the Admin & Finance DCEO • The committee supports GPCA's Board of Directors by discussing, analyzing, seeking alignment on, and recommending solutions to all environmental, health, safety and security issues, impacting the petrochemicals and chemicals industry, based on the three strategic pillars of effective networking, thought leadership and advocacy.
Internal Safety Audit Committee	• Headed by the Admin & Finance DCEO • This committee meets regularly to schedule and conduct safety audits and review their findings • The committee has divided the plant and PIC's facilities into distinct areas. Safety audit teams are assigned to each area comprising a 3-person team with one coordinator, a member from HSE, Housekeeping and Facilities • It is also focused on internal safety at PIC
Process Safety Management Committee	• A Safety Engineer from PIC is the committee coordinator. Other members include manufacturing managers and champions including the Management of Change Engineer, a training focal person from HR, and representatives from the communications and environment teams • The committee's key activity is to update the PSM and it meets quarterly to monitor KPIs and targets related to this

Our safety programs are designed to raise awareness, provide training and follow-up on near misses and accidents. These programs cover both our employees and contractors. They are also designed to inculcate a culture of awareness among our employees and contractors. Our Code of Conduct indicates our commitment to ensuring a safe, healthy, and productive work environment. We expect our employees to embed the requirements of this Code of Conduct across all their activities within PIC and maintain sound physical and mental health during work to ensure effective performance and not endanger the safety of others at our work sites.

We have identified and defined key performance indicators (KPIs) to measure and monitor our progress and performance for occupational health and safety related aspects in our Balanced Score Card for PIC. Some of these key performance metrics and/or targets include:

Number of Internal Safety Audit Committee Audits
121

Number of work-related incidents:
ZERO

Percentage of Internal Safety Audit Committee recommendations implemented in 2020-2021:
100%

HSSE trainings:
more than
77%
of employees attended HSSE trainings in 2020-2021

Number of fatalities:
ZERO

We monitor our performance for the key metrics listed above, regularly ensuring that we are in line with our health and safety related commitments and performance requirements. The performance is monitored, including assessing progress achieved against targets set, utilizing a monthly balance score card basis as well as review of key issues and metrics during regular SHEEC and Board-Management meetings.

Key Health and Safety Initiatives and Practices

To assess our occupational health and safety related performance and impacts, we have developed and implemented multiple processes in place, including:

Operating procedure and safe practices:

- This is a procedure under the Process Safety Management (PSM) System with a view to attain leadership in Safety Management, promote safety culture and achieve operational excellence.
- The procedure defines and explains all requirements needed to develop and implement effective work instructions and best practices in order to control risks and ensure safe and smooth plant operations.

Job risk assessment:

- This is a Proactive Analyzing Tool for safety and occupational health hazards before the job is performed, and provides information on specific job hazards that may require further protective measures.

- The purpose of the assessment is to eliminate or minimize the hazards before they result in injuries or damage.

Process safety management:

- A Safety Management System that ensures all process safety hazards and major accident risks associated with operations are identified and effectively managed to prevent catastrophic events resulting from accidental or loss of containment.

We also conduct regular internal audits to track, monitor and manage our performance and progress related to health and safety elements. These audits are conducted monthly and all responsible departments and personnel are required to comply with 100 percent of all audit findings and corresponding action steps identified.

Furthermore, we have also implemented additional audit mechanisms such as compliance audits and improvement, daily observation safety audits, log out tag out, interlock system and blinding compliance audits among others, to enable continuous performance improvement for PIC's health and safety related aspects.

We have established various mechanisms to ensure all key performance metrics, targets, commitments, and requirements related to maintaining a safe and secure work environment are complied with by the entirety of our workforce. Some of these mechanisms include implementing contractor and vendor management mechanisms (which include OH&S elements), audits and trainings for employees and contractors' performance, safety induction programs, work authorization related trainings, among others.

Some of our key H&S related programs and initiatives:

Initiative / Program	Overview
Near misses monitoring	• Near misses are early warning signs of accidents. They function as red flags, enabling us to reduce or eliminate potential accidents before they occur. • All near misses are reported immediately to the Safety and Occupational Health department. The department also investigates potential causes and coordinates with the area owner to initiate an immediate action to prevent recurrences and communicates results with the concerned departments. • In 2020-21, we recorded zero near misses due to the pandemic.
Crisis Management Center (CMC)	• This is a fully equipped room with communication and surveillance technology, which is designed to be used during crisis situations. • Our top management can meet at CMC to obtain up-to-date information about the nature of the crisis and communicate with key stakeholders.
Safety and fire drills	• Mock drills help us verify our level of readiness to protect workers, buildings, and equipment and to test emergency and evacuation plans. • During 2020-21, we could not conduct on-site mock drills, given safety considerations during the pandemic; however, we conducted awareness sessions and regular communication updates on regulatory changes and health and safety considerations in line with the government announcements during this period.

HSE awareness trainings and campaigns	• In addition to awareness sessions on pandemic-related considerations during 2020-21, we also conducted remote / virtual HSE related awareness trainings and campaigns as well. A total of 15 training sessions were conducted during the year, with key topics or areas of discussion including:
	  • Establishing PSM Electronic passport
	  • Covid-19 vaccination campaign – 1st January 2021
	  • Emergency for building coordinators

Process hazard analysis (PHA) course	• Our Process Safety Committee held a PHA course for all Manufacturing and Marketing employees. Participants gained knowledge on operation-related risks and how to conduct evaluation studies to prevent industrial accidents.
Pointing system	• As a part of this program, the management conducts unannounced plant or workshop visits. Cards (green, yellow, and red) are issued to employees based on their compliance with PIC HSE regulations. We believe that appreciating safe behaviors motivates employees, while negative feedback will discourage unsafe behaviors at work. • While we were unable to conduct such visits during the pandemic, we aim to continue with this program on a regular basis moving forward.

Awards and certifications	• We have instituted the PIC CEO Health, Safety, Security and Environment (HSSE) Award that recognizes contributions made by employees to promote and enhance HSSE awareness in PIC.
	• During 2020-21, these were awarded to:
	  • ISO 45001
	  • ISO 50001
	  • Responsible Care®

We report on our health and safety performance on a regular basis to our internal and external stakeholders, as considered necessary and take into account their feedback and insights to further improve upon our performance across different operations and activities. For occupational health and safety performance and impacts, we have implemented different reporting and verification mechanisms that enable us to identify key issues and areas of improvement. These include:

Reporting and verification mechanisms

- Near miss and unsafe conditions reporting: a proactive tool for accident prevention through reporting unsafe conditions or near misses. Concerned committees monitor unsafe conditions or near misses to ensure that root causes are identified and take corrective measures to eliminate hazards.

- Process Hazards Analysis: a procedure to identify, evaluate, and develop methods to control the significant hazards in the lifecycle of a process being studied. It addresses and includes unsafe conditions, unsafe acts, hazards of a process, consequence of failure of engineering and administrative controls, facility sitting, human factors, and a qualitative evaluation of the failure of controls.

- What-if and Job-Risk Analysis: a methodology to identify the dangers of specific tasks in order to reduce the risk of injury to workers and property damage through listing all possible and worst case scenario's impacts, then identifying the hazards and control measures to eliminate or reduce the risk of the identified hazards. It provides detailed information with a narrow scope for each specific operational risk, including the equipment and environmental hazards.

- Grievance methodology for OHS issues: a tool to manage employees' and contractors' rights through transparent mechanisms that allows them to raise grievances and provide feedback. The tool was implemented to eliminate risks and hazards of workers' mental stress that may result in incident / accident either outside or inside the workplace due to mental uncountability issues.

- Process incidents start-up safety review: a procedure under the Process Safety Management (PSM) System. The pre start-up safety review provides a final checkpoint for new or modified equipment and/or units and confirms that all appropriate elements of PSM have been addressed satisfactorily, and ensures that no changes that could affect process safety have crept into the system during the construction phase and that the facility is safe to operate.

These processes and mechanisms allow us to investigate all work-related incidents, determine corrective actions using the hierarchy of controls, and determine improvements needed in our current occupational health and safety management system. Furthermore, our reporting and grievance redressal mechanisms allow our employees and workers to report work-related hazards and hazardous situations and stay protected against work situations that they believe could cause injury or ill health.

Enabling Worker Participation, Consultation and Communication on Occupational Health and Safety

GRI 403-4   **GRI** 403-5

We take responsibility for the health and safety of our workforce, especially when faced with new challenges such as the pandemic. We do our utmost to safeguard them against both accidents and work-related illnesses. We believe that enabling workforce participation and consultation on decisions and

performance related to occupation health and safety aspects can result in improved communication, potential productivity and efficiency gains, and the fulfilment of ethical and legal imperatives.

Across our operations, we have implemented measures that contribute to the identification and elimination of hazards and minimization of risks and ensure the quality of services and facilitates workers' access to them. These measures include occupational health programs such as noise management and worker hearing-related considerations, lighting management, vibration monitoring and control, respiratory protection, Personal Protective Equipment (PPE), provision of emergency medical and clinic services, managing heat-related stress, food hygiene and sanitation facilities, among others.

To provide access to and communicate relevant information on occupational health and safety to our workers, we have introduced initiatives such as regular team briefing sessions, toolbox talks, awareness sessions on H&S topics, campaigns and trainings on health and safety impacts, among others. While our priorities related to workforce protection were different during the pandemic – with a key focus on ensuring the safety of our workers on-site against COVID-19 and providing them with appropriate protective equipment – we will ensure conducting our workforce participation activities regularly basis moving forward.

We also have a PIC worker union that conducts weekly meetings to review and discuss any labor-related issues or concerns, including health and safety related aspects. We also provide regular emergency evacuation awareness sessions and other relevant personal development programs to our workers to allow for increased health and safety related understanding.

Creating a Safe and Healthy Workplace

GRI 403-9

This sub-section will include quantitative disclosures on PIC's occupational health and safety performance during 2020-21, in line with GRI Standards requirements for topic-specific disclosures.
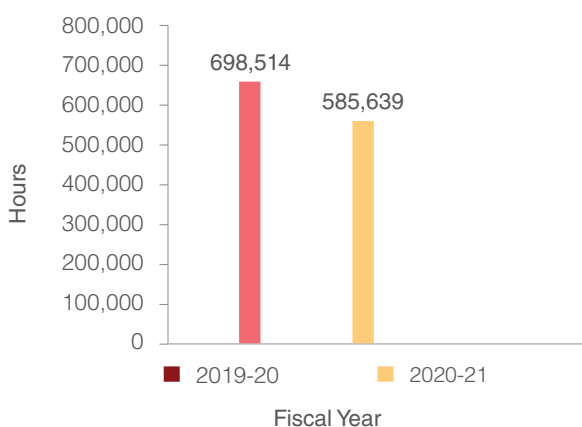
Work-related Injuries

As a part of the occupational health and safety audits conducted monthly, we monitor various areas

in operations on aspects such as air analysis within PIC, lighting levels, vibration, noise exposures and indoor air quality. Findings for 2020-2021 indicated that our performance was well within local regulatory limits.

At PIC, we not only measure and record our safety performance, but also include the performance of our contractors, since they are an integral part of our operations. Accordingly, no work-related injuries or fatalities were recorded among our employees and contractors for the current reporting year. Furthermore, none of our employees were involved in occupational activities with high incidence or high risk for specific diseases. We are proud to disclose that we have had zero work-related incidents since July 2018, highlighting our efforts in ensuring a safe and efficient work environment for all our employees and workforce.

The Number of Hours Worked for All Employees, and Workers who are Not Employees, but whose Workplace is Managed by PIC

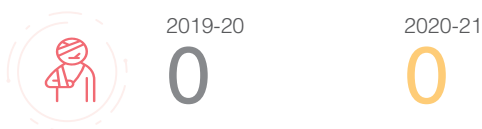**Number of hours worked for all employees**

Number of hours worked for all workers who are not employees but whose work and/or workplace is managed by PIC
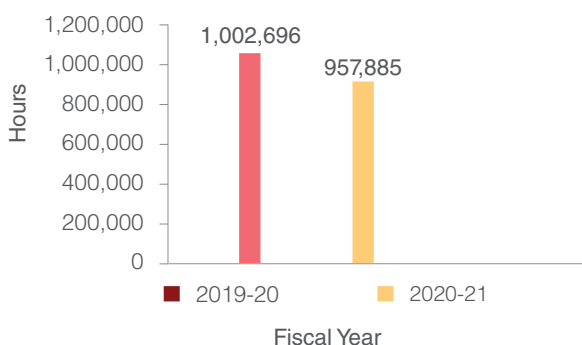
The number and rate of fatalities and work-related injuries for employees
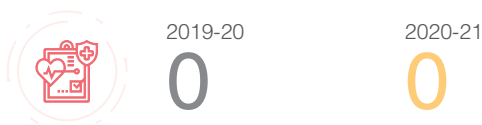
For Employees

Number of fatalities as a result of work-related injury

2019-20	2020-21
0	0

Number of high-consequence work-related injuries as a result of work-related injury (excluding fatalities)

2019-20	2020-21
0	0

Number of recordable work-related injuries as a result of work-related injury (excluding fatalities)

2019-20	2020-21
0	0

The number and rate of fatalities and work-related injuries for workforce (other than employees)

For Workforce
(other than employees, but whose work and/or workplace is controlled by PIC)

Number of fatalities as a result of work-related injury

2019-20	2020-21
0	0

Number of high-consequence work-related injuries as a result of work-related injury (excluding fatalities)

2019-20	2020-21
0	0

Number of recordable work-related injuries as a result of work-related injury (excluding fatalities)

2019-20	2020-21
0	0
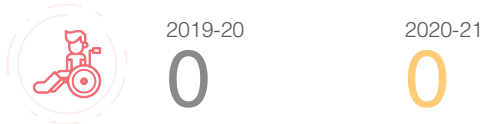
The number of total man-hours worked during 2020-21 were slightly reduced compared to previous years, for both employees and our workforce working across PIC sites, due to the change in working conditions during the pandemic. We faced challenges related to regulatory and government-mandated shutdowns in the country, reduced work-hour requirements due to certain operations shutdowns and overall attrition rate as well.

All medical records including medical questionnaires, medicals and health surveillance are categorized as medically confidential. The PIC Medical Center does not disclose any medically confidential information without the employee's prior written consent. Unauthorized access to medical records will result in disciplinary action.
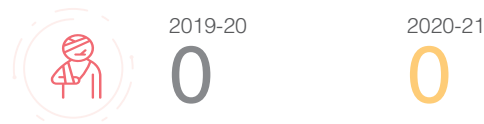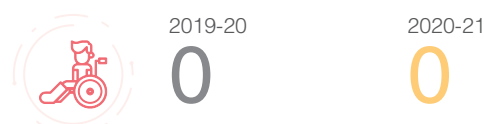
Future Plans and Commitments

We managed to maintain zero fatalities and work-related injuries and incidents even during 2020-21, despite facing pandemic-related challenges. We aim to continue working towards maintaining this level of performance in the future as well and will strive to improve our existing processes, mechanisms, and monitoring systems in line with leading industry practices and legal and regulatory requirements.

Our focus in the coming years will be further improvements to our health and safety processes, including carrying out a current state assessment to identify opportunities to enhance health and safety practices across PIC, which will feed into the development of an Occupational Health and Safety Strategy for the organization. We are already on track for establishing specific occupational health and safety key performance indicators with annual targets for the PP Plant.

As part of our push for increasing digitization we are discussion the possibilities for implementing an online reporting and tracking system for all occupational health and safety performance KPIs and targets, an automated live dashboard will increase the efficiency of H&S protocols. Moreover, it will provide a snapshot of our H&S performance across PIC.

Finally, we intend to build on the success of our employee learning and performance improvement programs by focusing our attention on developing and establishing a program to promote employee wellbeing.

Asset Integrity and Process Safety

Process safety is of critical importance to the commercial success of our operations, and the protection of our employees, as well as the surrounding environment. The key to our success, like that of any other successful company in the industry, is to keep our plants available and running efficiently while maintaining our focus on their reliability and process safety. By continuously monitoring, evaluating, and improving our asset integrity and process safety conditions at our sites, we are creating a safe and secure working environment.

PIC's Approach to Maintaining Highest Standards in Process Safety and Asset Integrity

GRI 103-1   **GRI** 103-2   **GRI** 103-3

Asset integrity and process safety are fundamental for PIC's business continuity. We aim to mitigate any significant process safety incidents and risks identified. We have put in place a robust policy based on the DuPont Model to manage the major risks that our business processes and operations pose. Our process safety management approach is intended to ensure that asset integrity failures do not cause or fail to prevent or mitigate significant safety incidents.

We have strategic objectives tied to process safety knowledge including educating our employees on how to mitigate risks. For the current reporting year in consideration, we intend to disclose on our asset integrity and process safety related performance for our Polypropylene Plant in Kuwait which is under our direct operational control. We may consider expanding our reporting boundary further in the future reporting cycles.

To track our progress in process safety management, we use leading indicators such as inspections and tests of equipment critical to process safety. We also measure lagging indicators that record past events, such as spills and other process safety events such as loss of primary containment incidents, and develop lessons learned from these instances. Our commitment to safety and quality has also been validated by the internationally

recognized standards of International Organization for Standardization (ISO), Responsible Care®, and Occupational Health & Safety Advisory Services (OHSAS). The work processes and procedures to meet these international standards have become part of the way we work. All related process safety incidents and near misses are reported, managed, reviewed through our Maximo system.

We have put in place several policies in line with the DuPont Model's 14 Elements of Process Safety Management. KPIs for each of the 14 PSM Elements with threshold and target values have been established and the performance against the baselines is regularly monitored and tracked.

Safer facilities, safer communities
Minimize process safety incidents

Process Safety and Asset Integrity Policies

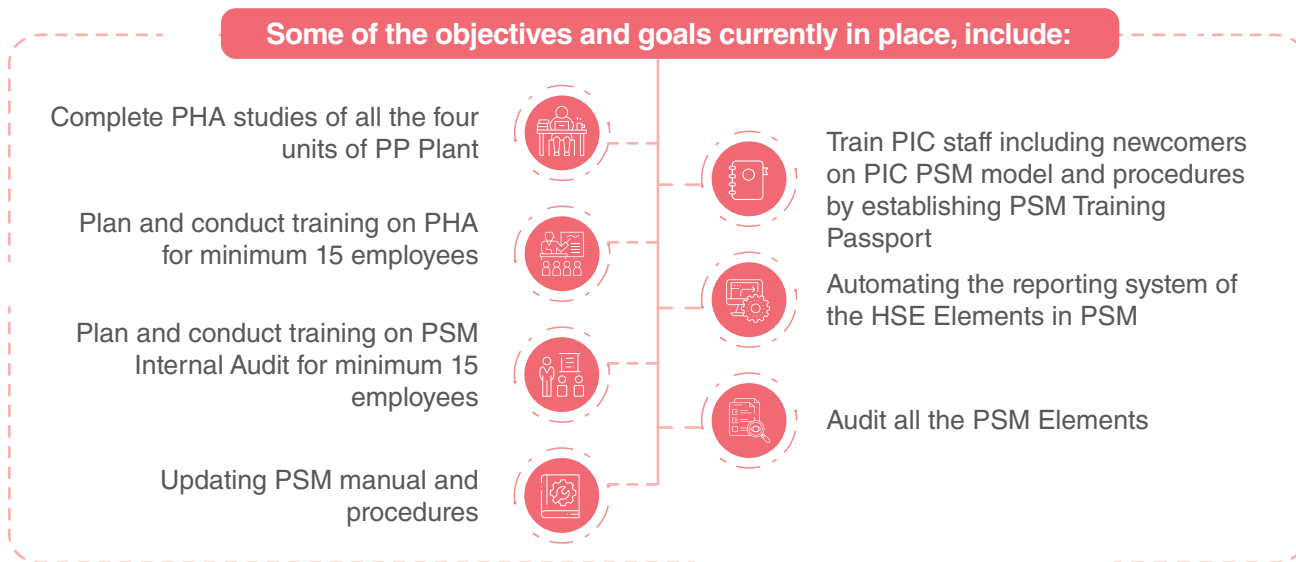|	
Process Safety Information	Process Hazards Analysis
Operating Procedures & Safe Practice	Management of Change
Quality Assurance	Prestart-up Safety Review
Mechanical Integrity	Training & Performance
Managing of Contractor Safety	Process Incident Investigation
Management of Personnel Change	Emergency Planning & Response
PSM Audit	PSM Communication

To ensure effective governance around our process safety and asset integrity performance, we have designated a Process Safety Management (PSM) Committee consisting of our Operations Manager, TS Manager, HSSE Manager and Champions for each of the 14 PSM Elements.

Process Safety Management (PSM) Committee Composition and Structure

Operations Manager
Committee Chairman

HSSE Manager
Member and decision maker

TS Manager
Member and decision maker

PSM Elements Champions
Maintain the documents and follow up the KPIs and fulfil the objectives

The PSM Committee meets every month to review the progress of the goals and objectives set for the PSM elements. The PSM progress is also presented to top management through Board and SHEEC meetings monthly.

Some of the objectives and goals currently in place, include:

Complete PHA studies of all the four units of PP Plant

Plan and conduct training on PHA for minimum 15 employees

Plan and conduct training on PSM Internal Audit for minimum 15 employees

Updating PSM manual and procedures

Train PIC staff including newcomers on PIC PSM model and procedures by establishing PSM Training Passport

Automating the reporting system of the HSE Elements in PSM

Audit all the PSM Elements

CASE STUDY   The PSM Passport

Given PIC's significant focus on employee health and safety, we have developed a new PSM training program for all engineers across all levels at PIC. This new program is known as the PSM Passport.

Initiated in 2021 by HSE, the PSM Passport provides training for engineers – both older employees and new recruits – who are required to work on the plant floor and in jobs with recognizable hazard risks. The program focuses on skills and competency building. Trainees must pass each of the PSM standards to achieve their certification.

The program curriculum is ready for deployment. All trainees are required to train in each topic covered under PSM. During the program, each trainee is tasked with individually tailored curriculum assignments based on her/his technical discipline and subject area. Successful completion of the PSM Passport requires all trainees to pass exams on each of the PSM topics. A 'graduation' ceremony is also organized where PIC's Coordination Safety Engineer awards a certificate to successful trainees.

Our Process Safety Performance

Due to the high-risk environment of petrochemical plants, process safety and asset integrity is one of our top priorities. We aim to reduce risks of operating our assets and processes to a level acceptable to employees, contractors, regulatory bodies, investors, and the community as a whole. As a Responsible Care® certified company, we have integrated Responsible Care® Codes of Practice into every aspect of our operations through performance measures and continuous improvement efforts.

We work relentlessly to target zero process safety incidents and in 2020 and 2021, we are proud to announce that we did not face any level 1 (Minor), level 2 (Moderate), or level 3 (Major) process safety events in our operations.

With the objective of maintaining the highest standards of process safety and asset integrity, we conduct frequent audits, monitor Overdue PSVs, Inspection Reports, PM Compliance, Pending Work Orders, Predictive Maintenance and Asset Mechanical Reliability. We have a robust performance monitoring and audit mechanism in place to ensure managing our process safety and asset integrity related aspects – with internal audits conducted annually and external audits conducted once every three years. Each of our facilities undergoes a monthly Safety Audit and Insurance Walk Through Audit to ensure continuous improvement of process safety performance. However, during 2020-21, all such audit plans were temporarily halted because of restrictions imposed by the government and shutdown-related challenges faced during the pandemic. These have been deferred until such time as the government eases restrictions.

Our approach to ensuring asset integrity and managing process safety continues to be focused on prevention and control of events with low frequency and high/severe consequences for people, the environment, and assets or project performance. During 2020-21, we were faced with several challenges, including pandemic-related repercussions. Consequently, we tried our best to ensure effective implementation of our asset integrity and process safety mechanisms and systems as an outcome of good design, planning and operating practices to reduce any associated risks in line with leading industrial practices.

Future Plans and Commitments

The PSM Training Passport is a new innovation which we anticipate will increase upskilling our employees in the technical aspects of asset integrity and process safety. This will be an annually recurring program geared towards both existing staff and newcomers. Depending on its performance and results we hope that this can be taken up as a best practice in the K-company group.

We will resume our monthly Safety Audit and Insurance Walk Through Audits, which were halted during the pandemic, to ensure continuous improvement of our process safety performance.

In keeping with our efforts towards greater digitization, PIC is exploring options in consultation with ICT on how to automate the reporting system of HSE elements in PSM.

Economic Performance

In this Section

Our Approach to Responsible Investment

Ensuring Product Stewardship and Business Continuity

Local Economic Impact and Local Content

Our Approach to Innovation in Business Practices

Economic Performance

PIC, as part of the K-group of companies, works to contribute to the realization of the New Kuwait Vision 2035, the country's national development plan, which aims to transform Kuwait through diversifying the economy by promoting manufacturing and industries, creating competition, and promoting production efficiency. As a leading petrochemical manufacturer with global partnerships to enable our competitiveness and product range, we aim to continue to deliver profitable growth and contribute to a thriving economy through delivering healthy financial results, supporting local procurement, and sparking innovation.

“

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

Mohammad Ali Al-Enezi
Corporate Planning Manager

Management Approach

GRI 103-1 **GRI** 103-2 **GRI** 103-3

We understand the impact of PIC's business activities and operations in relation to economic development and diversification to achieve long-term sustainable growth in the countries we operate. Over the past 50 years, we confidently stepped in the petrochemical industry and established ourselves as an economic force locally, regionally, and internationally. We successfully participated in mega projects, both inside and outside Kuwait, and became a major contributor to Kuwait's national economic growth. Part of our long-term business success has been our awareness of and ability to adapt to the various challenges faced by the petrochemical industry including the pandemic, fluctuations in crude oil prices, and changes in customer demand for petrochemical products. Cognizant of these factors, our growth strategy includes ambitious strategic expansion plans in the petrochemical business inside and outside Kuwait. Our ambition, which is part of KPC strategy, is to expand our annual production to 14.5 million tons (KPC share) of petrochemical products by 2040. We attempt to maximize the economic value we bring to our stakeholders through efficient management of our resources to ensure competitiveness in the market. We have been able to create a diversified portfolio through our local and international investments, which have helped us become a significant player in the global petrochemical industry.

Our overall economic performance disclosed for the 2020-21 reporting year includes the direct and indirect economic value and impacts created through our business practices and activities within Kuwait.

Our Approach to Responsible Investment

We continue to adopt a forward-looking approach in managing our business practices and setting business strategies and future targets – taking into consideration that companies in our sector need to adopt more efficient and disciplined financial measures in the future to continue meeting targeted economic and financial goals. We continue to invest in various projects through our joint ventures to achieve our target of diversifying into new markets.

Building Capacity and Sharing Knowledge on Financial Performance Related Aspects

We faced challenges when organizing training sessions and continuing our learning and capacity building programs during the reporting period, owing to the restrictions and precautionary measures put in place during the pandemic. Nonetheless, during the reporting period, our Finance department managed to conduct IFRS and Corporate Finance weekly e-learning sessions through virtual online platforms such as MS Teams.

The trainings were delivered to all KPC Group company employees, including PIC employees, to share knowledge and awareness related to various functions and activities managed and handled by the Finance department. The intent was to create a network across different departments to enable efficient and effective business activities.

Our Economic and Financial Performance in 2020-21

GRI 102-45   **GRI** 102-48   **GRI** 201-1

The pandemic and corresponding market price fluctuations reflected on our revenues and overall economic value during the reporting year as well. However, our operating costs reduced significantly due to the decrease in raw materials' costs for our three individual strategic business units.

Additionally, our operating costs decreased by 9% in 2021 as compared to the previous year, due to our pursuit of opportunities to achieve increased optimization within our operations, resulting in considerable cost-savings for PIC. No payments were made to capital providers due to losses incurred during the reporting period and in line with regulatory mandates to the capital providers to postpone collections during this year.

Description	2019-20 (KWD)	2020-21 (KWD)
Direct Economic Value Generated	114,694,697.00	111,896,132.00
Economic Value Distributed	221,966,389.55	142,268,654.00
• Operating Costs	115,698,527.00	105,658,264.00
• Employee Wages and Benefits	42,329,983.35	36,610,390.00
• Payments to Government	0	0
• Payments to Providers of Capital	63,937,879.20	-
• Community Investments	-	-
Economic Value retained	(107,271,692.55)	(30,372,522.00)

Explanatory notes for the table above:
• Changes in Direct Economic Value Generated were due to price fluctuations in the global markets.
• We experienced a reduction in operating costs because of a decrease in raw materials and operational costs for three of our strategic business units during the pandemic.
• There was a decline in Employee Wages and Benefits because some benefits were reduced during the pandemic because of our COVID specific work-from-home policy, and to accommodate payments to staff that was in lockdown outside of Kuwait when local stay in place policies were in effect.
• There were no payments to Providers of Capital as a result of losses incurred due to no distribution of our products during the pandemic induced lockdown. Dividends were paid to KPC based on 90 percent of our net profit.
• The numbers cover the Polypropylene Plant operations only

Transparency and Audits of our Financial Perfromance

We use a balance score card through financial Key Performance Measure's (KPM's) to achieve our strategic targets regarding economic performance. Performance against set targets is reviewed monthly through presentations delivered by our Finance team. We also monitor the financial performance KPM's from the balanced score card via HYPERION, an interactive reporting system.

We also conduct yearly external and internal financial audits. One of the recent key outcomes of the audit process was the development of a 'Connect' – a bespoke website for PIC's finance personnel - by the external auditors. The website further streamlined the audit process making it more efficient. As a result, the auditors were able to route their audit requirements to the relevant finance personnel for response or further action as necessary. The website provides the Finance Manager, Team Leader, and senior personnel to an overall performance dashboard, which provides an overview of the audit progress and findings.

Our senior team members are also responsible for conducting any additional audits or checks related to improving PIC's overall economic performance as well as any check on bank reconciliations of foreign subsidiaries (KPIC, KPPIC and KVPC). The Senior Corporate team also supports the external auditors and bookkeepers of KPIC and KPPIC Canadian subsidiaries to finalize their work and issue signed financial statements, including the period ending 31 December 2020. The senior GL team members collect the data required from KVPC for PIC's consolidation sheet, and our Finance Manager coordinates and monitors the audit of the Canadian subsidiaries, their related joint ventures, and associates via remote virtual meetings and official letters.

Internal audits during 2020-21 offered observations on specific areas of improvement and insights to further strengthen our financial sustainability, including updating our internal financial procedures, and streamlining the delegation of authorities (DOA). We developed a new manual for policies, procedures, along with financial process maps and DOA because of the changes catalyzed by this project.

To assess our financial resilience during the pandemic, we conducted an impairment study for all our financial assets (PP Plant, associates, and subsidiaries) to address the impact of the COVID-19 crisis on the five-year plans of each

company associated with the KPC group. The study was conducted in accordance with the IAS 36 guidelines and supervised by external auditors. The study found that the results were positive even for scenarios based on the most conservative assumptions and that PIC and all businesses associated with us could overcome the challenges posed by the pandemic.

We also conducted a review of our spending during this period to assess PIC's financial sustainability during crisis situations and post-crisis as well. During the pandemic we adopted a series of actions to maintain our financial resilience, specifically by reducing our spending on community engagements, external trainings, and putting capital operational projects on hold. These decisions were made in accordance with directions from KPC. Putting a hold on CSR spending and external trainings had no detrimental effects since country-wide lock-down protocols were in place for public health and safety reasons. It was also during this time that HR made the strategic decision to begin the transition to online and web-based learnings. There were no difficulties with making payments to suppliers. All in all, our internal audits and financial performance satisfied us that we were able to demonstrate financial resilience and meet our production targets despite the challenges post by the pandemic.

Ensuring Product Stewardship and Business Continuity

GRI 416-1

Operational resiliency and business continuity are focus topics in our strategic direction. We regard them, especially during the pandemic, as a vital management priority. In 2020, we made every effort to maintain steady operations and avoid risks. Given the magnitude and scale of the pandemic crisis, we are currently putting in place a company-wide Business Continuity Management (BCM) program to support critical business processes.

Ensuring product stewardship is another effective method to ensure business continuity and PIC's sustainable growth and success. We have implemented a dedicated Crisis Management Plan that enables us to respond to any challenges, issues, or emergency situations we may face as a business. We are also aligned with the ISO 27031 Standard on Information and Communication Readiness for Business Continuity (IRBC). Furthermore, we conduct annual conformity audits to maintain alignment with the requirements of this Standard. In addition, our Crisis Management Team members are responsible for conducting regular Crisis Management Drills throughout the year.

Further details of our Crisis Management Plan are discussed in Chapter 2: About Us pages 34-35.

Improving Productivity and Maintaining Product Stewardship

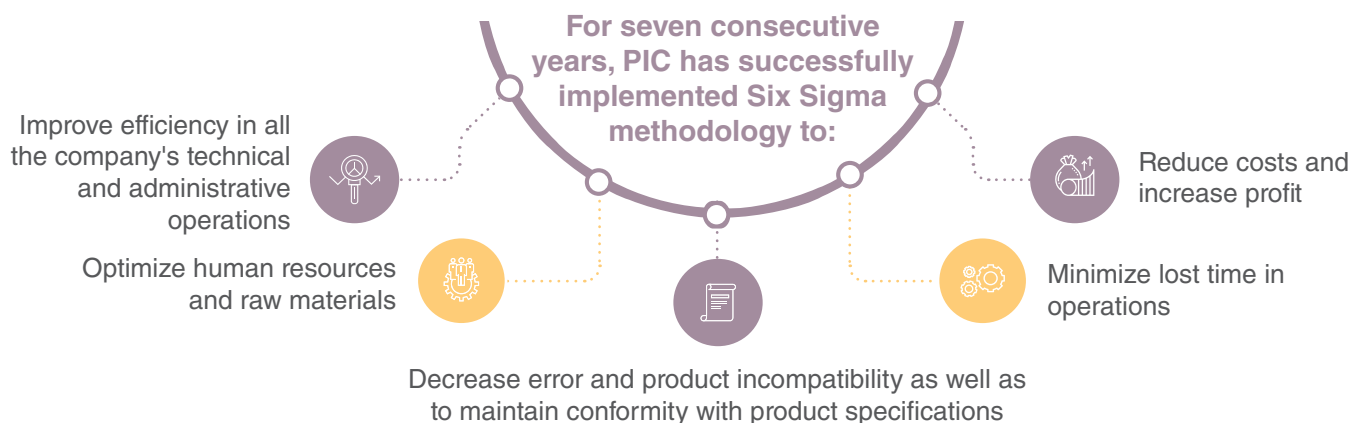**GRI** 103-1   **GRI** 103-2   **GRI** 103-3

We take responsibility for minimizing detrimental impacts on human health and environmental impacts while at the same time improving plan and employee productivity. Our Six Sigma program has contributed to this commitment, which in turn has increased profits and reduced operational costs.

With regards to maintaining product stewardship, we have a dedicated Risk Characterization and Risk Management process in place that enables us to assess safety, health and environmental information for all our products and operations and take appropriate steps to protect employee and customer health, and the environment as necessary.

We have a dedicated Product Stewardship Policy in place and are committed to safeguarding PIC's reputation and customer well-being through the responsible management of our products for their life cycles. We firmly believe that the success of our stewardship approach is the responsibility of all PIC employees and workers, especially those involved with handling and managing PIC Polypropylene products from initial conceptualization and research to the manufacture, sale, distribution, use and disposal stage of each product.

We undertake efforts that all our Polypropylene products are in line with the Technical Data Sheet (TDS) and Material Safety Data Sheet (MSDS) standards and measures in place. We have specific targets and performance metrics related to maintaining our product stewardship commitments. Additionally, PIC's top management reviews product performance against set targets and goals through weekly and monthly reports, and BSC meetings, in addition to annual performance audits carried out as a part of the ISO certification process.

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

Improve efficiency in all the company's technical and administrative operations

Optimize human resources and raw materials

Decrease error and product incompatibility as well as to maintain conformity with product specifications

Reduce costs and increase profit

Minimize lost time in operations

Local Economic Impact and Local Content

We seek to enhance our economic performance through our influence to foster positive impacts across our supply chain by prioritizing responsible sourcing and maximizing local content.

"

We are aware of the indirect economic impacts we create through our business activities and related practices. We believe that the way any organization manages indirect economic impact is a crucial measure of its corporate citizenship. In what remains an unpredictable, COVID-19 disrupted global economy, ensuring the highest level of business agility and engagement with local and sustainable procurement will prove key to retaining investor confidence.

Hussain Rashed Al-Fadhli
Commercial Manager

Contributing to the Local Economic Growth and Development

GRI 203-2

The chemical and petrochemical industry plays a pivotal role in economic development. The industry has changed drastically in the last few decades with GCC emerging as a major hub for the global chemical industry. Thirty years ago, GCC was a net importer of chemicals, whereas currently many chemicals produced are exported to global markets. The chemical industry has a large impact on the economy, particularly in terms of value addition and job creation. It is most likely that the chemical industry will play a pivotal role in national development as the GCC economies go through structural challenges related to industrialization, economic diversification, and the creation of new employment opportunities.

Kuwait's economy was built, and still relies heavily on, the oil sector, as such oil exports account for approximately 85 percent of Kuwait's national income. One of the ways we contribute to the Kuwaiti economy is by helping it transition away from oil to producing value-added products, such as petrochemicals.

PIC has long worked to advance all three dimensions of sustainability: strong economics, sound environmental performance and good corporate citizenship. We strive to ensure that our operations and investments yield positive value in all three areas. Kuwait's GDP stood at USD 107.94 billion in 2020. According to the World Bank in 2019, rents from oil constituted approximately 42 percent of its GDP. The current scenario of sustained low oil prices highlights the need for economic diversification to ensure continued economic growth.

As of 2019, industry was the third-largest sector in Kuwait. The petrochemical industry constitutes a significant share of the manufacturing sector, which has grown during the past decade. Continuing to pursue non-oil growth is a cornerstone in Kuwait's Vision 2035, which calls for an increase in spending on infrastructure, economic diversification, and regulatory reforms. Through our investments in enhancing our operations in Kuwait, we support the growth of Kuwait's non-oil economy.

Management Approach

GRI 103-1   GRI 103-2   GRI 103-3

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

We understand the importance of sourcing our supplies locally to help generate sustainable value and enhance our supply security. This approach gained additional traction during the pandemic, wherein supporting local suppliers and vendors contributed to domestic economic growth and sustainability, while ensuring our business continuity.

We follow the KPC 2040 strategy for Local Content which consists of several initiatives applicable to all KPC-Group companies, including PIC. In 2020-21, we were nominated to lead the local content related initiative on "Developing and Roll out of Local Content Opportunity Ideation to Execution Process".

For this reporting cycle, we have considered disclosures on our local content related performance for our operations and business practices and initiatives in Kuwait.

As a KPC Group subsidiary, we follow the sustainability reporting policy deployed by KPC at a group-wide level, which focuses on contributing to economic growth through its objective of "Contribute to economic growth: Create both direct and indirect economic growth through development of local content, as the primary contributor to Kuwait's national economy".

It includes the two following key components:

• Local sourcing percentage is a metric applicable to all KPC group companies, to quantify total spending on local manufacturers and service providers to indicate the sector's contribution to the Kuwaiti economy. We have set a target of

30 percent for the 'local sourcing' percentage measure before the start of the financial year.

• System-based reporting to encourage local content in the sector is a report prepared by KPC that indicates the group companies' participation in enhancing local content involvement in their activities.

As we continue to support local suppliers, vendors, and contractors, we recognize the need to ensure that our suppliers adhere to sustainable practices in line with PIC's sustainability commitments and objectives. To improve and develop sustainability practices among our suppliers we have developed a Sustainable Procurement Policy that will become an integral part of every supplier agreement. We also aim to train and support local suppliers in improving their sustainability performance.

Our efforts to engage and promote local content crystalized during the pandemic. With the lockdown in effect and long lead times for delivery, we experienced supplier specific challenges, which led us to initiate the process of updating our Procurement Policy. For PIC, the supplier engagement process begins by raising a requisition internally followed by soliciting quotations which are then vetted and approved. Since our Work from Home protocols were in effect and employees had access to PIC's IT assets, there were no delays in the internal process apart from some initial stage hiccups on getting approvals for major requisition and purchase orders. We realized very quickly that the procurement process had to be digitized to minimize delays and make our decision-making and record-keeping more robust.

Some highlights of KPC local content activities include:

Award 30% of contracting works to local contractors registered in the contractor's classification list

Award maintenance and long-term contracts to support local hiring, with at least 30% of the total skilled and semi-skilled workers being local nationals

Encourage the local private sector to award long-term contracts to suppliers and vendors and prioritize use and sourcing of locally manufactured services and materials

There were issues with delivery, primarily because of shipping delays. The lead time for deliveries was longer than the established time frame because of labor shortages and supply chain delays on the manufacturers' end. Under normal circumstances dispatch of products typically takes 6-8 months. However, during the pandemic some suppliers requested delivery lead times of up to a year. Many of our suppliers who are responsible for meeting nearly 80 percent of our deliveries continued as expected.

To bridge unexpected shortages or delays in delivery we were able to requisition supplies from EQUATE. In some instances, we tested the options to fabricate items locally. Thereby building local supplier capabilities. However, this initiative was highly dependent on the type of part required – for instance, gaskets can be manufactured locally. To the extent possible, we maintained a roster of suppliers categorized by the types of goods and services they offer and made attempts to find at least one alternate supplier for each type of good and service.

PIC's Sustainable Procurement Policy

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

Objectives of PIC's Sustainable Procurement Policy

To comply with all relevant legislation and regulatory requirements

To promote sustainable awareness among the suppliers and contractors

To procure sustainable products and services

To include sustainable criteria while evaluating the offers received from the suppliers

To analyze the benchmarked performance to identify the areas for improvement

To use the measures developed to monitor our sustainable procurement practices with a view to seek continual improvement

To use the results of the monitored practice to benchmark our performance against sustainability criteria based on leading practice

We strongly believe that by using sustainable procurement practices, we will meet our needs for goods and services while creating long-term value for all our stakeholders.

Assess the need — **1**

Define the need — **2**

Evaluate options — **3**

Design and specify the object — **4**

Incorporating sustainability into procurement process

5 — Supplier selection

6 — Tender evaluation

7 — Post-contract management

8 — Supplier development

CASE STUDY

Improvements to our Sustainable Procurement Process

Since sustainability has been one of PIC's top priorities and commitments in recent years, the Commercial Department has taken upon itself to adopt and implement sustainable procurement practices as per ISO 20400:2017 - Sustainable Procurement Management. At PIC, we define sustainable procurement as an approach to procurement that has the most positive environmental, social and economic impacts possible across the product life cycle.

- The rationale behind our push towards sustainable procurement include:
- Cost savings
- Supporting local capability and talent development
- Improving the local business environment
- Enhancing PIC's reputation in the local markets.

During the reporting year, we:

- Were encouraged to explore suppliers closer to home as a result of the pandemic induced restrictions on travels and delays in shipping
- Adopted a more targeted approach to procuring sustainable goods and environmentally friendly products whenever applicable, such as the paper used in our head office

- Created and implemented a new Supplier Relationship Management system (SRM) as a result of implementing this new nuanced sustainable procurement strategy
- Improved and redesigned the terms and conditions for both Request for Quotations (RFQs) and Purchase Orders (POs) to better align with the sustainable procurement guidance
- Introduced the concept of consolidated shipments where multiple POs from the same supplier/region should be consolidated into a single shipment to reduce the energy consumption, packaging materials, and shipping costs.

Our future plans to enhance sustainable procurement include:

- Implementing additional sustainable procurement practices such as the Economic Quantity Order (EQO)
- Adopting long term contracts and/or blanket POs as one of the sustainable procurement measures
- Broadening the list of green products that PIC procures.

# Proportion of Spending on Local Suppliers During 2020-21

GRI 204-1

In line with Kuwait's national vision, we seek to enhance our economic performance by using our influence to create a positive impact through responsible sourcing and supporting local suppliers.

During the reporting year in consideration, our overall procurement spending decreased by approximately 70 percent from KWD 20 million in 2019-20 to KWD 6 million in 2020-21. This was mainly due to COVID-19-related challenges, wherein most procurement activities were cancelled or delayed leading to a significant reduction in procurement spending, especially on non-local suppliers, vendors, and contractors.

However, these global logistical challenges resulted in the unexpected benefit of reorienting most of our procurement spending for 2020-21 towards local service providers, allowing us to extend our support to the local economy. By continuing our engagement with local suppliers, we remain insulated from risks in the global supply chain.

Procurement budget spend on local suppliers

2019-2020: 57% / 43%
2020-2021: 93% / 7%
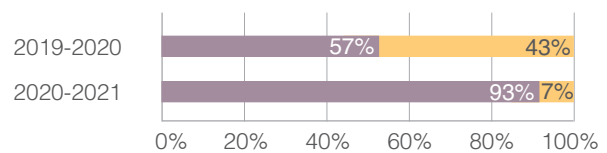
■ Procurement budget spend on local suppliers
■ Procurement budget spend on non-local / other suppliers

Currently, our top management have been assigned the responsibility of reviewing the progress of local procurement percentage via the KPC Hyperion Performance Scorecard System on a quarterly basis. The management also reviews the company-specific performance through the disclosures made in annual report prepared by KPC at the Group-wide level.

CASE STUDY — Digitization of Procurement

One of the lessons we learned during the pandemic was that a global crisis such as COVID-19 can stymie our supply chain, and to avoid delays in production and to actively meet our deadlines, it was important that we strategically reboot our procurement system and think of our long-term sustainability. Our e-procurement plan is articulated over an extended time frame.

The Commercial department initiated this project in mid-2021 under the aegis of the DCEO Administration and Finance. Working in collaboration with the IT department, the project started by identifying potential areas of transformation followed by a discussion with the IT department to explore digitization and automation solutions that would support newer e-procurement practices. The discussion was shaped by KNPC's best practices on e-procurement and a suggestion to go live by 2022.

The rationale behind digitizing our procurement strategy include:

- Improving our alignment with KNPC's best practices and with PIC's strategic objectives
- Conducting a strategic assessment of our procurement portfolio based on our supplier categories and locations, our supply markets, and risk analysis of our current and future context
- Revitalizing the procurement function in light of the lessons from the pandemic and our future market assessment

During the reporting year, we explored and revamped our supplier database and records systems with a view to assessing vendor/supplier performance, assessing our demand cycle and internal contract management. We also took this opportunity to strengthen the local content development and procurement aspect of our procurement process.

Our Approach to Innovation in Business Practices

Our commitment to innovation, and drive to promote an environment for human capital advancement is closely aligned to the strategic objectives of the Kuwait Vision 2035 and to the KPC 2040 Strategic Directions. Technology is changing the way we think and act. This is one of the biggest catalysts for change in our business. We are committed to leveraging innovative technologies in our operations through our dedicated R&T program.

"

We are attuned to market conditions and always strive to demonstrate responsiveness and willingness to change as per changing market demands and stakeholder expectations through integrating innovation in all that we do. We believe innovation is the cornerstone for us to develop long-term value-adding relationships that support our growth and enhance our operational excellence.

Nadia Bader Al-Hajji
DCEO Projects & Business Development

Management Approach

We harness a strong innovation culture and encourage the adoption of best applicable technologies, both crucial to our business success. Our focus on innovation enables us to create an internal learning community that shares skills and knowledge while leveraging leading practices from our partners.

In January 2020, we established an Innovation Committee, launched by our CEO, with the aim of implementing various innovation-focused activities and plans included in the engagement plan approved during 2019-20. The committee falls under the purview of the Corporate Planning Department and its main objective is "to design innovation activities/processes during the year for employees within the company to receive, analyze, evaluate and communicate innovative Ideas".

The responsibilities of the committee include:

- Develop innovation process within PIC
- Develop a method for analyzing innovative ideas
- Develop method of receiving innovative ideas
- Develop a method for evaluating innovative ideas
- Develop a method for communicating innovative ideas
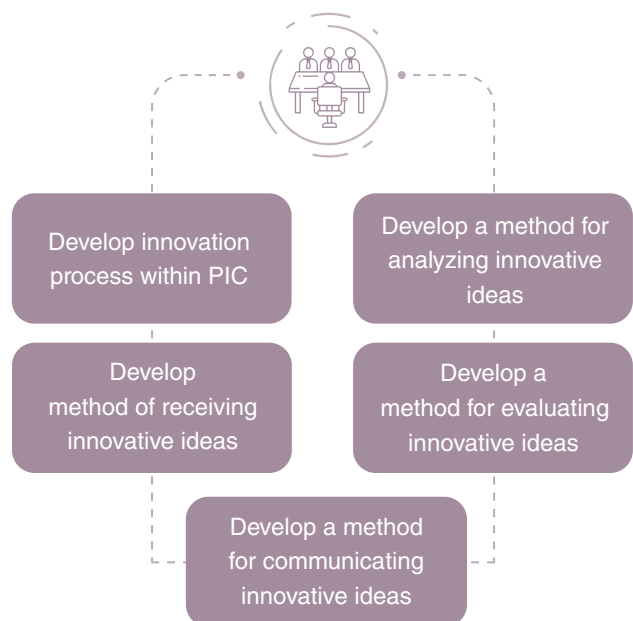
The Innovation Committee listed 6 activities to be completed by the end of 2019-20 to help carve the way in achieving the assigned objectives as listed below:
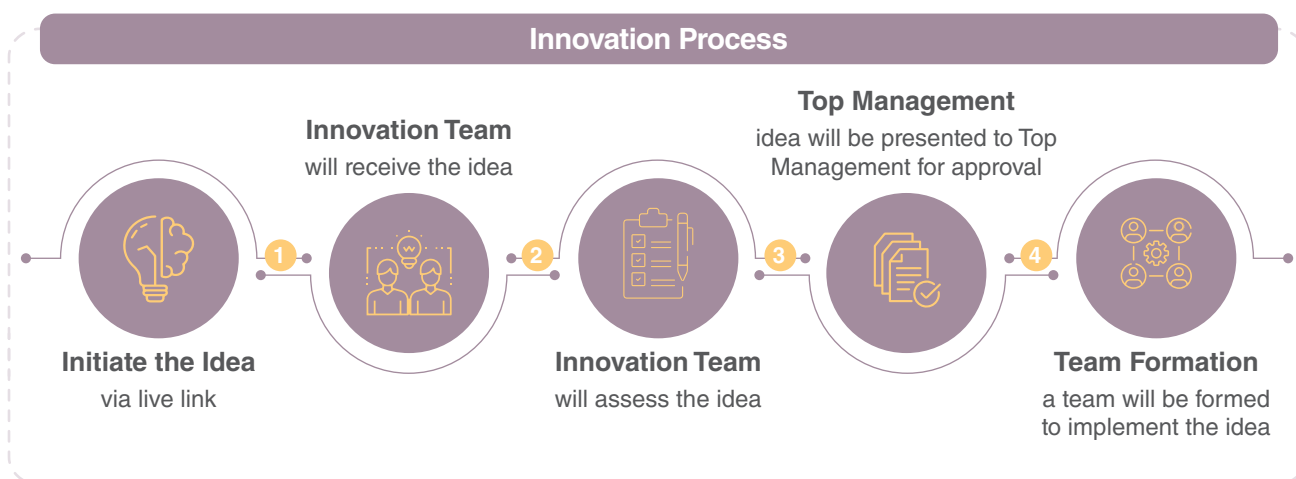
- Appoint Innovation Team representatives: In May 2020, we formed an Innovation Team with focal points from different PIC departments, with the drive and ability to review and evaluate innovative ideas
- Establish a dedicated platform for receiving innovative ideas
- Identify and establish evaluation criteria for all

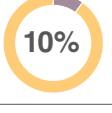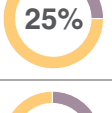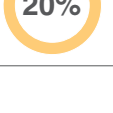ideas received from PIC's employees
- Conduct two workshops introducing innovation: Between June to August 2020, we appointed an external specialized company to provide formal external innovation training to our Innovation Team members to help establish a foundation of innovation within the team. Additionally, we agreed to conduct regular bi-yearly workshops to introduce PIC to the concept of innovation to kick start the process of employees identifying innovative ideas
- Create a template for submission of innovative ideas to maintain consistency and ease of comparison during feasibility studies
- Create an Incentive Program for accepted ideas
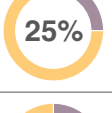
Any PIC employee can submit their innovative idea on a live link provided it follows the template provided and meets the approval criteria. Upon submission, relevant members of the Innovation Team i.e. members whose department might be impacted, will receive a notification signaling that an idea related to their department has been submitted. Committee members will then start analyzing the submission to determine whether it fits the approved criteria and decide whether it should be passed, rejected, or requires further clarification.
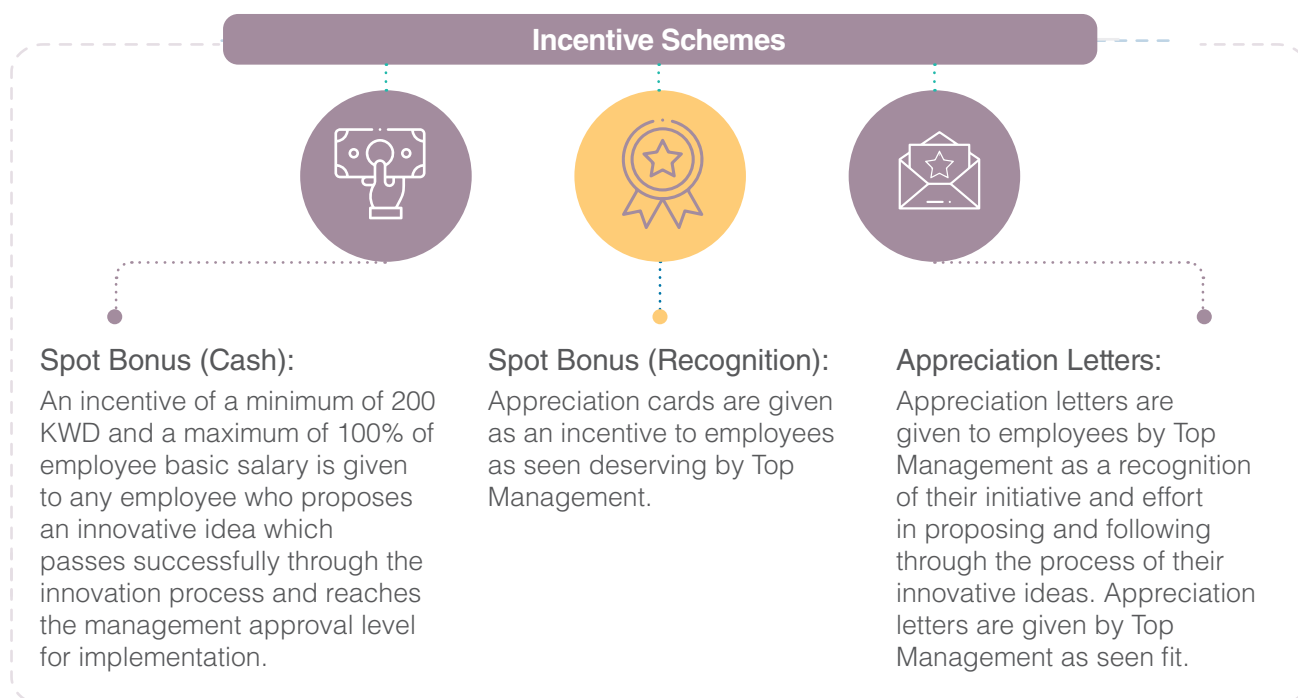
To further foster an innovation culture, the Innovation Team continues to send out bi-weekly awareness messages to PIC employees related to innovation through various communication platforms. We have also implemented an open-door policy at PIC, wherein all our employees can participate and submit innovative ideas on any topic relevant to PIC's growth.

Innovation Process

Innovation Team will receive the idea

Top Management idea will be presented to Top Management for approval

1 2 3 4

Initiate the Idea via live link

Innovation Team will assess the idea

Team Formation a team will be formed to implement the idea

Our innovation idea selection criteria:

Element		Score	Description
	Scope clarity	20%	Idea should be as clear as possible and all details of idea to be provided.
	Strategy	10%	Complies with PIC's strategy and aids in achieving elements of the strategy.
	Implementable	25%	Details of implementation at PIC.
	Cost	25%	A reflection and breakdown of cost of implementation.
	Benefit	20%	Financial (savings or profits) & non-financial benefits to be mentioned.

To encourage and appreciate employee initiative, and in line with KPC's requirement, we have created incentive mechanisms to further promote an environment of innovation across our practices and operations such as cash, recognition and appreciation letters.

Incentive Schemes

Spot Bonus (Cash):

An incentive of a minimum of 200 KWD and a maximum of 100% of employee basic salary is given to any employee who proposes an innovative idea which passes successfully through the innovation process and reaches the management approval level for implementation.

Spot Bonus (Recognition):

Appreciation cards are given as an incentive to employees as seen deserving by Top Management.

Appreciation Letters:

Appreciation letters are given to employees by Top Management as a recognition of their initiative and effort in proposing and following through the process of their innovative ideas. Appreciation letters are given by Top Management as seen fit.

Each department within PIC is encouraged to propose and implement at least one innovative idea per year as part of department-related incentives. After the Innovation Committee's approval on any such submitted ideas, the accepted innovations are reviewed quarterly by our Top Management for feasibility of implementation and any specific budget or resource related requirements.

Future Plans

At PIC, we have placed our interest in innovation front and center of our work culture. We hope that now that the Innovation Committee has been established, its terms of reference, and the process for soliciting and submitting innovative ideas have been articulated, the committee will be able to transfer its attention to generating greater understanding of the concept of "innovation" among PIC's employees. Activities will be designed around helping employees understand the nature of and demand for innovation at PIC

and their role in the idea generation process. This will include regular twice-yearly workshops for all current and new employees.

As part of our ongoing, organization-wide digitization efforts, we are working to develop a repository for all submissions via the innovation team's live link. This will help track submissions, facilitate consistent entries, and make comparative evaluations easier. We have designed an Incentive Program which rewards successful entrants with spot bonuses in the form of cash or recognition and appreciation letters from Top Management, which will be put into effect once the submissions process is underway.

We will also continue the process of updating our Sustainable Procurement Policy and digitization efforts around e-procurement.

Appendix A – GRI Content Index Table

GRI Standard	Disclosure	Page number(s) and/or direct answers
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	**Organizational profile**	
	102-1 Name of the organization	19
	102-2 Activities, brands, products, and services	19, 22-26
	102-3 Location of headquarters	19
	102-4 Location of operations	22-26
	102-5 Ownership and legal form	19
	102-6 Markets served	22-26
	102-7 Scale of the organization	22, 23, 69, 94
	102-8 Information on employees and other workers	69, 77
	102-9 Supply chain	98, 99, 101
	102-10 Significant changes to the organization and its supply chain	37, 97-101
	102-11 Precautionary Principle or approach	33, 57
	102-12 External initiatives	6, 27, 37, 46
	102-13 Membership of associations	44
	Strategy	
	102-14 Statement from senior decision-maker	10, 11
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	20
	Governance	
	102-18 Governance structure	28-31
	Stakeholder engagement	
	102-40 List of stakeholder groups	44, 110
	102-41 Collective bargaining agreements	Collective bargaining is not permitted within Kuwait
	102-42 Identifying and selecting stakeholders	44, 45
	102-43 Approach to stakeholder engagement	44, 110
	102-44 Key topics and concerns raised	110
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	94
	102-46 Defining report content and topic Boundaries	5, 7, 45
	102-47 List of material topics	45
	102-48 Restatements of information	94
	102-49 Changes in reporting	7
	102-50 Reporting period	5-7
	102-51 Date of most recent report	2018
	102-52 Reporting cycle	5-7
	102-53 Contact point for questions regarding the report	8
	102-54 Claims of reporting in accordance with the GRI Standards	5
	102-55 GRI content index	106-109
	102-56 External assurance	PIC does not seek external assurance for its sustainability report

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the Report.

GRI Standard	Disclosure	Page number(s) and/or direct answers
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	93
	103-2 The management approach and its components	93
	103-3 Evaluation of the management approach	93
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	94
Market Presence		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	97-99
	103-2 The management approach and its components	97-99
	103-3 Evaluation of the management approach	97-99
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	68
Indirect Economic Impacts		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	97-99
	103-2 The management approach and its components	97-99
	103-3 Evaluation of the management approach	97-99
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	97-99
Procurement Practices		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	97-100
	103-2 The management approach and its components	97-100
	103-3 Evaluation of the management approach	97-100
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	101
GRI 300 Environmental Standards Series		
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	54-57
	103-2 The management approach and its components	54-57
	103-3 Evaluation of the management approach	54-57
GRI 302: Energy 2016	302-1 Energy consumption within the organization	57
	302-3 Energy intensity	58
	302-4 Reduction of energy consumption	59
Oil and Gas Sector Supplement	OG 2 Total amount invested in renewable energy	59
	OG 3 Total amount of renewable energy generated by source	59
Waste		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	60-62
	103-2 The management approach and its components	60-62
	103-3 Evaluation of the management approach	60-62

GRI Standard	Disclosure	Page number(s) and/or direct answers
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	60-62
	306-2 Management of significant waste-related impacts	60-62
	306-3 Waste generated	61
Environmental Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	49
	103-2 The management approach and its components	49
	103-3 Evaluation of the management approach	49
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	49
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	65-68
	103-2 The management approach and its components	65-68
	103-3 Evaluation of the management approach	65-68
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	69
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	66
	401-3 Parental leave	67
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	81-84
	103-2 The management approach and its components	81-84
	103-3 Evaluation of the management approach	81-84
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	81, 82
	403-2 Hazard identification, risk assessment, and incident investigation	86
	403-3 Occupational health services	82, 83
	403-4 Worker participation, consultation, and communication on occupational health and safety	86
	403-5 Worker training on occupational health and safety	85
	403-6 Promotion of worker health	81-86
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81-86
	403-9 Work-related injuries	87, 88
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	70-74
	103-2 The management approach and its components	70-74
	103-3 Evaluation of the management approach	70-74

GRI Standard	Disclosure	Page number(s) and/or direct answers
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	70
	404-2 Programs for upgrading employee skills and transition assistance programs	71-74
	404-3 Percentage of employees receiving regular performance and career development reviews	74
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	75, 76
	103-2 The management approach and its components	75, 76
	103-3 Evaluation of the management approach	75, 76
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	77
	405-2 Ratio of basic salary and remuneration of women to men	75
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	79, 80
	103-2 The management approach and its components	79, 80
	103-3 Evaluation of the management approach	79, 80
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	80
Asset Integrity and Process Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	89-91
	103-2 The management approach and its components	89-91
	103-3 Evaluation of the management approach	89-91
Oil and Gas Sector Supplement: Asset Integrity and Process Safety	OG 13 Number of process safety events by business activity	91
Customer Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	96
	103-2 The management approach and its components	96
	103-3 Evaluation of the management approach	96
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	96
Socioeconomic Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	78
	103-2 The management approach and its components	78
	103-3 Evaluation of the management approach	78
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	49

Appendix B – Detailed Stakeholder Engagement Map

GRI 102-40   **GRI** 102-43   **GRI** 102-44

How we engage with our stakeholders:

Stakeholder Group	Frequency of Engagement	Mode of Engagement	Key Inputs / Feedback Received	Approach to Managing Key Stakeholder Feedback
KPC	• Ongoing	• Meetings • Official letters and emails	• Financial sustainability • Corporate governance	• Disclosed in the Economic Performance related information within sub-section on 'Our Approach to Responsible Investment' on pages 94-95
Employees	• Yearly • Quarterly • As and when required	• Suggestion and complaint mailbox • Office automation system • Corporate intranet, online training • Onboarding manual • Departmental sessions • Town hall meetings	• Professional development • Long-term job security • Health and safety • Grievance mechanism	• Disclosed in the Social Performance related information within sub-sections on 'Employment Practices', 'Diversity and Inclusion', and 'Training and Education' on pages 65-78
Kuwaiti or Local Governments	• As and when required	• Regulatory compliance • Meetings, conferences, and collaborations • One-on-one meetings with governmental authorities	• Contribution to the Kuwaiti economy • Compliance with laws and regulations	• Disclosed in the respective sections on environmental and socio-economic compliance on page 78
Suppliers and Contractors	• Ongoing	• Contract negotiations • Real-time communications • Tender conference • Periodic supplier visits • Conferences and exhibitions • Supplier assessments	• Timely payments • Long-term partnerships	• Disclosed in the Environmental, Social and Economic Performance related sections relevant to supplier and contractor performance, on pages 82, 97-101

Stakeholder Group	Frequency of Engagement	Mode of Engagement	Key Inputs / Feedback Received	Approach to Managing Key Stakeholder Feedback
Local and International Customers	• Ongoing	• Customer satisfaction survey • Marketing and media • Periodic visits, meetings, and consultations • Routine communications • Feedback mechanism • Hotline service • Trade fair, forums • Online services	• Product and price • Distribution and service • Safety and security of products • Responsible operations and sustainability	• Disclosed in the Social Performance related sections related to 'customer health and safety,' and 'product marketing and labelling' on pages 78, 82
Labor Unions	• Ongoing • Monthly / quarterly meetings	• Routine communications • Meetings of employee representatives	• Employee rights • Democratic management • Transparency	Disclosed in the Social Performance related sections related to workforce management and participation, on page 86
Media	• Ongoing (based on press releases, conferences etc.)	• Reports and press releases • News conferences • Multichannel communications • Media monitoring • Public exhibitions	• Transparency and disclosure • Responsible operations • Sustainability	Disclosed in the sections on 'About Us,' 'Our Sustainability Approach,' 'Compliance,' 'Health and Safety,' and Environmental Performance on pages 19-27, 37-49, 51-59, 78, 81-88
Local Communities	• Ongoing	• Organized events • Employee volunteering • Sponsorships • Leaflets and presentations • Open-door events • Corporate blogs • Press releases	• Support for community • Job creation • Local environmental impacts	Disclosed in the Social Performance related information within sub-sections on 'Local Communities' on pages 79-80
NGOs	• Ongoing	• Events and conferences • Sponsorships	• Impact on environment and communities • Support for local causes	Disclosed in the Social Performance related information within sub-sections on 'Local Communities' on pages 79-80

Stakeholder Group	Frequency of Engagement	Mode of Engagement	Key Inputs / Feedback Received	Approach to Managing Key Stakeholder Feedback
JV Partners	• As and when required • Monthly / Quarterly basis	• Contract negotiations • Conferences • Top management meetings • Data correspondence • Routine business communications • Joint social projects and initiatives • Collaboration forums such as GPCA/ IFA	• Corporate governance • Profit distribution • Information sharing • Cooperation and mutual benefits	• Disclosed in the sections on 'About Us,' and 'Our Sustainability Approach' on pages 19-27, 37-49
PIC Sustainability Committee	• Monthly / Quarterly meetings	• Roundtable discussions	• Sustainability performance	• Disclosed in the sections on 'About Us,' and 'Our Sustainability Approach' on pages 19-27, 37-49
Competitors	• As per committee meetings schedule	• GPCA and IFA committee • Board and committee meetings	• Impact on environment • Support for local causes	• Disclosed in the sections on 'About Us,' and 'Our Sustainability Approach' on pages 19-27, 37-49
Kuwait Environment Public Authority (KEPA) **KEPA**	• As and when required • Quarterly performance reports	• Biannual face-to-face meetings • Organized meetings • Sponsorships	• Support for community • Sponsorships and job creation • Environmental laws and compliance	• Disclosed in the Social and Environment Performance related information within sub-sections on 'Local Communities,' 'Employment Practices,' 'Environmental and Socio-Economic Compliance' on pages 49, 65-69, 78-80
Industry Associations	• As and when required	• Forums and conferences	• Responsible operations and sustainability • Leading business practices	• Disclosed in the sections on 'About Us,' and 'Our Sustainability Approach,' 'Environmental and Socio-Economic Compliance' on pages 19-27, 37-49, 78

Appendix C – List of Acronyms

AGIC	Advanced Global Investment Company
BCM	Business Continuity Management
BSC	Balanced Scorecard
CEO	Chief Executive Officer
CFaR	Cash Flow at Risk
CKPC	Canada Kuwait Petrochemical Corporation
CMC	Crisis Management Center
CMT	Crisis Management Team
D&I	Diversity and Inclusion
DCEO	Deputy Chief Executive Officer
DOA	Delegation of Authorities
ECMT	Enterprise Crisis Management Team
EnPI	Energy Performance Indicator
EQO	Economic Quantity Order
ERM	Enterprise Risk Management
GHG	Greenhouse Gas
GPCA	Gulf Petrochemicals and Chemical Association
GRI	Global Reporting Initiative
HSSSE	Health, Safety, Security, Sustainability, Environment
IFA	International Fertilizer Industry Association
IPIECA	International Petroleum Industry Environmental Conservation Association
JV	Joint Venture
KEPA	Kuwait Environment Public Authority
KIPIC	Kuwait Integrated Petroleum Industries Company
KNPC	Kuwait National Petroleum Company
KPC	Kuwait Petroleum Corporation
KPI	Key Performance Indicator
KPM	Key Performance Measure
KVPC	Kuwait Vietnam Petrochemical Company
LEED	Leadership in Energy and Environment Design
M&A	Mergers and Acquisitions

MSDS	Material Safety Data Sheet
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Advisory Services
OJCD	On Job Competencies Development
PAI	Public Authority of Industry
PHA	Process Hazard Analysis
PIC	Petrochemical Industries Corporation
PO	Purchase Order
PPE	Personal Protective Equipment
PSM	Process Safety Management
PWN	Professional Women Network
RFQ	Request for Quotation
ROC	Risk Oversight Committee
SASB	Sustainability Accounting Standards Board
SHEEC	Safety, Health and Environment Executive Committee
TDS	Technical Data Sheet
UN SDGs	United Nations Sustainable Development Goals
UNGC	United Nations Global Compact
WBCSD	World Business Council for Sustainable Development
WEF IBC	World Economic Forum International Business Council
YEL	Youth Empowerment Leadership

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