

FARABI
PETROCHEMICALS



الفارابي
للپتروكيمياويات

2016 - 2017

GRI SUSTAINABILITY REPORT

Farabi Petrochemicals Company



“Integration Towards Sustainable Excellence”



SUSTAINABILITY STEERING COMMITTEE (SSC)

FPC VALUES

HSSEQ COMMITMENT

TEAMWORK

EXCELLENCE

TRUST & RESPECT

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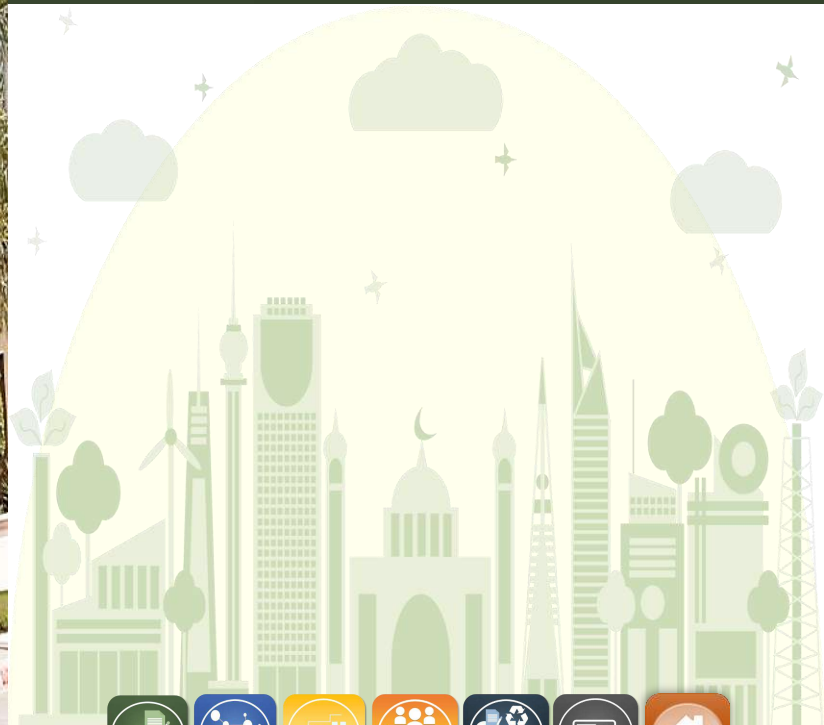
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ABOUT THE REPORT AND COMPANY PROFILE



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MESSAGE OF THE COMPANY PRESIDENT

The world is becoming more conscious about sustainability and how critical it is for future generations and the planet protection, where most nations realize the need for global collaboration to exert horizontal and vertical efforts to achieve the goal of living sustainably. This year, most of the responsible agencies and industry leaders have set new targets for clean energy uses fostering building a low carbon energy future.

Farabi Petrochemical Company as a responsible organization, Sustainability is deeply engrained in our values and the way we do business. We recognize that maintaining high degree of economic, environmental and social sustainability is fundamental to deliver values for our stakeholders now and in the long term, as it forms a major part of our vision to be the best performing supplier in the segments we operate.

In 2016-17, we have continued our responsible and diligent effort to achieve our vision, where significant achievements have been attained in the energy consumption efficiency and environmental performance; Farabi LAB-1 plants have achieved the 1st Quartile performance in energy efficiency based on SEEC standard and Quartile 2 for LAB-2 plants. Farabi also, won Royal Commission best environmental performance award for basic industries in Jubail, 2nd place in 2016 and 1st Place in 2017. While I am proud and encouraged by our progress, we recognize that it is a life journey and we are still have a lot to do.

As we are growing, we have maintained a strong focus on building and consolidating our sustainability culture, and taken important steps to measure and reduce our environmental footprint by designing and building the new plants in both Jubail and Yanbu based on the best industry standards and practices to operate sustainably.

Collaboration is central to building momentum on our sustainability journey, we are partnering with all our key stakeholders; customers, employees, shareholders and community on this journey. In particular, we strive to understand and respond to our customers' precise needs, empower our people, develop our community and deliver strong financial growth.

As ever, making progress on our sustainability journey would not be possible without the hard work, creativity and dedication of our employees. We continue empowering our people to give their best to meet the needs of our stakeholders and stay ahead of evolving regulations on chemicals and petrochemicals industry.

Finally, I would like to thank our customers, employees, shareholders, suppliers and communities for their continued support and partnership. We remain humble in the face of the challenges ahead, and committed to driving positive change for our business as we continue on our journey.

Mohammed Z. Al-Wadaey

President

Farabi Petrochemicals Company

"Collaboration is central to building momentum on our sustainability journey, we are partnering with all our key stakeholders; customers, employees, shareholders and community on this journey."

MESSAGE OF THE SSC CHAIRMAN



My Dear Farabians,

Congratulations for all the achievements done for Sustainability goals and accomplishments so far. It is a moment of immense pleasure for me to share my thoughts on Sustainability with all of you vide this report...I recollect a quote which was said decades ago...but had a relation towards today's "Sustainability" concept.

"The Earth, the Land, the Air and the Water are not an inheritance from our forefathers but on loan from our children", said Mr. Mahatma Gandhi, Father of Nation, India.

We all, as the present users of this planet's valuable assets viz., air, water and soil must value them and maintain it in a form which is usable for our next generation. We must be judicious in what we do in the present considering that we are here to do better for the future. A human being is a constant source of innovations because of the need of survival. Economic reforms are must but only those are valued which can sustain with social and environmental gains. Here is where the concept of "Sustainability" sets in...

Sustainability = "Sustain" + "ability", implies that while we innovate, we must also have the ability to sustain it. This requirement of making a Sustainable World is becoming as crucial as the Economic Growth. The desire to make a sustainable world has to start from an Individual → Family → Society → Workplace → Nation → Universe. A stage has reached wherein our next 15 – 25 years will require a balancing act and a sense of maturity in our actions so that at least the next 100 years of living is not impacted.

The Sustainability program at Farabi is incepted since 2013 with a clear vision and results are visible in our organization. Our rating improvement by the major customers in terms of water savings, and intensity reduction are being recognized globally. The organization is growing and getting people added to its workforce to meet the demands of our future growth. I am confident that these new faces will make a major difference in Farabi's sustainability drive, especially the youth. The constant guidance and motivation from the Management will help us to achieve our targets, earlier than expected.

I appeal all the Farabians to be aware of the Sustainability targets of FPC and support the Sustainability drive at FPC by putting maximum efforts for achieving the same...I wish the Farabi Team a successful year ahead for all the initiatives with a sustainable edge to it...

Thank you.

Manish Khandelwal

Chairman
Sustainability Steering Committee

"Sustainability = "Sustain" + "ability", this implies that while we innovate, we must also have the ability to sustain it. This requirement of making a Sustainable World is becoming as crucial as the Economic Growth."

MESSAGE OF THE MANAGERS

The sustainability approach is a real factor adopted by innovative companies only, who always believed to run their businesses by espousing smart changes and how we look forward towards Sustainable Development. This is our core objective to conserve natural resources by optimizing plants' processes, enhancing operational integrity, managing and implementation of those ideas that limits waste generation and promote reduction at source.

I believe the vision for Sustainability is to protect the natural capitals in a sustainable journey in line with nation (KSA) vision 2030 and Responsible Care guiding principles but without compromising in benefiting of all stakeholders. Farabi compass heading the initiatives to drive sustainability program with a target to reduce CO₂-eq. emission intensity by 20% over 10 years starting from 2013 that reflects our commitments towards sustainable development. Role model companies always reflects their sustainability in top level documents part of EHSS policy and combat to steer across the organizations.



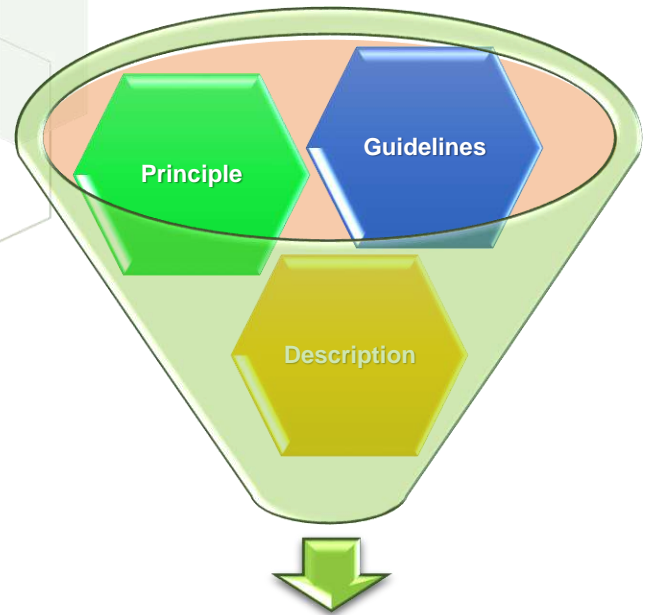
Hassan Muteb Al-Mutairi
EHSS Manager

Maintaining our Best environmental Performer title lets work together hands in hands towards our commitment for a greener, cleaner and more sustainable world in which we can enjoy for generations to come. All the best

Mohammed Hassan Al-Faifi
Operation Manager



REPORT DESCRIPTION (PRINCIPLE AND GUIDELINES) – GRI G4 FRAMEWORK



Principle and Guidelines

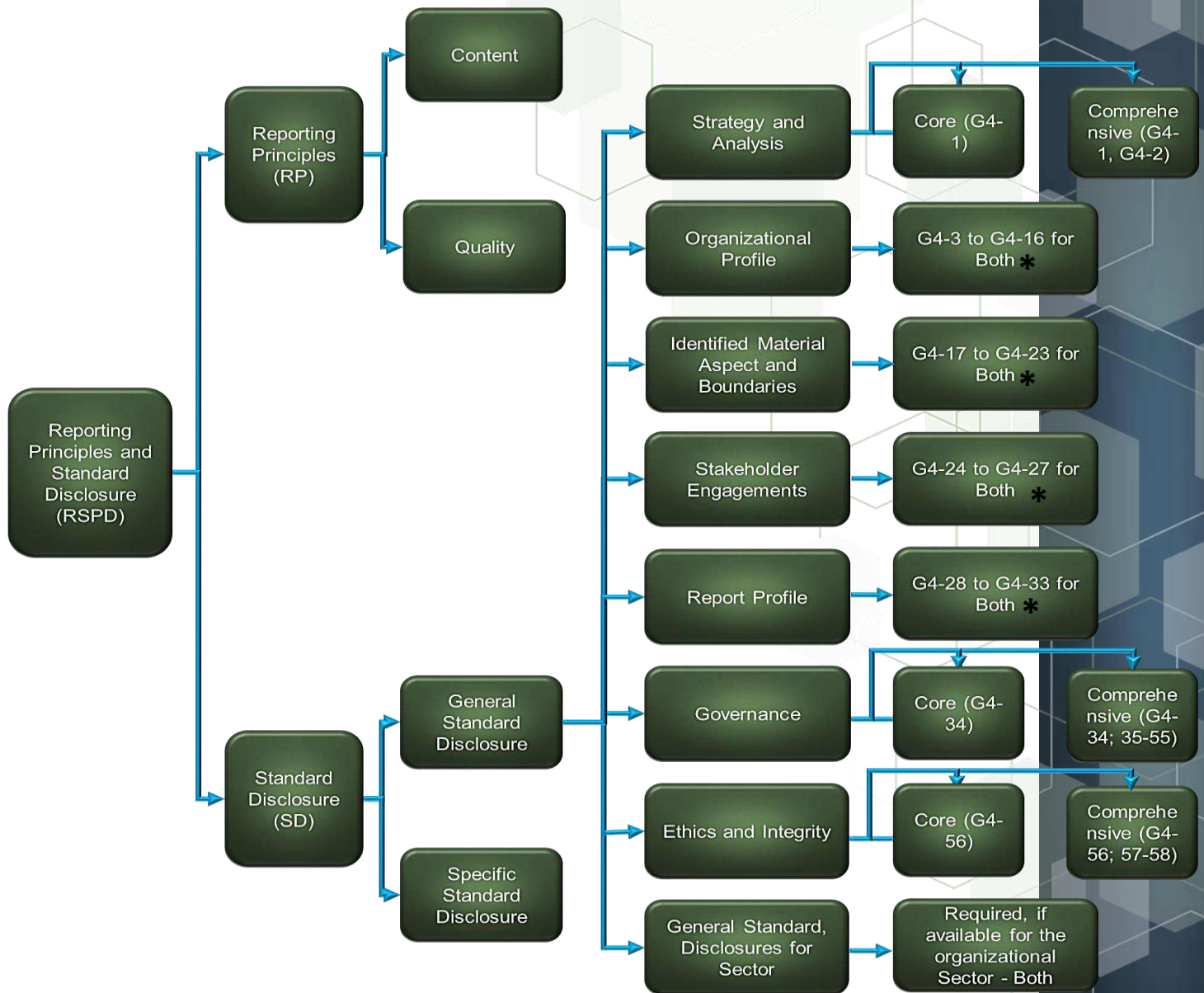
Farabi Petrochemicals Company (FPC) is a manufacturer of Normal Paraffin and Linear Alkyl benzene using UOP technology. Farabi Petrochemicals Company (FPC) established in 2006, is committed to Environment, Health, Safety, and Security and is maintaining an enviable record in all areas. FPC has been accredited with RC 14001, OHSAS 18001, ISO 9001 and ISO14001. FPC has also been partnering with its stakeholders to deal with the impact of global climate change.

FPC is working towards sustainability with social, economic and environmental responsibility. In addition to attaining excellence in our business, we are determined in benefiting all stakeholders with the policy of transparent disclosure towards sustainable development and demonstrate our care for the future generation.

Farabi has adopted GRI frame work for reporting and set the strategies in accordance to GRI G4 guidelines. Farabi Sustainability Steering Committee is sphere heading the initiatives to drive the Sustainability in the organization. Sustainability drive gained momentum by setting the target to reduce CO₂-equivalent emission intensity by 20% over the period of 10 years starting from 2013.

This report focus on our achievements and performances for the reporting calendar year 2016-2017, and also includes sustainability initiatives with its strategies and governance. This report has been prepared using the Global Reporting Initiative (GRI) 4th Generation (GRI G4) Sustainability Reporting Guidelines. GRI G4 is a globally recognized framework for reporting on an organization's economic, social, and environmental performance. GRI index containing all indicators are included at the end of this report.

REPORT DESCRIPTION (PRINCIPLE AND GUIDELINES) – GRI G4 FRAMEWORK



* For Both: In Accordance – Core and In Accordance – Comprehensive

We are welcoming you all and will appreciate for your feedback on this report. Please direct all questions or comments regarding the report to: esc@farabipc.com

For questions and more information about this report or the Company's Sustainability Portal at large, please visit sustainability webpage at site: www.farabipc.com

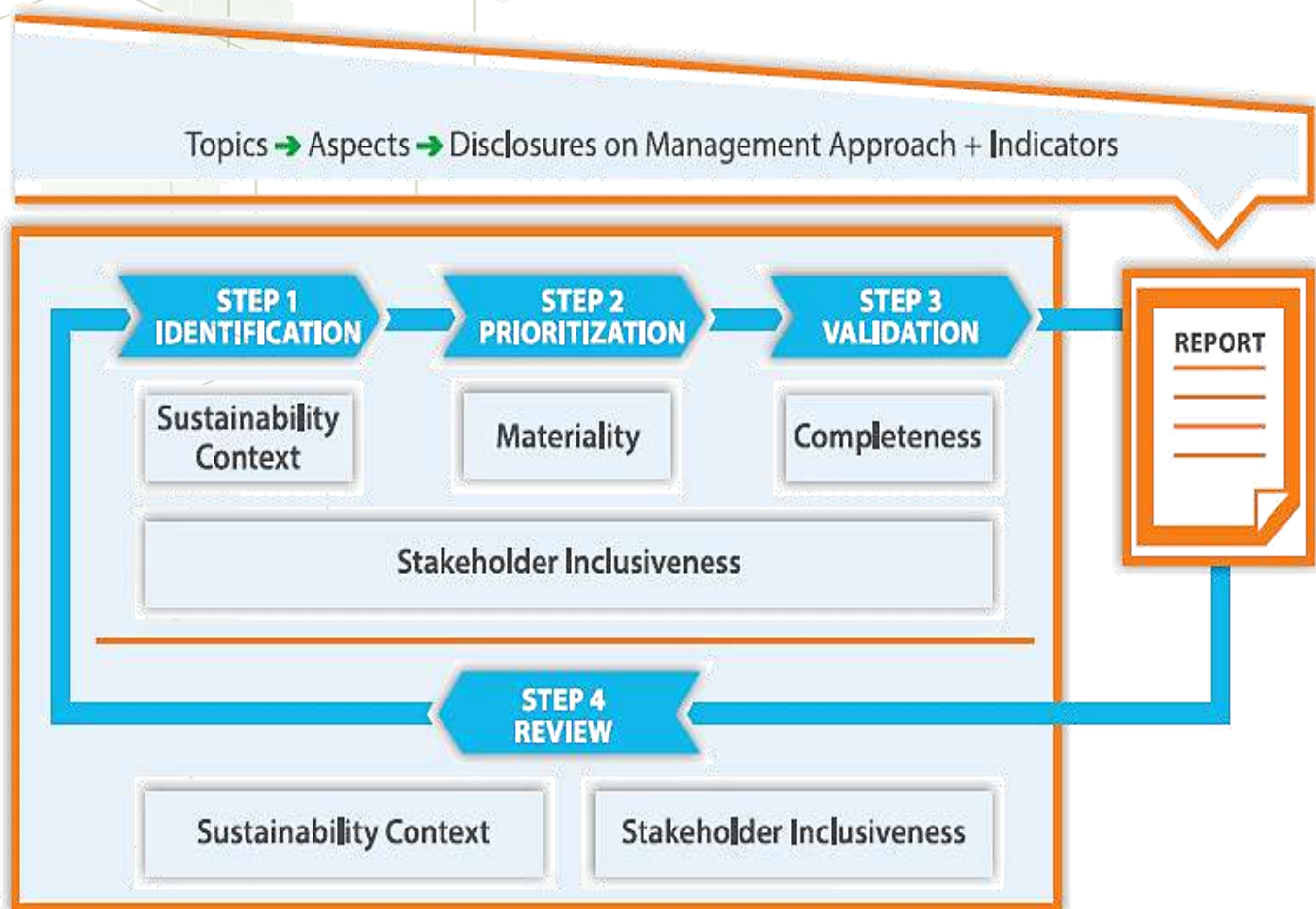
REPORT SCOPE (BOUNDARIES AND LIMITATIONS)

This annual report presents Farabi Petrochemicals Company (FPC)'s financial, social and environmental performance. The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI G4) have been adopted and applied in preparing the report.

The selection of reported aspects is based on a comprehensive materiality assessment conducted in 2016-2017, involving a range of internal and external stakeholders.

The process of the materiality assessment and for defining the report content is described in detail in this report. Farabi engages with all our stakeholders frequently and on a regular basis on a range of issues.

To define Material Aspects and Boundaries there are two (2) options under "In Accordance"; In Accordance – Core and In Accordance – Comprehensive.



The report covers all of Farabi's operations, unless stated otherwise throughout the report. In 2016-2017 we have worked thoroughly to implement unified systems for sustainability reporting across the Company. However, some GRI indicators do not cover which are identified in the GRI Index.

This table provides a summary of the topics covered in our Sustainability Report 2016-2017. It provides a list of Identified Material Aspects and Boundaries in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines ("GRI-G4"). The Aspect Boundaries that have been identified within and outside of the organization reflects our management approach to sustainability issues.

REPORT SCOPE (BOUNDARIES AND LIMITATIONS)

Identified Aspects	Aspects Boundary Within the Organization (G4-20)	Aspects Boundary Outside the Organization (G4-21)
Economic Performance	√	
Market Presence *	√	√
Indirect Economic Impact	√	√
Procurement Practice *	√	
Materials	√	
Energy	√	
Water	√	
Biodiversity *	√	
Emissions	√	
Effluents and Wastes	√	
Product and Services	√	√
Compliance	√	√
Transport	√	
Overall - Environemnt	√	
Supplier Environmental Assessment *		√
Environmental Grievance Mechanism	√	
Social: Employment *	√	√
Labour/ Management Relation	√	
Occupational Health and Safety	√	
Training and Education	√	
Diversity and Equal Opportunity	√	
Supplier Assessment for Labour Practices		√
Labour Practices Grievance Mechanisms	√	
Investments	√	
Non-Discrimination *	√	
Freedom of Association and collective bargaining *		√
Child Labour	NA	NA
Forced and Compulsory Labor	NA	NA
Security Practices	√	
Indigenous Rights *	√	
Assessments	√	
Supplier Human Rights Assessments *		√
Human Right Grievance Mechanism *	√	
Local Communities	√	√
Anti-Cruption *	√	√
Public Policy	√	√
Anti-Competitive Behavior *	√	√
Human Rights Compliance *	√	
Customer Health and Safety *		√
Product and Service Labeling	√	√
Marketing Communications *		√
Customer Privacy		√
Product Responsibility Compliance *		√

* GRI Indicators relating to these Aspects are only partially disclosed. Please refer to the GRI Index at the end of report about omissions and /or details.

REPORT SCOPE (BOUNDARIES AND LIMITATIONS)

The followings areas covered and limitations to the scope of this report:

- The report does not include data from FPC's marketing offices.
- This report covers the limited aspects for scope-3 emission such as waste disposal, Employee business travels, RTT logistic movements, effluent discharges.
- Contractors, Suppliers, and Clients data are not included unless specifically mentioned.
- Environmental data disclosed in this report cover all Farabi Petrochemicals Company (FPC) initiatives and programs in the fields of air quality, energy, waste and water. Volumes of water discharges, amount of energy consumption, greenhouse gas emissions data, in addition to waste types, quantities and disposal methods for the reporting period.
- Some description about global sustainability partners, for which Farabi Petrochemicals Company (FPC) subscribed for; like: Carbon Disclosure Projects (CDP), American Cleaning Institute (ACI) and Gulf Petrochemicals and Chemical Associations (GPCA).
- Report covers the detailed methods of Stakeholder Engagements and stewardship.
- Economic data mainly covers procurement, while does not include data on Farabi's economic performance except to cover the minimum requirements of indicators.
- Occupational Health and safety (OHandS) data includes both for Farabi direct employees and contractors; and meet the GRI G4 minimum indicator requirements.

We acknowledge that certain sections require further attention. We are committed to actively improve our existing data collection mechanisms in future reports to ensure a higher level of disclosure on our performance.



DISCLOSURE OF MANAGEMENT APPROACH (DMA)



OVERVIEW

The Sustainability Report is published including environmental, social impact, labor practices, employment, occupational health and safety, training and education, diversity, supplier assessments and grievance mechanism information according to Global Reporting Initiative (GRI) Sustainability Reporting Guidelines GRI G4.

Energy, Emissions, Effluent and Waste, Local Community, Compliance, Occupational Health and Safety, Training and Education, Materials, Water are considered as Material Aspects and reported in performance indicators according to GRI G4.

Disclosure on Social and Product Responsibility is included in performance indicators.

POLICIES

EHSSQ Policies are approved by the Company President and are mandatory for all employees to comply. Main Policies related to environmental and socio-economic issues are:

- EHSSQ Policy
- Code of Conduct and Ethics
- HR Policy
- Violation and Penalty
- Rewards and Recognition

RESPONSIBILITY

- Operational responsibility for economic areas: Chief Financial Officer (CFO)
- Operational responsibility for manufacturing units: Manufacturing GM
- Operational responsibility for FPC environmental management system: EHSS Manager
- EHSS Manager is also responsible for ensuring that local operations are in compliance with all relevant legal requirements (e.g.; Royal Commission and HCIS).
- Operational responsibility for labor areas: General Admin and Shared Services Manager
- Operational responsibility for product responsibility: Marketing and Strategic Planning Director
- Company president and Sustainability Chairman are responsible for sustainability and corporate responsibility defined as the integration of social, environmental and economic issues.

DISCLOSURE OF MANAGEMENT APPROACH (DMA)

MANAGEMENT

Management of environmental issues in terms of Responsible Care Management System (RCMS) and occupational health and safety issues are integrated into the Farabi Integrated Management System (FIMS).

Farabi has built its own integrated management system (FIMS) which is based on the requirements of international Occupational Health, Safety, Security, Environment and Quality (HSSEQ) standards. Farabi (FIMS) is certified according to RC 14001:2013, ISO 14001:2015, OHSAS 18001:2007, and ISO 9001:2015 since 2013.

GOALS AND PERFORMANCE

Farabi has adopted GRI frame work for reporting and set the strategies in accordance to GRI G3. 1 and G4 guidelines. Sustainability drive gained momentum by setting the target to reduce CO₂-eq. emission intensity by 20% over 10 years starting from 2013. We aim at reducing negative environmental impacts, so targets have been set, followed-up and reported periodically according to Farabi Strategy and target setting process. Objectives and achievements are deployed throughout the organization and are reported as part of the Farabi Sustainability Report.

Farabi is participating and reporting its performance in many global reporting partners such as Carbon Disclosure Projects (CDP) since 2010 as a part of Climate Change supply chain member for UNILEVER Company (one of our major Customer); American Cleaning Institute (ACI) and Gulf Petrochemicals and Chemical Association (GPCA).

CONTEXT

This report focus on our achievements and performances for the reporting calendar year 2016-2017, and also includes sustainability initiatives with its strategies and governance. This report has been prepared using the Global Reporting Initiative (GRI) 4th Generation GRI/G4 Guidelines.

This annual report presents Farabi Petrochemicals Company (FPC)'s financial, social and environmental performance. The selection of reported aspects is based on a comprehensive materiality assessment conducted in 2016-2017, involving a range of internal and external stakeholder's perspectives. Disclosure on Management Approach (DMA) is well captured and explained clearly under section: "Scope, Boundaries and Limitations of the report" in this report.



COMPANY PROFILE



FARABI Petrochemicals Company (CR # 2055005152), a production unit located at Al-Jubail Industrial City, Eastern Province in Kingdom of Saudi Arabia. It is a Saudi wholly-owned private sector company established in 2006 to produce Normal Paraffin (NPN) and Linear Alkyl Benzene (LAB) for the first time in Saudi Arabia using UOP technology.

FARABI utilizes all of its NPN products as an intermediate for the LAB production. The LAB product is supplied to KSA, other GCC, Middle East, Asian and European markets. FPC has access to world class port terminal facilities for bulk shipments as well as container shipments of its products and also having loading facility at site through road movement to meet customer preference on logistics.

Under Farabi mission and Vision statements, we have committed to provide the customers with top quality LAB product and services in the most efficient and responsible manner while sustaining maximum value to our stakeholders in order to attain and achieved a vision to be the preferred world Leader in LAB business, and grow our petrochemical products portfolio.

We are committed to promote EHSSQ culture across the organization by using world class standards and practices. We conduct our business with a commitment-driven approach to attain profitable growth by complying with the applicable HSSEQ laws and regulations.

We encourage superior performance throughout our organization, taking pride and joy in all that we do and constantly challenge ourselves to perform even better. FPC measures results, rewards high performance, and assumes responsibility for all our activities and outcomes. We work to evolve into a most reliable and customer-centric organization with a proficient team that delivers excellent products to satisfy our stakeholders to the optimum level.

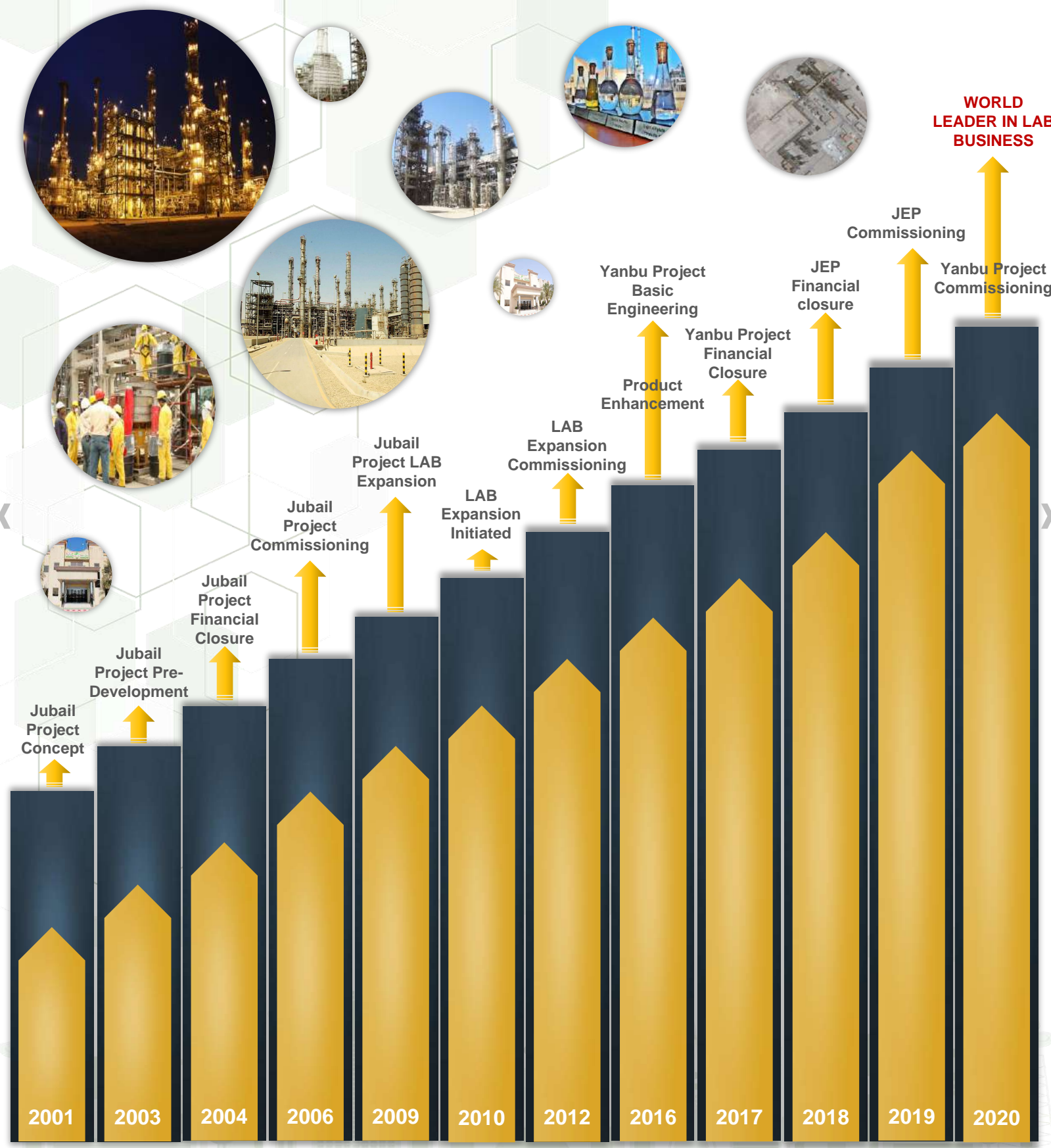
We are committed to work together in a healthy environment by sharing knowledge, ideas and talent in total alignment to achieve our Company's vision. Setting high standards by providing an environment that promotes excellence, growth and teamwork, we drive our employees to build trust and maintain transparency with our stakeholders.

We will continue our growth by implementing ambitious strategic expansion plans. These include a potential expansion projects coming in Yanbu Industrial City, as well as many mega projects under the name of "Farabi Downstream Company (FDC)" are in progress at the same location of this GRI reporting boundaries (Jubail Industrial City Location Site). We strive to maximize the economic value and get benefitted our promoters through efficient management and competitiveness.

FPC has adopted GRI frame work for reporting and set the strategies in accordance to GRI G4 guidelines. Farabi Sustainability Steering Committee is sphere heading the initiatives to drive the Sustainability in the organization. Sustainability drive gained momentum by setting the target to reduce CO2-equivalent emission intensity by 20% over the period of 10 years starting from 2013.

FPC is working towards sustainability with social, economic and environmental responsibility. In addition to attaining excellence in our business, we are determined in benefiting all stakeholders with the policy of transparent disclosure towards sustainable development and demonstrate our care for the future generation.

COMPANY GROWTH



OUR PRODUCTS

“FARALAB”

Linear Alkyl Benzene (LAB)

Linear Alkyl Benzene (LAB) is an Intermediate product used to produce detergents by using UOP “Detal” Technology.

Applications:

- Household detergents
- Laundry powders
- Dishwashing Liquids
- Liquid household cleaners
- Agricultural herbicides
- In emulsion Polymerization
- As an emulsifier and wetting agent
- In small quantity with other surfactant in toilet soap for foaming

“FARAPAR”

Normal Paraffin (NPN)

Farabi produces C10-C13 grade Normal Paraffin (Farapar) through Kerosene supply from Aramco Shell Refinery.

Applications:

- Linear Alkyl Benzene
- Manufacture of Chlorinated Paraffin Wax
- Barbeque Starters
- Lamp Oil
- Sealant
- Adhesives
- Manufacture of alcohol derivatives
- Lube Industry

FAROL-250

Heavy White Oil (HWO)

Farol-250 - Heavy White oil (HWO) is produced between the Boiling range of 260 Deg C to 290 Deg C.

Applications:

- Printing Ink Industry
- Household Paints
- Lubricants Industry
- Metal and Equipment Degreasing
- Wood Preservation

FAROL100

Light White Oil (LWO)

Farabi's Farol-100 - Light white Oil (LWO) is Produced in the boiling range of 80 -110Deg C.

Applications:

- Solvent carrier for Dye Industries
- Adhesives, glues and etc.
- Solvents especially natural and synthetic rubber
- Used in surface coating, printing inks, and household cleaners
- Degreasing agent for mechanical use

FARALUBE

Heavy Alkylate (HAB)

Farabi produces Heavy alkylate (HAB)

Applications:

- Lube Industries
- Insulating Oil
- Cutting Oil
- Thermic Fluid
- Sulphonated Derivatives as Fuel Oil Additives

C10 PARAFFIN

C10 Paraffin as product is low flash point product with a distillation range of 160 Deg C to 185 Deg C. C10 Paraffin finds its major application as a solvent and as a feedstock for Production of Chlorinated Paraffin and specialty application.

Applications:

- Manufacturing of Chlorinated Paraffin Wax



ABOUT THE REPORT



SUSTAINABILITY JOURNEY



OPERATIONAL STRATEGY



SOCIAL COMMITMENT



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CERTIFICATES AND AWARDS



Farabi Petrochemicals Company has been awarded as 2016 Environmental Best Performer in 1st Place and as 2015 Environmental Best Performer in 2nd Place successive in a row among the all basic industries within Al-Jubail Industrial City by the regulatory authority “Royal Commission”.

This was conferred during Royal Commission annual carnival of the World Environment Day held in Jubail on June 5, 2017 and on June 5, 2016 respectively.

In addition to that the recognition received in the form of awards and certificates of international standards are sources of encouragement for FPC. With our efforts to offer customer satisfaction through continual improvement of our effectiveness in meeting their requirements, we have evolved as a preferred world leader in surfactants industry.

In recognition of our sustainability achievements, FARABI has earned several awards and certifications as tabulated below:

S. No.	Certificates / Major Awards	Details
01	RC 14001:2013	Responsible Care Management System
02	ISO 14001:2004	Environmental Management System
03	ISO 9001:2015	Quality Management System
04	OHSAS 18001:2007	Occupational Health and Safety Management System
05	RC Award	2016 Environmental Best Performer in 1 st Place
06	RC Award	2015 Environmental Best Performer in 2 nd Place
07	Unilever Award	The Winning Supplier in DandE Market
08	Microsoft Award	Microsoft Dynamics 2012 Industry Excellence Award



FARABI SUSTAINABILITY JOURNEY AT A GLANCE



- Sustainability Key Milestones
- Sustainability Strategies and Governance
- Our Enablers
- Global Participation (e.g. CDP, ACI, GPCA, etc.)
- Sustainability Improvement Strategies
- Stewardship of Farabi Sustainability Strategies (2016 -2017)
- Materiality Assessments and Stakeholder Engagements - Brief Description



SUSTAINABILITY KEY MILESTONES



GRI Report – 2013 (G3.1)

GRI Report – 2014 and 2015

GRI Report – 2016 and 2017
(G4 Framework)



2023

2017

2013

2010

2008

RC 14001 Certification

ISO14001 Certification

OHSAS18001 Certification

ISO9001 Certification

ISO20000and27001



american cleaning institute®
for better living

**20% CO2-e
Emission
Intensity
Reduction
Target by
2023.**



SUSTAINABILITY STRATEGIES AND GOVERNANCE



We have set specific strategies and goals to ensure we are delivering continuous improvement toward each of our focus areas. As a part of operational goal strategy we have focused all 3 scopes considering fuel gas consumption, company owned vehicles, purchased electricity, waste disposal, air travels, logistic aspects etc.

Under Social Commitment We Improve society lives and well-being through our social responsibility programs under SHE Awareness Committee (SHEAC) drive. As a part of this strategy we are running some social campaigns and people/children reach out programs. In addition to that we are committed to reduce fugitive emission and also promote the concept for green environment by growing trees.

Farabi is also committed to care for employees by putting some operational controls such as Benzene exposure monitoring, Leak Detection and Repair Programs (LDAR), radiation monitoring, noise survey as a proactive measure; in addition to that a complete scheme for employee health check-up reach out program are in place just to ensure and fulfill the commitments for care.

The main purpose of governance at Farabi is to guarantee our Company's commitments to all of its stakeholders. Sustainability governance defines expectations, delegates responsibilities, reviews performance and ensures that sustainability goals and strategies planned are accomplished. It defines the roles and responsibilities and establishes sustainability-related strategies and initiatives that the organization has adopted to ensure that sustainability excellence is achieved in all activities. A governance structure formalizes the sustainability decision-making authority and ensures accountability. An effective governance structure ensures that sustainability performance is effectively managed, closely monitored and appropriately reported.

Farabi has developed and built a structured process-driven systems part of Farabi Integrated Management Systems (FIMS). As a part of FIMS there are 3 processes (as identified below) have been developed, deployed and effectively implemented across the organization.

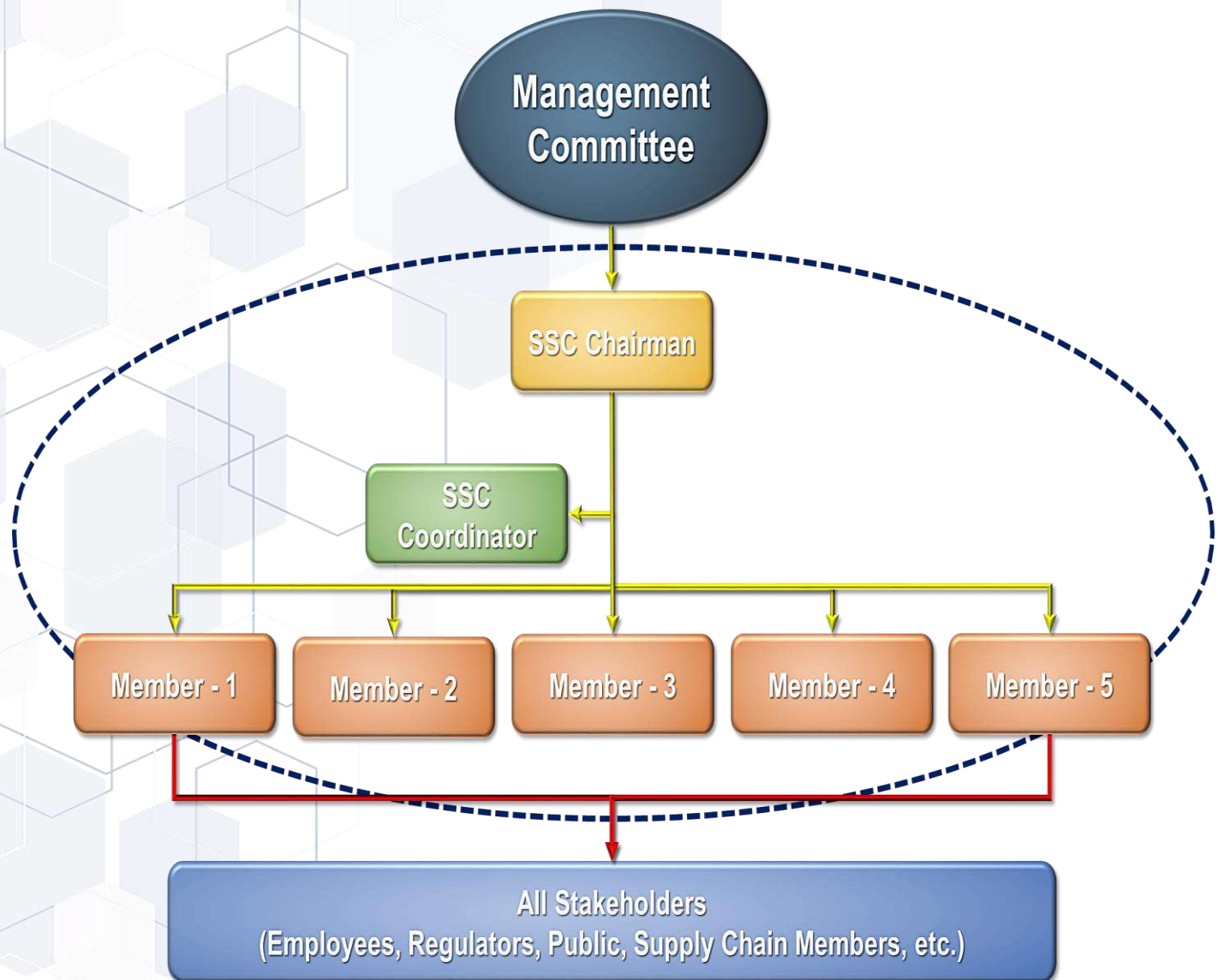
- PL.03.01 – Sustainable Development
- PL.03.02 – Stakeholder Engagement
- PL.03.03 – Sustainability Reporting

Farabi has adopted GRI frame work for reporting and set the strategies in accordance to GRI G4 guidelines. Farabi Sustainability Steering Committee is sphere heading the initiatives to drive the Sustainability in the organization. Sustainability drive gained momentum by setting the target to reduce CO2-equivalent emission intensity by 20% over the period of 10 years.

FPC is working towards sustainability with social, economic and environmental responsibility. In addition to attaining excellence in our business, we are determined in benefiting all stakeholders with the policy of transparent disclosure towards sustainable development and demonstrate our care for the future generation.

We believe to involve and combat with international challenges; therefore, FPC subscribed for global sustainability partners like: Carbon Disclosure Projects (CDP), American Cleaning Institute (ACI) and Gulf Petrochemicals and Chemical Associations (GPCA) and being involved and participated for their initiatives and reporting programs.

OUR ENABLERS



To deliver our environment and social programs, we must engage the stakeholders including employees. Our objective is to equip all FPC employee to build sustainability thinking into their daily routine and work practices. We are also worked with stakeholders in transparent manner to enable them for continued freedom to innovate in a responsible way.

Senior Management has an active responsibility and commitment for sustainability improvement strategies and overall performance of the Company through oversight of management and stewardship of the Company to enhance the long term value of the Company for its shareholders and the vitality of the Company for its other stakeholders.

Company has formulated a team for Sustainability to steer and steward all sustainability initiatives. The committee established in 2013, consists of members representing the different functions of the organization's value chain. The sustainability committee is chaired by the Sustainability Chairman, who also serves as an accountable for Technical Services Department. The role of the Sustainability Steering Committee (SSC) chairman is to drive internal and external sustainability improvements strategies and their subsequent initiatives and actions in a planned and structured manner in line with FIMS process PL.03.01 (Sustainable Development).

The multidisciplinary team comprises of various expertise, acts as a resource to support and promote the company's commitments in line with policies and Strategies towards sustainable development.

SUSTAINABILITY STEERING COMMITTEE (SSC) TEAM



MANISH KHANDELWAL
SSC CHAIRMAN



MOHAMMED ATHER RAZA
SSC COORDINATOR



VENKATESAN PADMANABHAN
SSC MEMBER



KHALID H. AL-ABBAS
SSC MEMBER



HISHAM M. AL-HANFUSH
SSC MEMBER



AHMED M. AL-GHAMDI
SSC MEMBER



NARESH KUMAR AKURATHI
SSC MEMBER

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OUR ENABLERS

ROLES AND RESPONSIBILITIES

Charter sets out the role, scope and responsibilities of the Sustainability Steering Committee. The role of the SSC is to formally engage FPC through the Management Committee in strategic sustainability decision making, encourage long-term planning and facilitate sustainability initiatives. The responsibilities of the Committee include:

- Develop and recommend to the Management Committee about sustainability strategy (including a sustainability management framework and policy), long term plans and targets;
- Define Sustainability Metrics;
- Nurture Initiatives and steer for implementation;
- Review and adopt GRI frame work for reporting;
- Review and ensure timely CDP Reporting;
- Promote Environmental Care aspects;
- Ensure regulatory requirements are complied with;
- Review and report progress against the sustainability strategy, targets and plans;
- Farabi's Public Sustainability Reporting and disclosure;
- Sustainability improvements, opportunities and initiatives;
- Sustainability Roadmap and Improvement Action Plans;
- Engagement of stakeholders
- Conduct Awareness Programs on Sustainability



ADMINISTRATIVE MATTERS

- Hold at least Six meetings annually for Steering Committee;
- A calendar confirming the date, time, venue and agenda.
- The quorum consists of at least 4 committee members present in person.
- The chairman of the committee may invite FPC employees or others to attend meetings of the committee as appropriate.
- The committee, with the Company President approval, will have unlimited access to any employee to seek any information it considers necessary to carry out its duties.

REPORTING

The Coordinator of the committee regularly report the Sustainability Performances to the Management Committee in a monthly SHEMC meeting as scheduled in planned intervals.

REVIEW

The committee will, at least once a year, review the membership and charter of the committee to determine its adequacy and effectiveness for current circumstances. The committee, through Sustainability Chairman may make recommendations to the Management Committee in relation to the committee's membership, purpose and responsibilities.

GLOBAL PARTICIPATION (CDP, ACI, GPCA, ETC.)

Carbon Disclosure Project (CDP)

The CDP Supply Chain program provides a global system that allows companies with vast supply networks to collect business-critical climate change information from their suppliers. CDP collaborated with members to gather information on greenhouse gas (GHG) emissions from their collective suppliers. Global suppliers cooperated with this information request, the questionnaires were sent to far more companies, leading to a more comprehensive picture of supply-chain emissions among members. In addition, CDP and Accenture conducted an in-depth formal survey of member companies to better assess the current state of supplier engagement on climate change. The number of member companies responding to each question varied from 29 to 49, depending on their ability to provide information. Therefore, percentages stated relate to the number of member companies who answered each question. Finally, selected members were interviewed to draw additional qualitative insights. A team of experts extensively analyzed all of these sources and conducted supporting outside research to produce this report. Information request were scored on two factors: Transparency, in the form of a numeric disclosure score. And Action on climate change, in the form of a letter grade performance band. Performance bands are not published for companies who attain disclosures scores below 50, as CDP believes there is insufficient information disclosure.



Farabi Petrochemicals Company (FPC) is participating in Carbon Disclosure since 2010 as a part of CDP supply chain member of UNILEVER. We have shown our transparency through reporting at maximum and got the disclosure scores by touching ceiling of 2nd largest band of disclosure as compared to other company groups. As a part of CDP format, we have been reported our governance structure, strategy of climate change and described what our initiatives are, how we set the objectives & targets, what are the possible ways for communication. Farabi has furnished all required information in the CDP report that explains and talks about risk and opportunity assessment followed by consequences of climatic change. As per CDP report format requirement, "Emissions Accounting" is a key parameter for evaluating company's performance especially about Green House Gas (GHG) accounting. GHG emission for Farabi operation has been accounted for Scope-1 (fuel Gas & fuel oil consumption & Company Owned vehicles mileage), scope-2 (Purchased Electricity) and scope-3 (Waste disposal, air business travels and wastewater discharge).

CDP Supply Chain Climate Change Disclosure and Performance

Reporting Year	2013	2014	2015	2016	2017
Disclosure – Farabi (FPC)	63	70	91	Max.	Max.
Industry group	49	53	60		
Performance Score – Farabi (FPC)	E	D	D	C	C
Performance Score – Industry Group	C	C	D	D	D
Benchmarked against over other Companies		3400	4000	4300	4800

NOTE:

- Leadership (A/A-): Taking coordinated action on water issues
- Management (B/B-): Taking coordinated action on water issues
- Awareness (C/C-): Knowledge of impacts on, and of, water issues disclosure
- (D/D-): Transparent about water issues
- F: Failure to provide sufficient information to CDP to be evaluated for this purpose*

GLOBAL PARTICIPATION (CDP, ACI, GPCA, ETC.)

CDP Supply Chain Water Scores

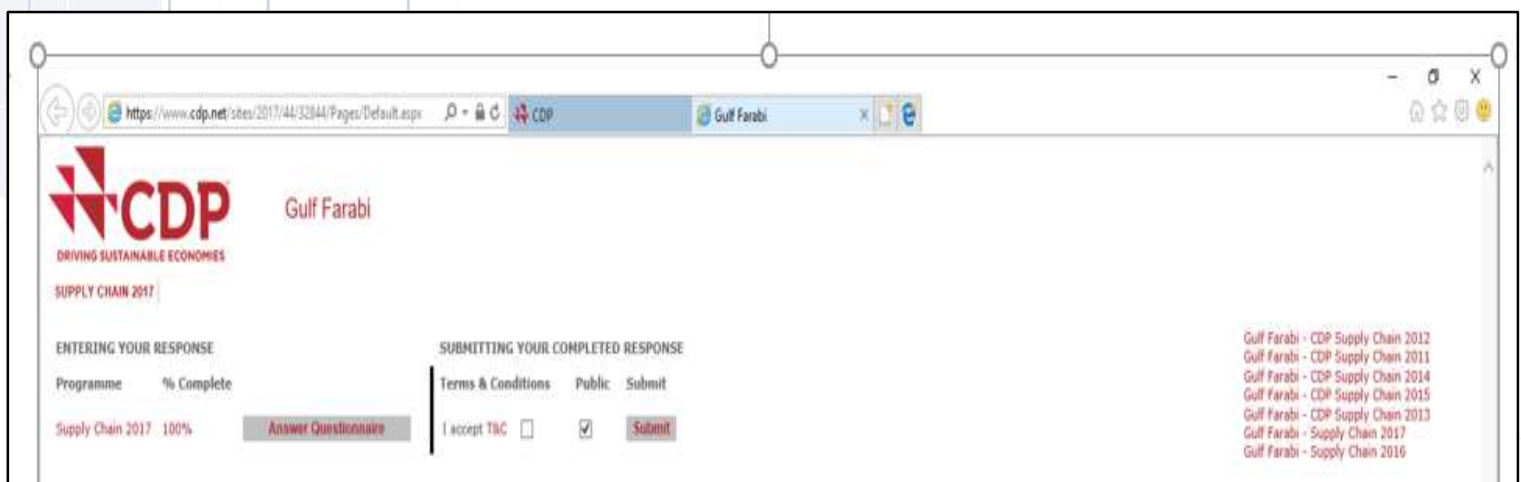
The assessment looks at actions in the reporting year that contribute to corporate water stewardship. The water scores are expressed as bands (A, B, B-, C, C-, D, D-) across 4 levels; Disclosure (D/D-), Awareness (C/C-), Management (B/B-), Leadership (A).

Reporting Year	2015	2016	2017
Farabi (FPC)	B – Management Level	B – Management Level	B – Management Level
Industry group	D Disclosure Level	D Disclosure Level	D Disclosure Level
Benchmarked against over other Companies	800	1000	1500

NOTE:

- Leadership (A/A-): Taking coordinated action on water issues
- Management (B/B-): Taking coordinated action on water issues
- Awareness (C/C-): Knowledge of impacts on, and of, water issues disclosure
- (D/D-): Transparent about water issues
- F: Failure to provide sufficient information to CDP to be evaluated for this purpose*

CDP Disclosures Evidence in Public Domain



GLOBAL PARTICIPATION (CDP, ACI, GPCA, ETC.)

American Cleaning Institute (ACI)



american cleaning institute®
for better living

Farabi Petrochemicals Company (FPC) is a signatory and member Company for American Cleaning Institute (ACI) since 2013; and have been committed to participate in their various programs including ACI Annual Metrics Program. The members of the American Cleaning Institute strive to align business practices with the following principles:

- Protect human health and the environment against undesirable impacts.
- Optimize use of the planet's resources across all phases of a product's lifecycle
- Govern our businesses with integrity, responsibility, and transparency
- Develop innovative products that contribute to the long term value of the industry
- Enhance the health and quality of life of our society.

As part of ACI's Sustainability Metrics Project, Farabi Petrochemicals Company (FPC) track and report the followings environmental sustainability metrics.

- Production
- Energy Use (electricity, steam, and fuel)
- Greenhouse Gas Emissions (CO2 equivalents)
- Transportation Emissions
- Water Use
- Waste Generation
- Health and Safety

Every day people use products on their bodies or in their home that may make their way down the drain and eventually into the environment. Widespread and constant use of these products potentially exposes the aquatic environment to trace concentrations of ingredients from these products. Farabi joined hand with ACI way forward journey to determine and whether there are risks to the environment associated with chemicals used in formulated consumer products.

In addition to that we have been published our sustainability highlights and success story in ACI annual reports under sustainability showcase which is being publically available in ACI web portal.



GLOBAL PARTICIPATION (CDP, ACI, GPCA, ETC.)

Gulf Petrochemicals and Chemical Associations (GPCA)



As signatory of GPCA, Farabi is committed to implement the Responsible Care codes and practices; RC code practices are met in our existing Farabi Integrated Management System (FIMS) fully or partially. The continual improvement in the existing processes and procedures are in-progress to ensure the full compliance of RC codes and practices in our integrated management System.

We are committed to the implementation of Responsible Care as broadly as possible within the chemical and allied industries and met all conditions of RC/GPCA logo usage criteria.

FPC is actively participating and contributing to achieve the Vision of GPCA which is a proactive approach to understanding Environment, Health Safety and Security (EHSS) issues in the region by introducing a common set of performance metrics for all member companies. This process will facilitate shared learning and identify organizations who are leaders in specific aspects of EHSS performance.

All GPCA member companies is participating in annual performance metrics reporting; which is been developed and designed with key data and information on Sustainability activities. Farabi submitting the mandatory data relating to 21 RC Performance Metrics together with additional information covering all four Sustainability aspects that relate to the chemical sector: People, Planet, Prosperity and Products.

Sustainability clearly builds on the tangible improvements achieved under Responsible Care, our industry's commitment to continuous improvement of Health, Safety, Security and Environmental performance and Product Stewardship.

The sustainability information what is been reported relates to PEOPLE, PLANET, PROSPERITY and PRODUCT initiatives. The selection of issues is based on international methodologies (GRI) and existing experience of sustainability reporting within the Farabi Petrochemical Company.

It is widely regarded as "best practice" to report publicly on the key sustainability parameters addressed in the GPCA survey. Tracking and reporting these responses in addition to tracking and reporting Responsible Care performance is a valuable process that helps GPCA and its Members Companies (Farabi) to identify key priorities, set up concrete collective projects, accelerate progress and further improve overall performance. This combined approach helps Farabi achieve continuous improvement of health, safety, hygiene, security and environmental performances; an important part of our industry's drive towards sustainability.

In addition; we are actively participating and contributing to achieve the Vision of GPCA which is a proactive approach to understanding Environment, Health Safety and Security (EHSS) issues in the region by introducing a common set of performance metrics for all member companies. This process will facilitate shared learning and identify organizations who are leaders in specific aspects of EHSS performance.

In observance of Waste Free Environment (WFE) as part of the GPCA Initiative, 40 volunteers from Farabi Petrochemical Company had took their time off to help clean the environment on February 11, 2016 at Jubail Corniche.



SUSTAINABILITY IMPROVEMENT STRATEGIES



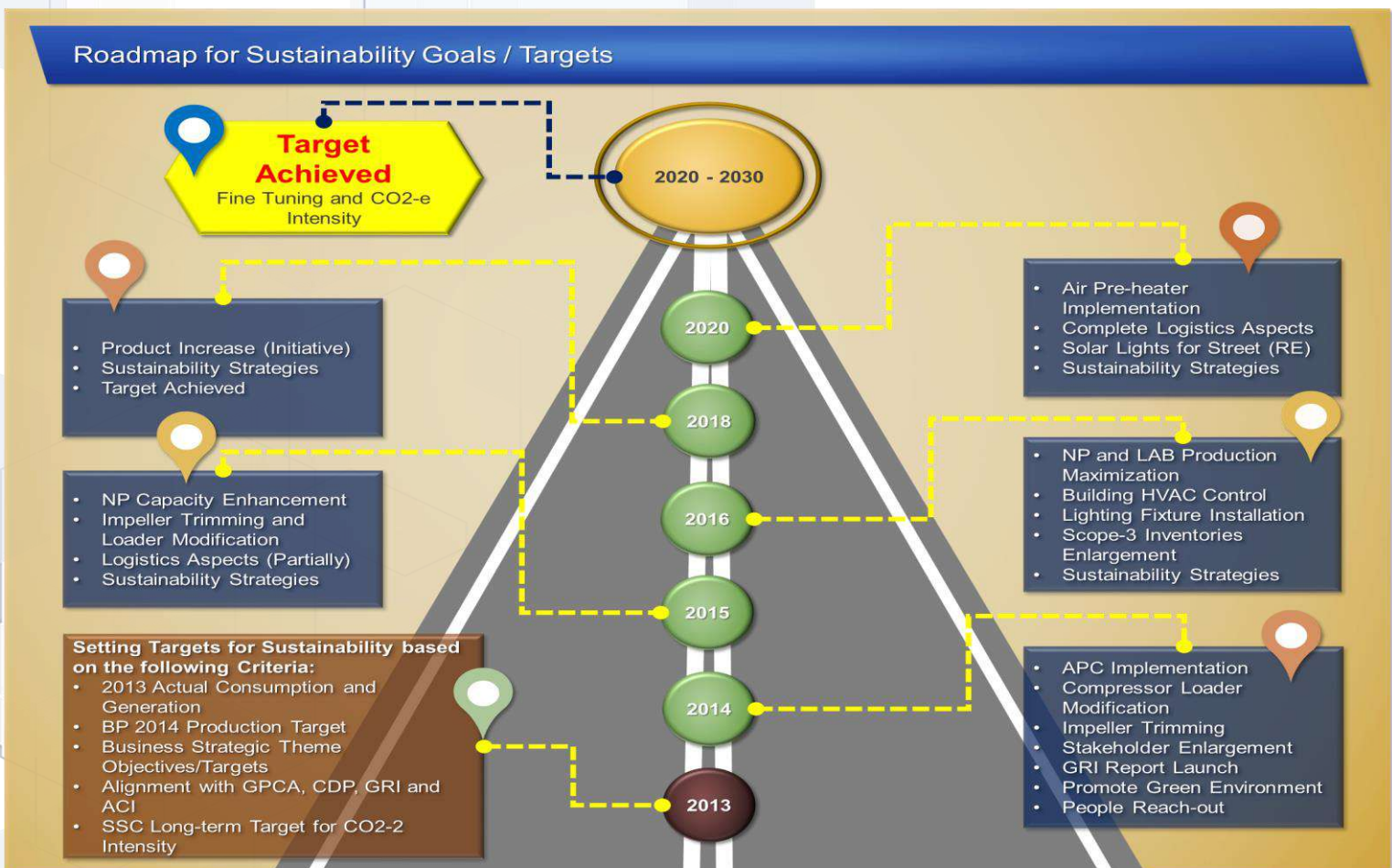
Planning and procedures play a crucial role in embedding sustainability into the day to day business. Achieving the goals and strategies set by sustainability steering committee (SSC) followed by senior management guidance, in part, on setting up the right work systems, clear strategies and subsequent management programs. Providing information, training or mentoring is ensured that all employees understand what is expected of them.

Farabi has adopted GRI frame work for reporting and set the strategies in accordance to GRI guidelines. Farabi Sustainability Steering Committee is sphere heading the initiatives to drive the Sustainability in the organization. Sustainability drive gained momentum by setting the goals and target to reduce CO₂-e emission intensity by 20% over 10 years starting from 2013. The following table and charts depicted the long term improvement strategies and plan.

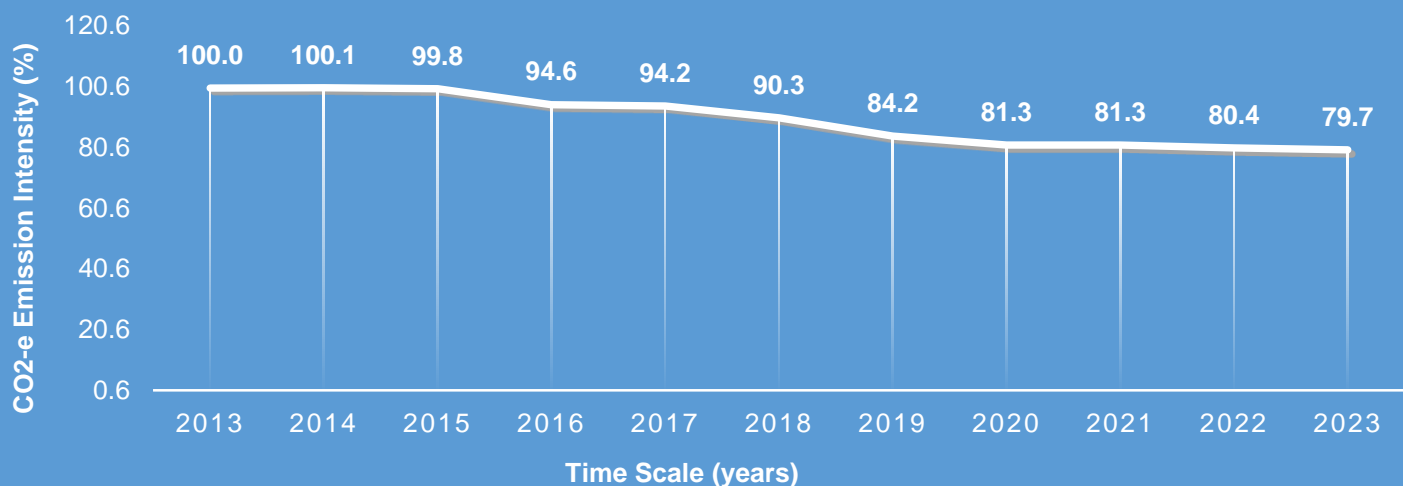
KPI	% Intensity Reduction
CO ₂ -e Emission Intensity	20
Energy Intensity	20
Water Intensity	19
Hazardous Waste Intensity	22
Non-Hazardous Waste Intensity	47

SUSTAINABILITY IMPROVEMENT STRATEGIES

Roadmap for Sustainability Goals / Targets



CO2-E EMISSION INTENSITY REDUCTION STRATEGY



We have set a long term plan and subsequent actions which covers the overall Company's sustainability strategies. Those strategies (as identified below) are part of Sustainability elements such as Operational Goals, Social Commitments and Employees Health and Safety.

- Strategy - 1: Committed to comply with Farabi Sustainability metrics
- Strategy - 2: Compliance to regulatory requirements
- Strategy - 3: Comply with Farabi Commitments for other sustainability programs
- Strategy - 4: Social Commitments

SUSTAINABILITY IMPROVEMENT STRATEGIES

How do we make Sustainability Core to Business? (Embed into PDCA Model)

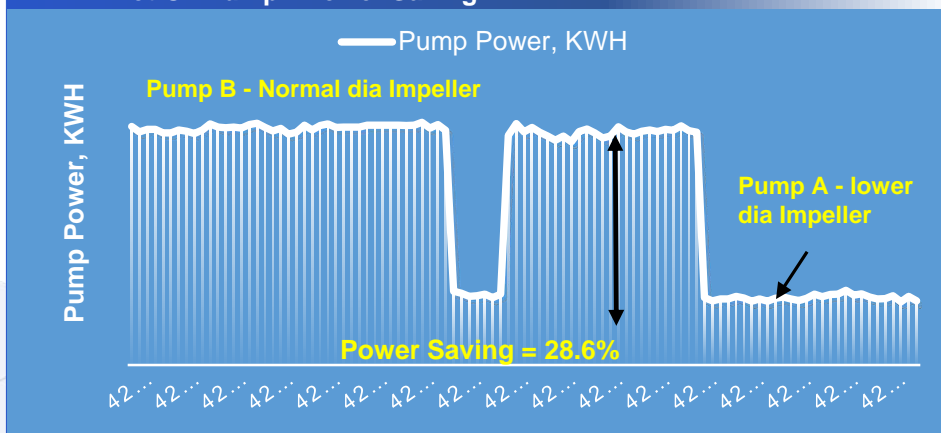


PLAN	1. Organizational Buy-in: * Understand Implications through context review * Identify key risk & opportunity areas * Secure top level buy-in	DO	7. Operation innovation and gains: * Identify opportunities for more efficient internal operation * Work with supply chain to improve performance
	2. Enhance Business Strategy and Materiality: * Re-evaluate strategy with a sustainability perspective * Create Sustainability Framework * Establish Sustainability Policy		8. Enhance Management Systems: * Enhance & integrate management system * Work towards auditing framework and/or additional international certificates
	3. Embed into Operation Plan: * Integrate into systems (Processes) * Identify KPI's * Identify actions with target dates		9. Participate in broader initiatives: * Participate in broader initiatives that strengthen business case or assist in implementation * Collaborate with Peers & other S. Leaders
DO	4. Foster a culture of Sustainability: * Create Sustainability Team * Promote S. awareness across the Organization * Provide training & Support to team & Employee	CHECK	10. Regular Reporting & Dashboards: * Create Sustainability Performance dashboards * Provide monthly, quarterly & annual updates * Annual Public Sustainability Report * Annual Audit
	5. Active Stakeholder Engagements: * Understand key elements of engagement * Reframe engagement as a strategic exercise * Design & implement ongoing engagement	ACT	11. Continuous Performance Improvement: * Assess sustainability performance * Re-engage Stakeholders * Re-examine opportunities * Review performance of the Sustainability MS * Develop & Implement improvement plan
	6. Product & Service Innovation: * Minimize risks & implement opportunities * New sustainability-related market opportunities		

STEWARDSHIP OF FARABI SUSTAINABILITY STRATEGIES (2016 -2017)

LAB II HOT OIL PUMP POWER SAVING

LAB II Hot Oil Pump - Power Saving

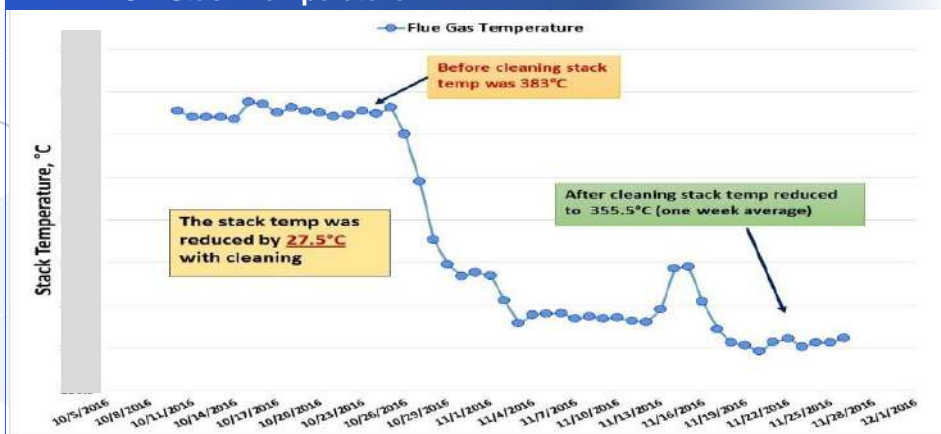


As a part of “Sustainability” initiatives drive, a detail technical study was carried out for all HT drives across all units for identifying potential areas of power reduction. LAB II unit hot oil circulating pump (701-P02) was identified as a big opportunity to save power by trimming the pump impeller while still meeting the plant requirement.

The pump impeller was trimmed to lowest possible diameter through MOC process and resulted into power saving by 29%.

HOH CONVECTION ZONE CLEANING

LAB I HOH Stack Temperature

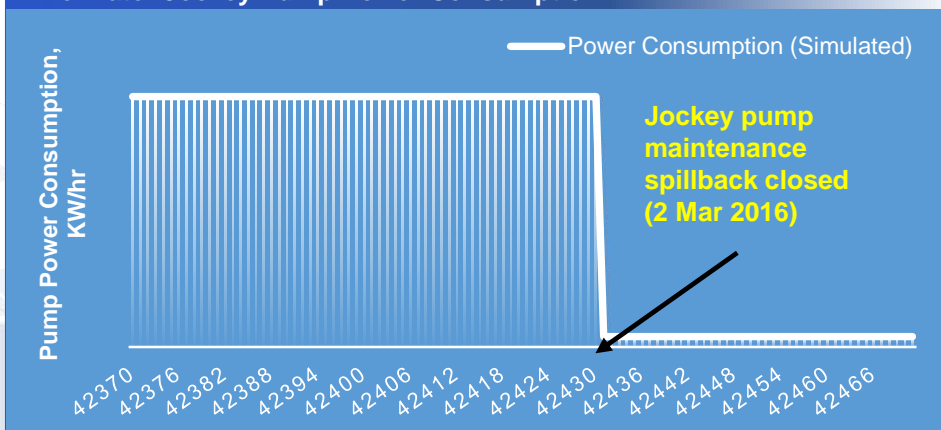


LAB I Hot oil heater (700-H-01) flue gas temperature leaving convection section i.e. stack temperature has been gradually increased from 340°C to 385°C over a period of 10 years due to fouling in convection section and it has reduced convection section heat duty.

The convection section was “Online” cleaned the stack temperature has been reduced by 27.5°C from 383°C to 355.5°C. This has increased heater efficiency by 1.4%.

FIRE WATER JOCKEY PUMP POWER SAVING

Fire Water Jockey Pump Power Consumption

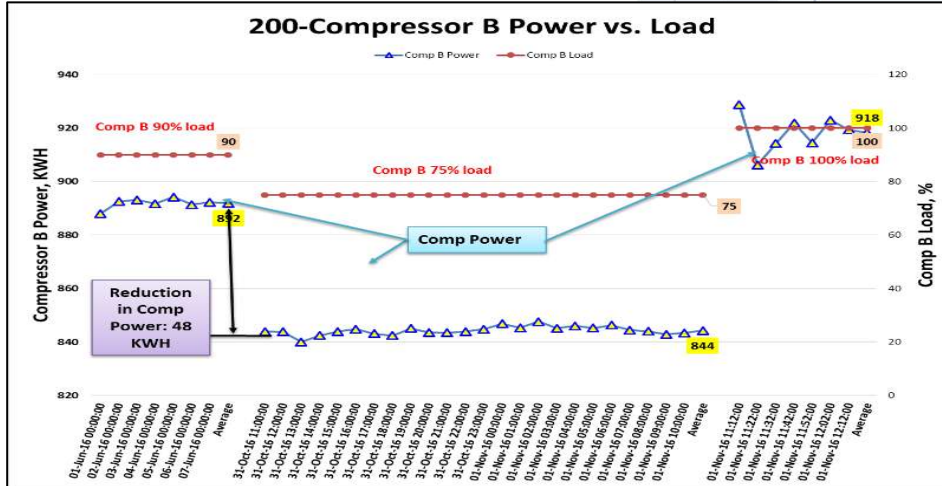


The fire water Jockey Pump was running 24 hours to maintain the FW header pressure as the maintenance spillback of jockey pump was kept open.

The maintenance spillback of pump was closed and now the pump is running less than one hr from 24 hours continuous operation. The idea has led to reduction in power consumption by 96%.

STEWARDSHIP OF FARABI SUSTAINABILITY STRATEGIES (2016 -2017)

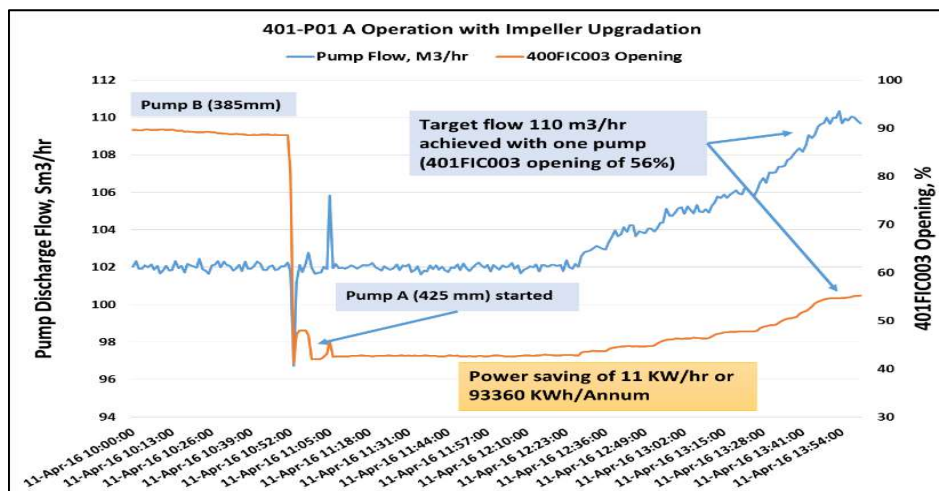
UNIONFINING COMPRESSOR LOADER MODIFICATION



The Unionfining compressor (200-C-01A/B) 3rd and 4th stage spill backs are operating at 50% - 60% load due to less process requirement. Also, compressor load can only be reduced to either 50 or 90%.

A detail study was carried out to save power and compressor clearance pocket was modified from existing 10% to 25% through MOC process. This has resulted into power saving of 9.5%.

LAB II PACOL CHARGE PUMP IMPELLER RESIZING



In LAB II, to meet the flow requirement, two Pacol charge pumps were running continuously. Detail study was carried out to upgrade the pump impeller and meet the plant requirement without changing existing pump motor.

Based on study, Pump impeller was upgraded from 405 mm to 425 mm and now one pump is successfully delivered required flow. This has resolved reliability issue of double running pump as well as there is reduction in power consumption by 22%.

LIGHTING OPTIMIZATION AND INITIATIVES

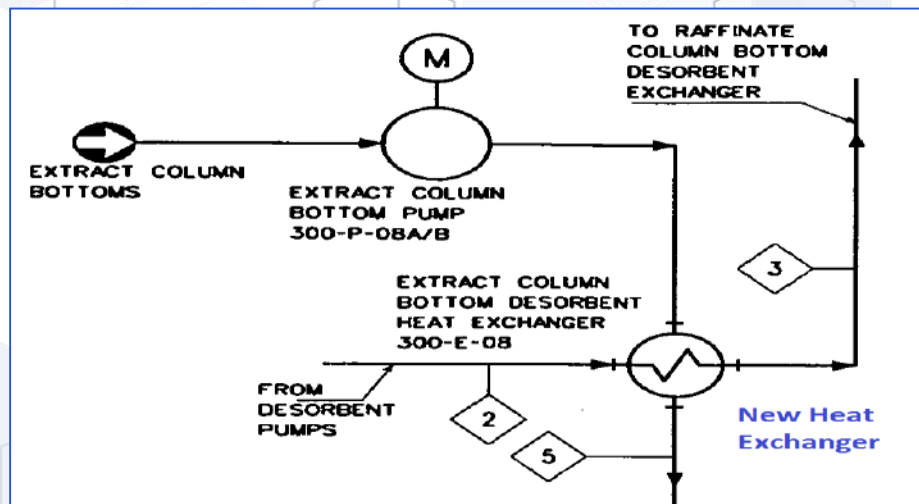


Optimization of lighting is also part of FPC sustainability. Following initiatives are carried out or under progress:

- All HPSV street lights will be replaced with LED street lights. Four no's of LED lights are installed. Balance replacement to be start from 2017. Expected Reduction in power consumption is 50%.
- All building office tube lights will be replaced with LED tube lights. Expected Reduction in power consumption is 50%.
- Engineering building corridor lighting was optimized (reduction of 50% lighting).

STEWARDSHIP OF FARABI SUSTAINABILITY STRATEGIES (2016 -2017)

PINCH SCHEME: NPN SPLITTER FEED PREHEATING WITH RAFFINATE COLUMN BOTTOM

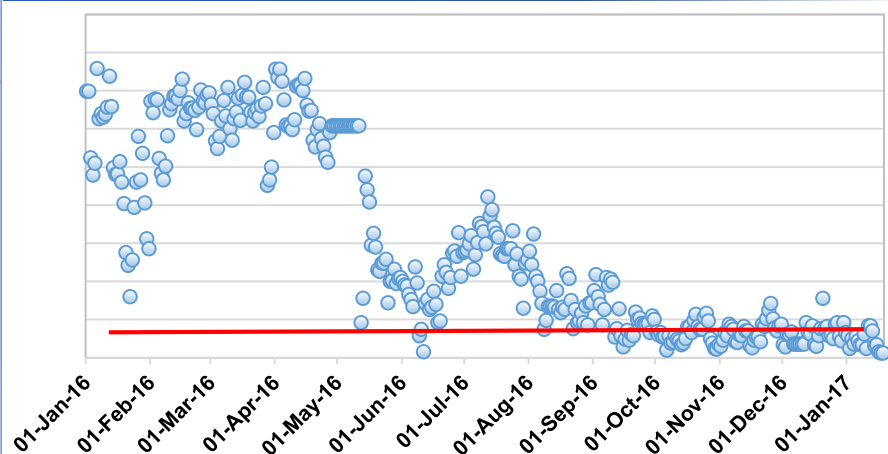


As a part of production enhancement, NPN splitter is installed. The feed to NPN column needs to be preheated to 125°C. Normally such heat duty is provided by hot oil.

To save energy, detail pinch analysis was carried out and Raffinate column bottom stream is identified which will be cooled from 131°C to 120°C by preheating NPN splitter feed from 95°C to 125°C. The heat exchanged by new pinch heat exchanger is 0.43 MMKcal/hr.

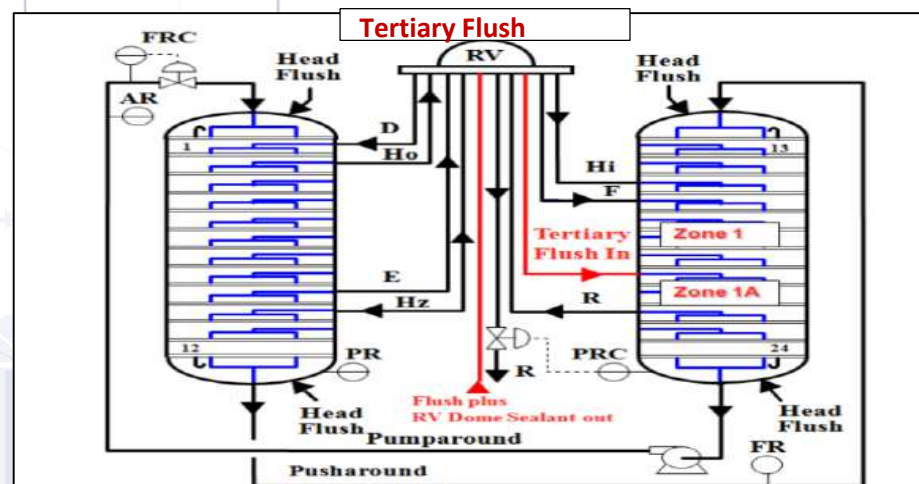
PRODUCTION INITIATIVES (SPLITTER MODIFICATION, TERTIARY FLUSH, C10)

Stripper Tray Replacement- C11+ Losses in RK



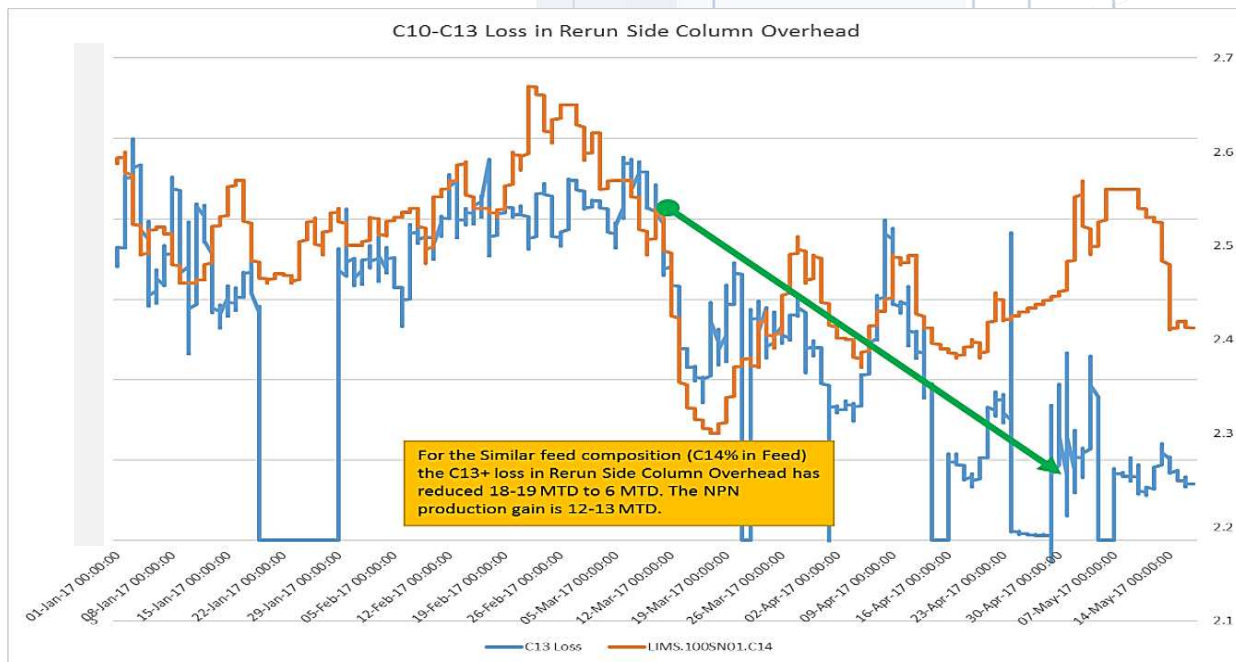
The goal of sustainability is, not only, to reduce utility consumption but also increase production which will ultimately reduce the specific utility consumption per ton of product. Hence following production improvement project has contributed to achieve sustainability targets.

1. Prefrac Stripper revamp: The C11+ losses in return kerosene was > 3% due to high throughput operation than design. Stripper tray (#16 to #65) was replaced with high capacity trays and C11+ losses in RK was reduced to < 0.5%. This has increased NPN production by 5%.
2. NPN splitter: NPN splitter project is to increase the C10-C13 Paraffin production by reducing the C11+ loss in Return kerosene and to produce C10 Paraffin as a by-product. The total production is increased by 4%.
3. Tertiary Flush: Tertiary flush works by allowing the pore volume in the MOLEX adsorbent chambers to be used for the recovery of additional n-paraffin. This has increased NPN production by 1-1.25%.
4. Rerun Column Revamp : The C13+ losses in return kerosene was >4.0% due to high throughput operation than design. Rerun Column tray (#27 to #49) was replaced high capacity trays and C13+ losses in RK was reduced <2.0%. This has increased NPN production by 12 MT per day.



STEWARDSHIP OF FARABI SUSTAINABILITY STRATEGIES (2016 -2017)

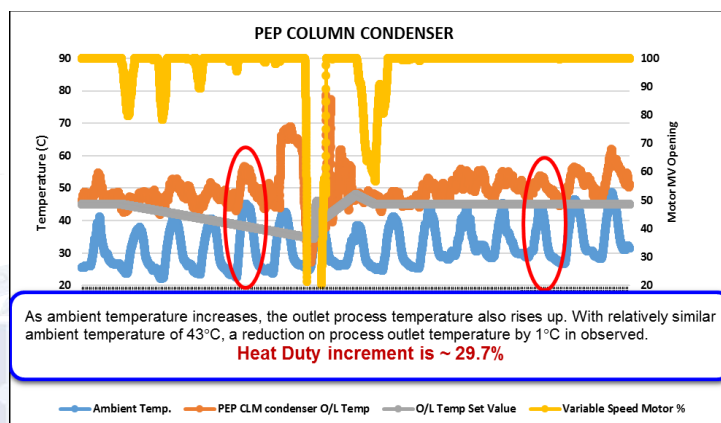
PRODUCTION INITIATIVES (SPLITTER MODIFICATION, TERTIARY FLUSH, C10) – Cont...



EXTERNAL CLEANING OF FIN FANS

Two high fouling fin fans were cleaned online and the performance before and after cleaning the bundles were measured using anemometer to measure the air velocity changes.

The velocity in both the fin fans has increased after cleaning and the heat duty in both the fin fans increased 18~30%

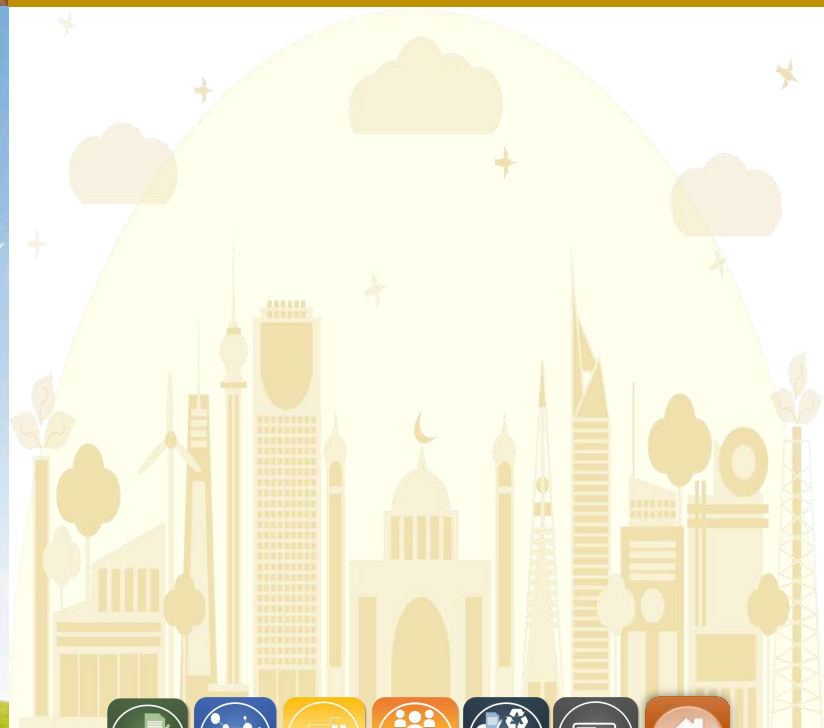
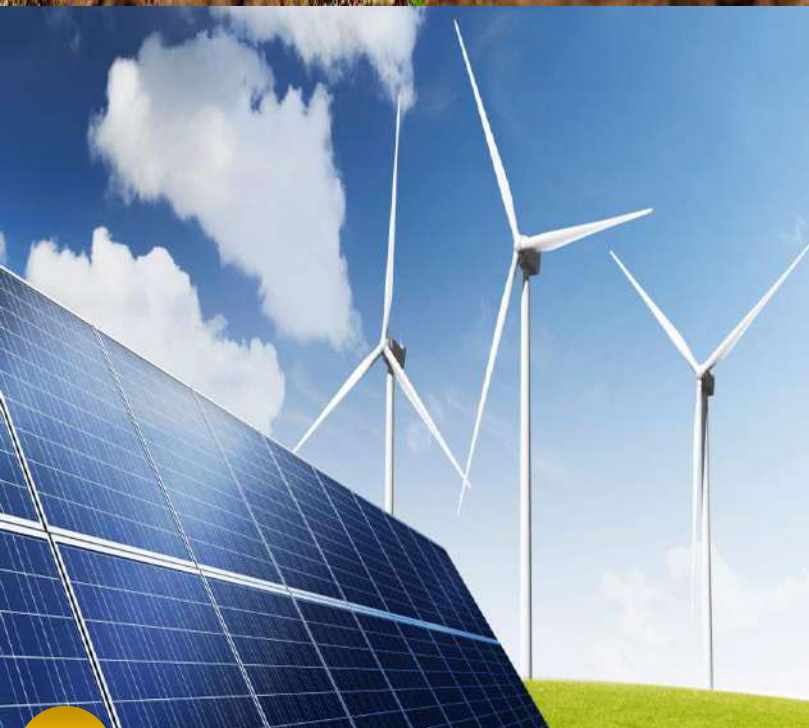


At Radius	Air Velocity (m/s)		Air flow (m³/s)	
mm	Before	After	Before	After
335.3	3.84	8.39	3.92	8.57
315.3	8.74	10.08	8.38	9.66
295.3	9.02	10.87	8.08	9.74
275.3	9.03	7.12	7.52	5.93
255.3	7.48	3.29	5.76	2.53
235.3	1.41	3.23	1.00	2.29
215.3	5.06	6.09	3.26	3.93
195.3	1.23	1.82	1.79	2.65
Average Air Velocity / Total Air flows				
	5.73	6.36	39.71	45.30

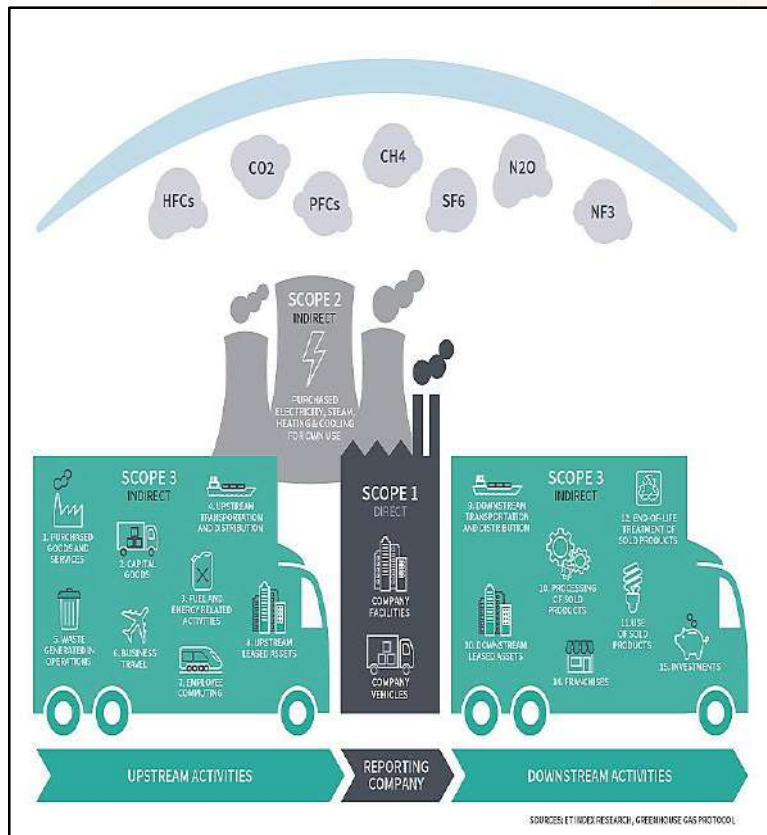
FARABI SUSTAINABILITY DRIVE OPERATIONAL STRATEGY AT A GLANCE



- Energy and Power Consumption/Intensity
- CO2-e Emissions and its Intensity
- Water Generation, Recycle and Disposal
- Water Usage and Its Intensity
- Green House Gasses (GHG) – Scope Wise Details
- Product Stewardship
- Environmental Performance at a Glance
- Financial Highlights



ENVIRONMENTAL PERFORMANCE AT A GLANCE



GREENHOUSE GASES

A greenhouse gas is any gaseous compound in the atmosphere that is capable of absorbing infrared radiation, thereby trapping and holding heat in the atmosphere. By increasing the heat in the atmosphere, greenhouse gases are responsible for the greenhouse effect, which ultimately leads to global warming.

The gases covered by the Inventory include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. The Inventory also calculates carbon dioxide emissions that are removed from the atmosphere by “sinks,” e.g., through the uptake of carbon and storage in forests, vegetation, and soils.

CARBON DIOXIDE (CO₂)

Carbon dioxide enters the atmosphere through burning fossil fuels (coal, natural gas, and oil), solid waste, trees and wood products, and also as a result of certain chemical. Carbon dioxide is removed from the atmosphere (or “sequestered”) when it is absorbed by plants as part of the biological carbon cycle.

METHANE (CH₄)

Methane is emitted during the production and transport of coal, natural gas, and oil. Methane emissions also result from livestock and other agricultural practices and by the decay of organic waste in municipal solid waste landfills.

NITROUS OXIDE (N₂O)

Nitrous oxide is emitted during agricultural and industrial activities, as well as during combustion of fossil fuels and solid waste.

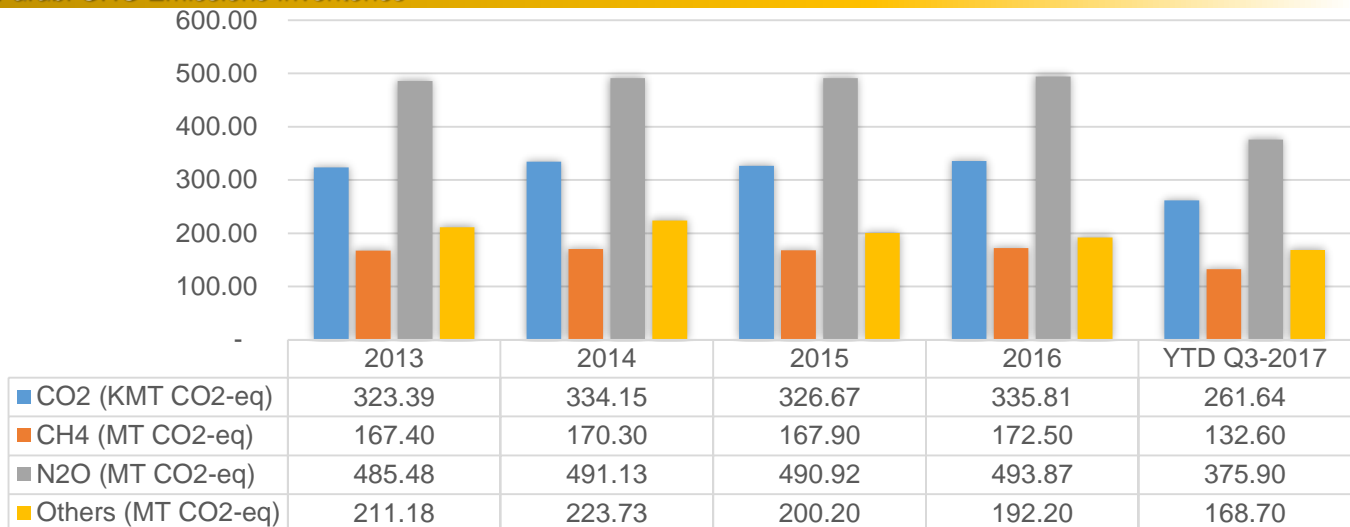
FLUORINATED GASES

Hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride are synthetic, powerful greenhouse gases that are emitted from a variety of industrial processes. Fluorinated gases are sometimes used as substitutes for stratospheric [ozone-depleting substances](#) (e.g., chlorofluorocarbons, hydrochlorofluorocarbons, and halons). These gases are typically emitted in smaller quantities, but because they are potent greenhouse gases, they are sometimes referred to as High [Global Warming Potential](#) gases.

The GHG Protocol Corporate Standard classifies a company’s GHG emissions into three ‘scopes’. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

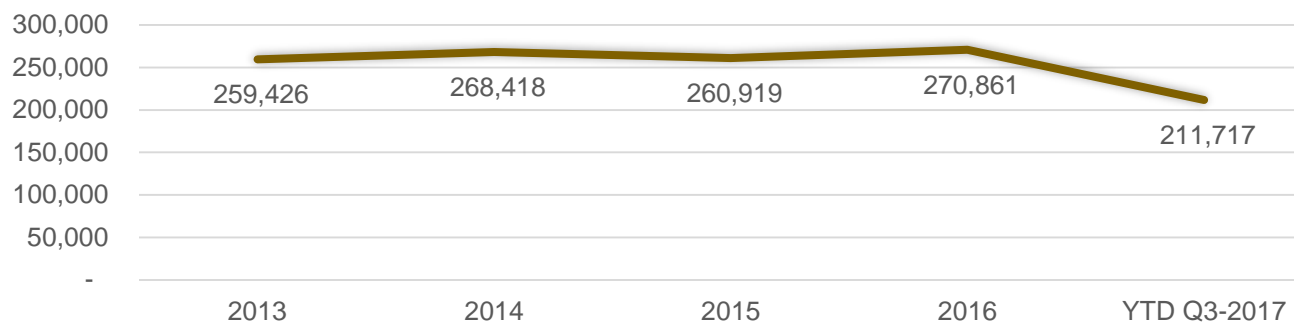
A greenhouse gas inventory is an accounting of greenhouse gases (GHGs) emitted to or removed from the atmosphere over a period of time. We used inventories to track emission trends, develop mitigation strategies and policies, and assess progress. An inventory is usually the first step to reduce their GHG emissions. An inventory can help to understand the emissions trend, track progress, reducing emissions, quantifying the benefits and set the goals and targets for future reduction. It also help to engage residents and businesses in GHG reduction opportunities.

ENVIRONMENTAL PERFORMANCE AT A GLANCE

Farabi GHG Emissions Inventories


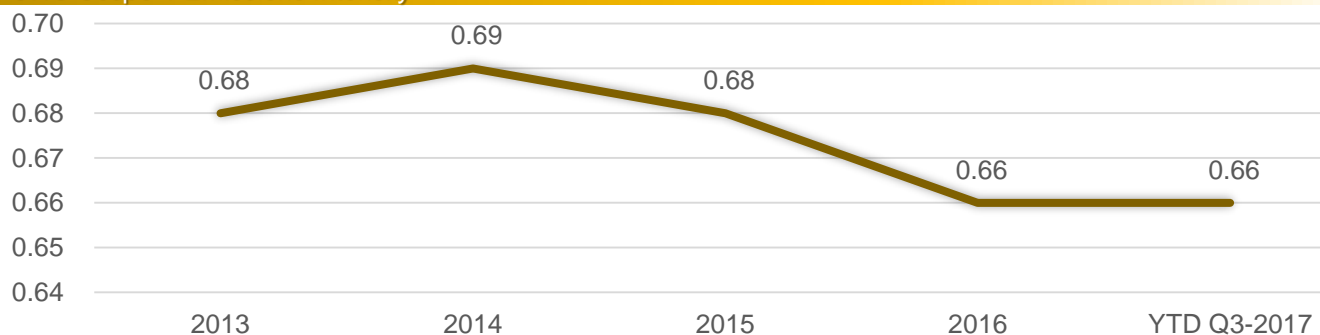
SCOPE – 1 EMISSIONS

These emissions arise directly from the sources that are owned or controlled by the Company, for example fuels used in our boilers, furnaces or the vehicles owned by Farabi Management.

Farabi GHG Scope-1 Emissions


SCOPE – 1 EMISSIONS INTENSITY

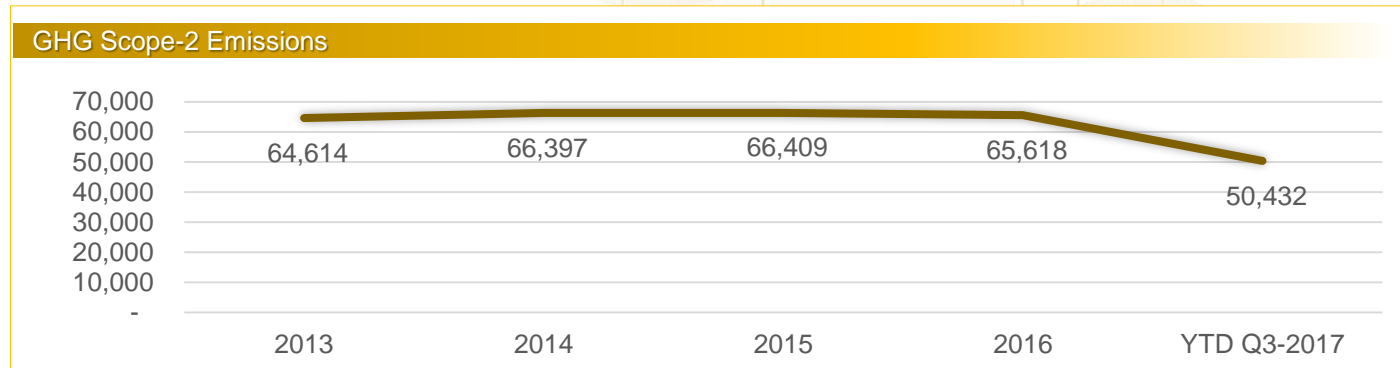
It's basically the ratio between scope-1 emissions and total production as included under product portfolio. Intensity figures depicted as shown in the figures the good performance for fuel gas consumption against each unit of productions and shows the positive indication towards sustainable goals.

GHG Scope-1 Emissions Intensity


ENVIRONMENTAL PERFORMANCE AT A GLANCE

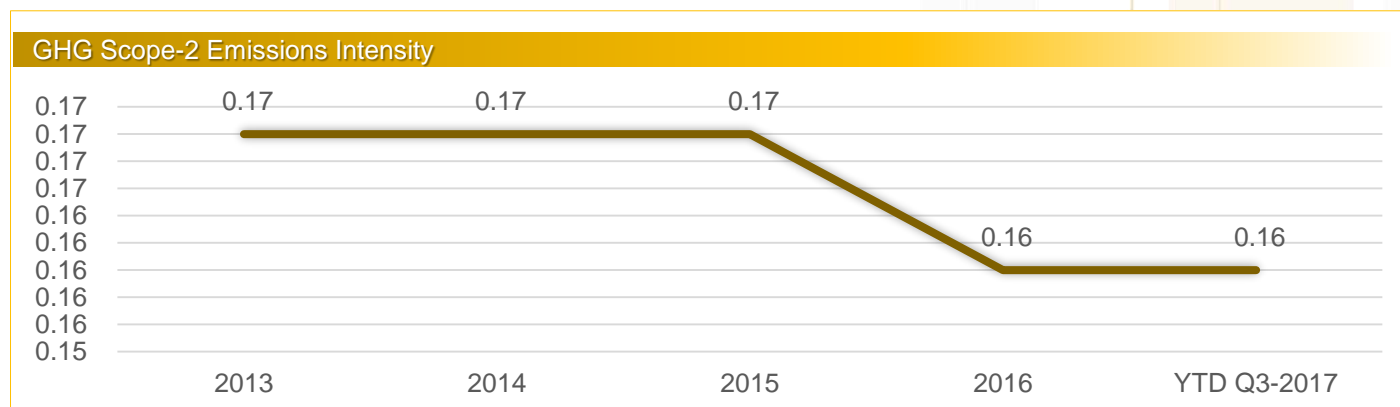
SCOPE – 2 EMISSIONS

Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by a company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company.



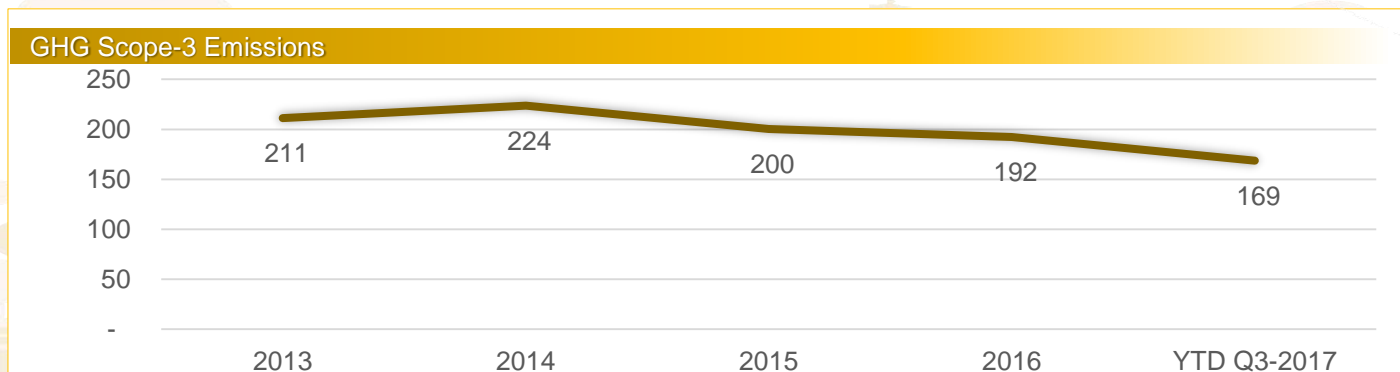
SCOPE – 2 EMISSIONS INTENSITY

It's basically the ratio between scope-2 emissions and total production as included under product portfolio. Intensity figures depicted as shown in the figures the good performance for electricity used against each unit of productions and shows the positive indication towards sustainable goals.



SCOPE – 3 EMISSIONS

Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company, e.g.; Business travels, waste disposal, effluent disposal, Contractor owned vehicles etc. That basically occur in the value chain of the reporting company, including both upstream and downstream emissions.

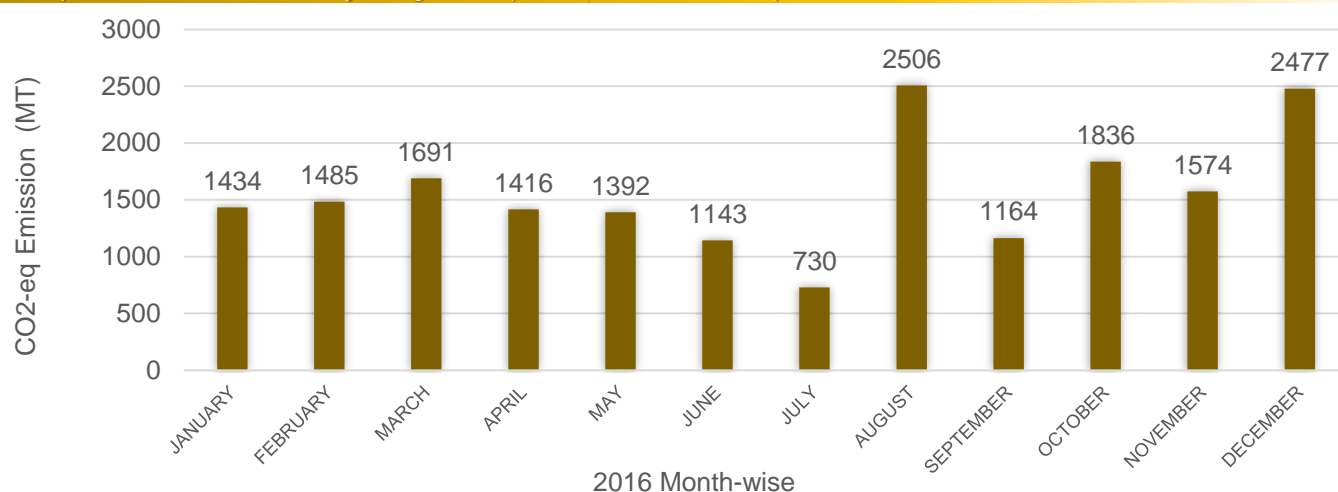


ENVIRONMENTAL PERFORMANCE AT A GLANCE

SCOPE-3 EMISSIONS – LOGISTIC ASPECTS (RTT MOVEMENTS)

Scope 3 inventories can be very useful to help a company understand the upstream and downstream GHG implications of its activities. But conducting a Scope 3 inventory, while advantageous in this respect, is not a necessary prerequisite to taking action on global warming. FPC has considered the supply chain management under scope-3 and started the monitoring for product shipment through RTT movements in terms of CO₂-eq. emission accounting as depicted in below figure.

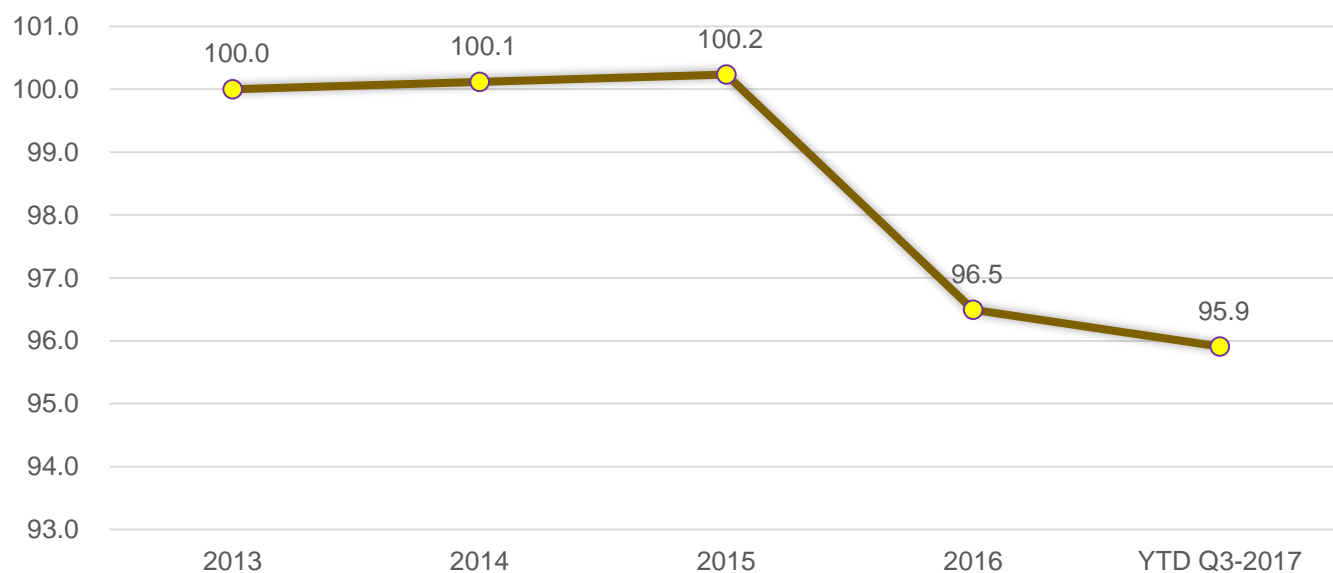
Scope-3 Emissions Inventory - Logistic Aspects (RTT Movement)



TOTAL GHG EMISSIONS INTENSITY

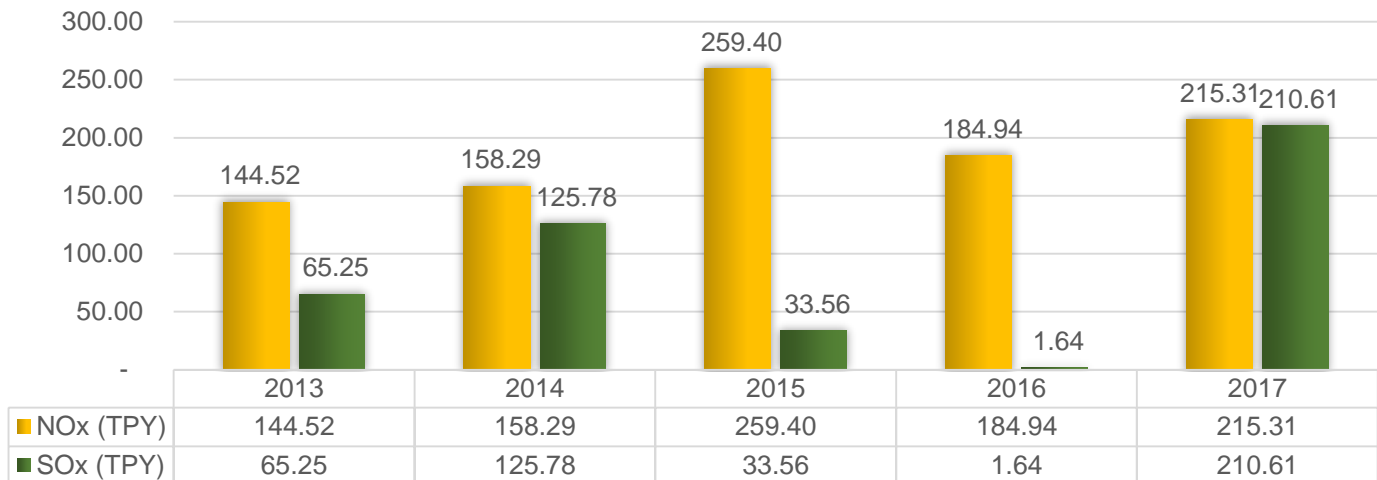
It's basically the ratio between emissions (scope-1, Scope-2 and Scope-3) and total production as included under product portfolio. Intensity figures depicted as shown in the figures below the good performance and shows the positive indication towards sustainable goals of 20% reduction of CO₂-eq. emission intensity over the period of 10 years by 2023.

Total GHG Emissions Intensity

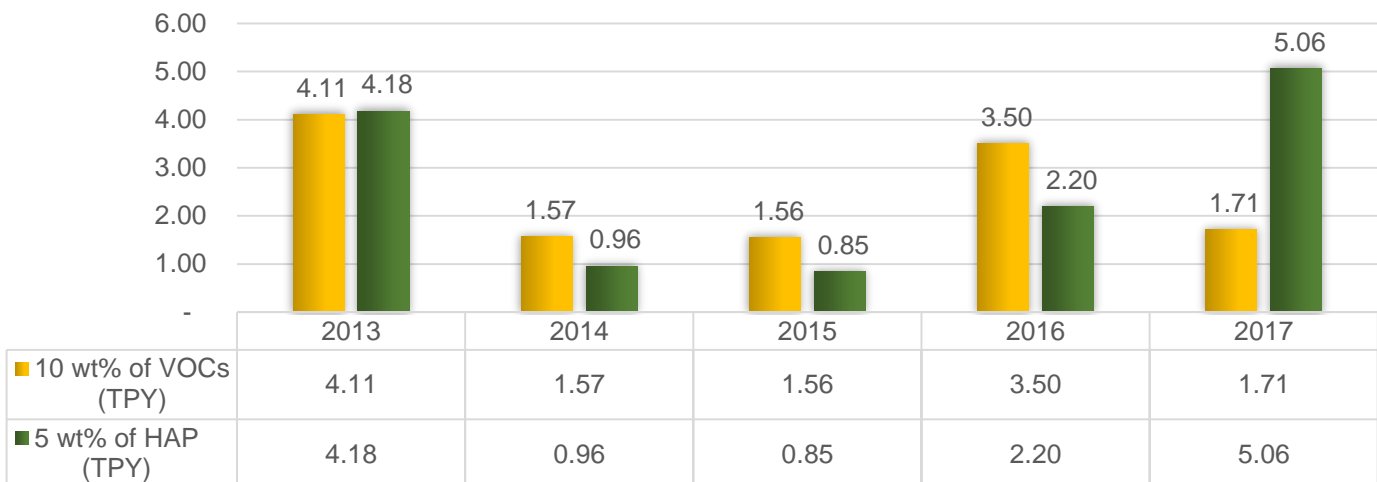


EMISSIONS INVENTORIES

Air Emissions - Stacks



Air Emissions - Fugitive (LDAR)



EMISSIONS INVENTORIES

The development of a complete emission inventory is an important step in an air quality management process. Emission inventories are used to help determine significant sources of air pollutants, establish emission trends over time, target regulatory actions.

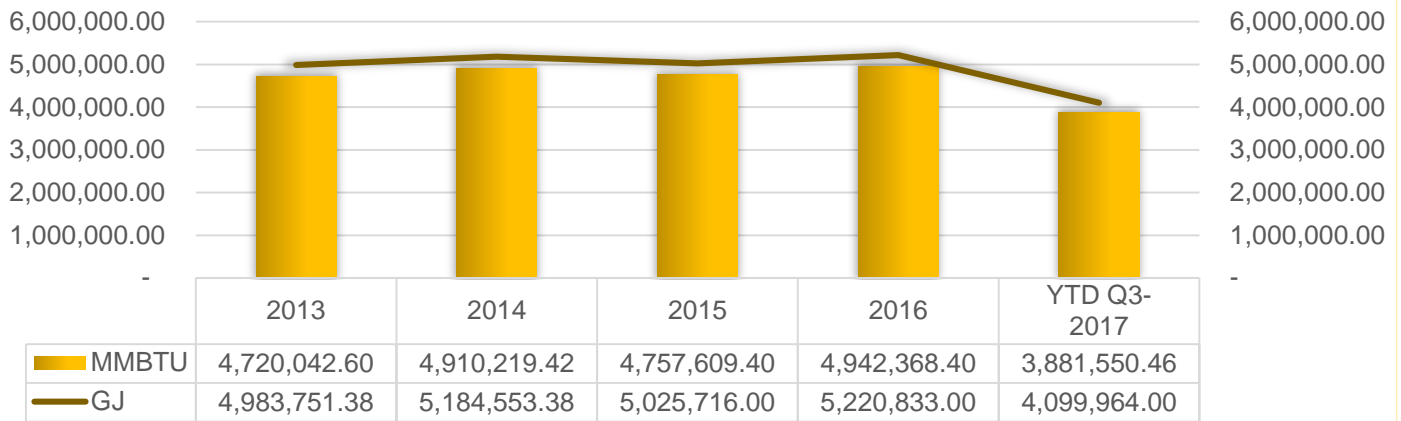
Emissions Testing, otherwise referred to as Stack Sampling or Stack Monitoring, is the experimental process for evaluating the characteristics of industrial waste gas stream emissions into the atmosphere. Materials emitted to the air from these sources can be solid, liquid, or gas; organic or inorganic. An emission inventory includes estimates of the emissions of NOx & SOx from various polluting sources such as hot oil heaters, charge heaters for both plants and also utility boiler stack; the above figures collected from the annual stack testing and Fugitive Emission Monitoring reports.

In addition, Fugitive emissions are emissions of gases or vapors from pressurized equipment due to leaks and other unintended or irregular releases of gases, mostly from industrial activities. Fugitive emissions contribute to air pollution and climate change.

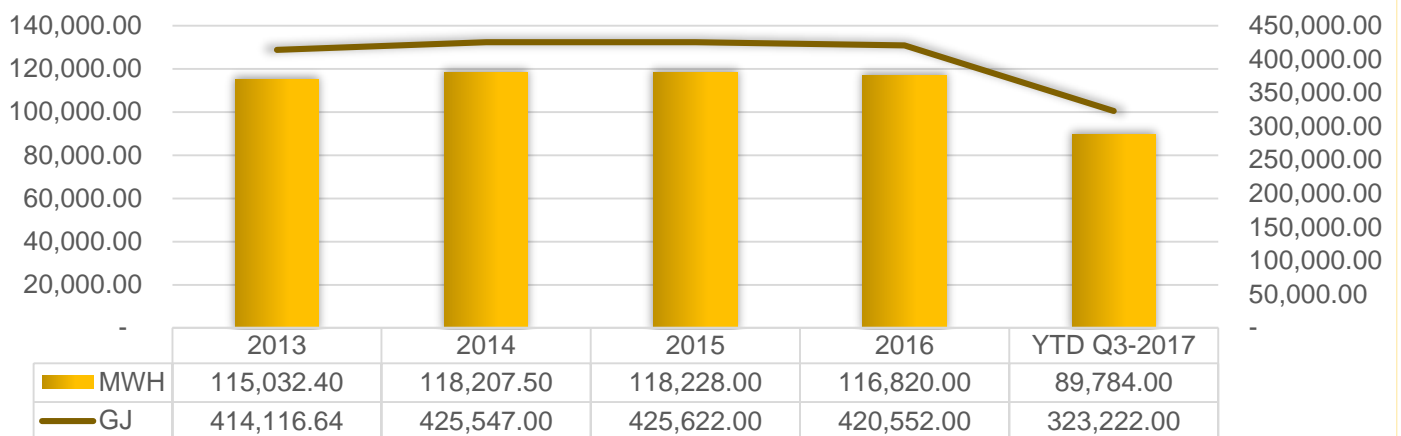
Leaks from pressurized process equipment generally occur through valves, flanges, pipe connections, mechanical seals, or related equipment. Fugitive emissions also occur at evaporative sources such as waste water treatment ponds and storage tanks. Because of the huge number of potential leak sources at large industrial facilities and the difficulties in detecting and repairing some leaks, fugitive emissions can be a significant proportion of total emissions.

ENERGY AND POWER CONSUMPTION/INTENSITY

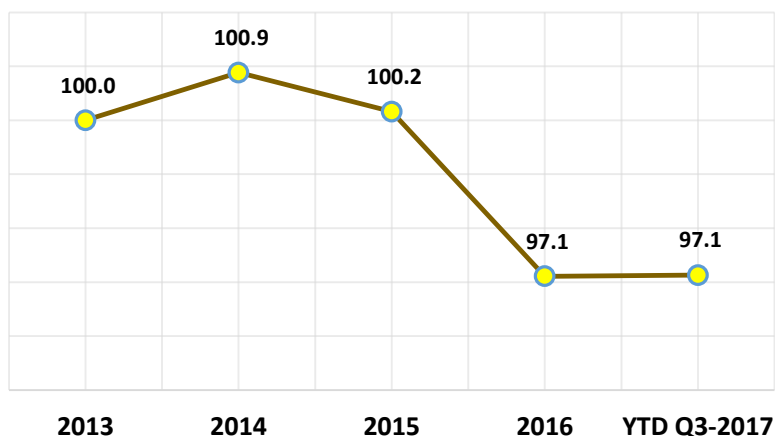
Direct Energy Consumption



In-Direct Energy Consumption



Energy Intensity (GJ/MT)

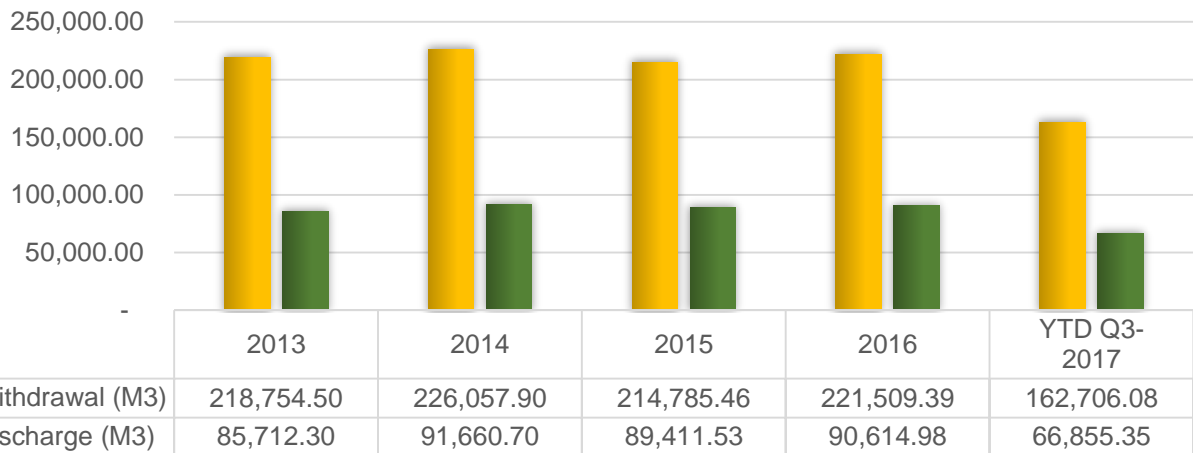


Amount of energy consumed in a process or system, or by an organization or society. We human beings have been using vast proportions of earth's natural resources for our own needs. We use energy for or heating and cooling, lighting, heating water and operating appliances. Apart from that we use energy for many purposes, such as traveling in airplanes and cars.

Farabi mainly consume energy for lighting up of offices, running machines and plant equipment's, for heating and cooling purposes; transportation sector for uploading and downloading of goods and services from one place to another.

WATER ACCOUNTING

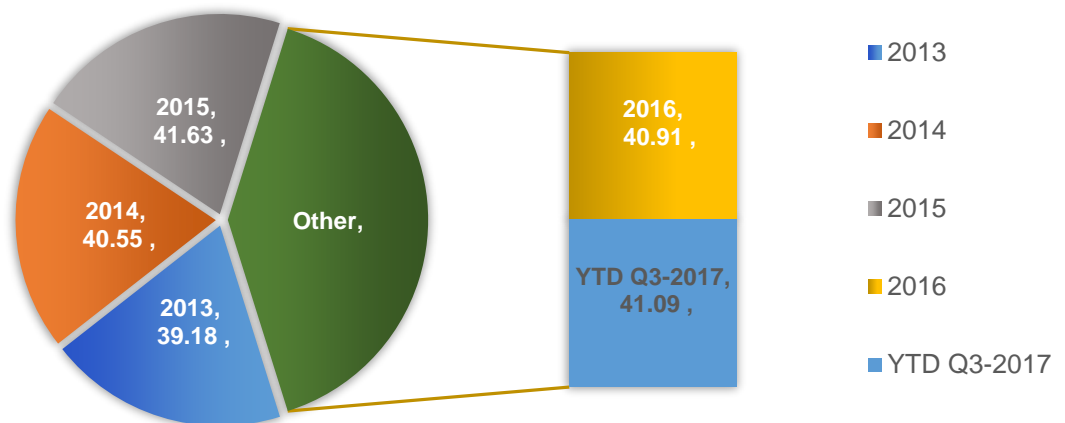
Water Consumption and Discharge



Recognizing the regional nature of our water risks, in FY-2013, we introduced a Ten-year target requiring our assets with water-related material risks to implement projects on an annual basis to reduce their impact on water resources.

At the end of FY-2017, all our assets that identified water-related material risks implemented at least one project to improve the management of associated water resources, consistent with performance over the course of the target period. Therefore, Farabi management have strategized and put an initiative for water recycling project which is currently under study.

Water Recycled (%)

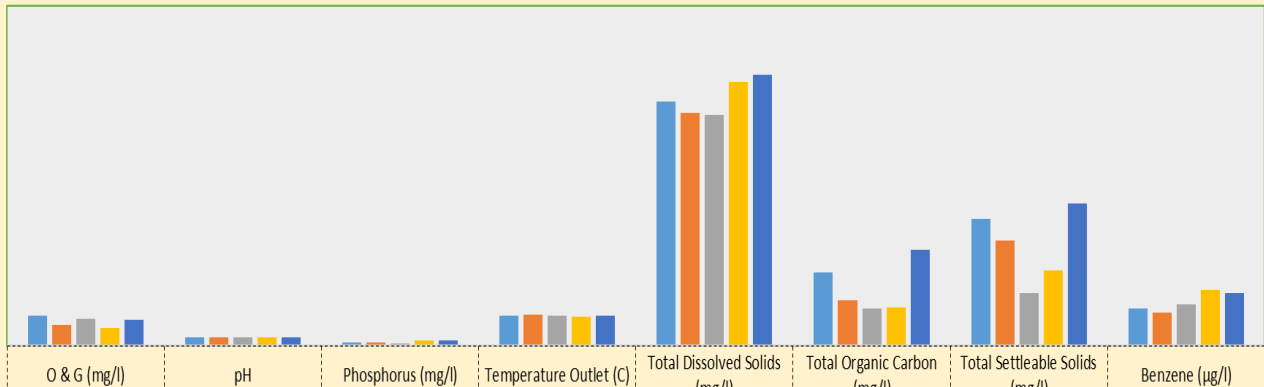


Our total water input (water intended for use) in YTD FY2017 till Q3 was 162,706 cubic meters; however, 66855 cubic meter (Approx. 41%) have been treated through centralized treatment facility in Marafiq which is being used in landscaping and considered recycled quantity as per GPCA definition. Statistics and depicted charts for previous years compared with reporting years shows the consistency of water utilization even of expansion and product portfolio enhancement.

WATER ACCOUNTING

Water Discharge Quality in "PPM"

Actual Discharge level
(Average)

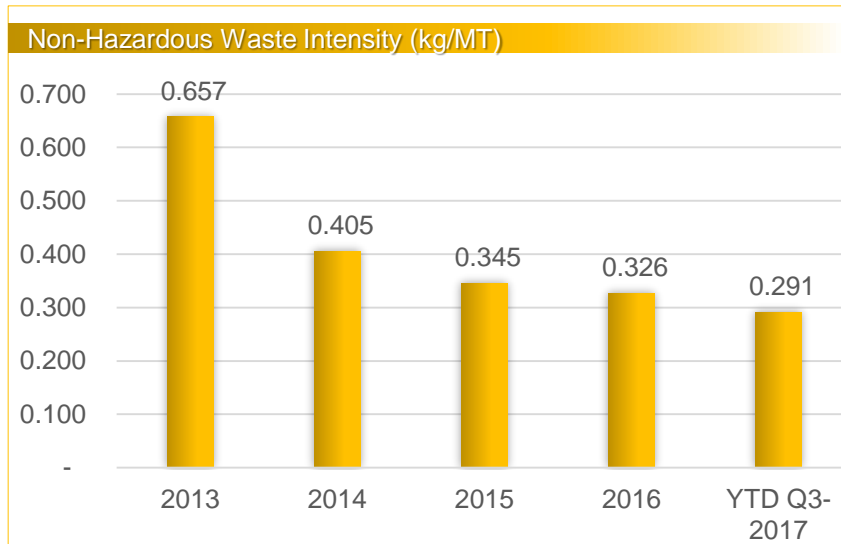
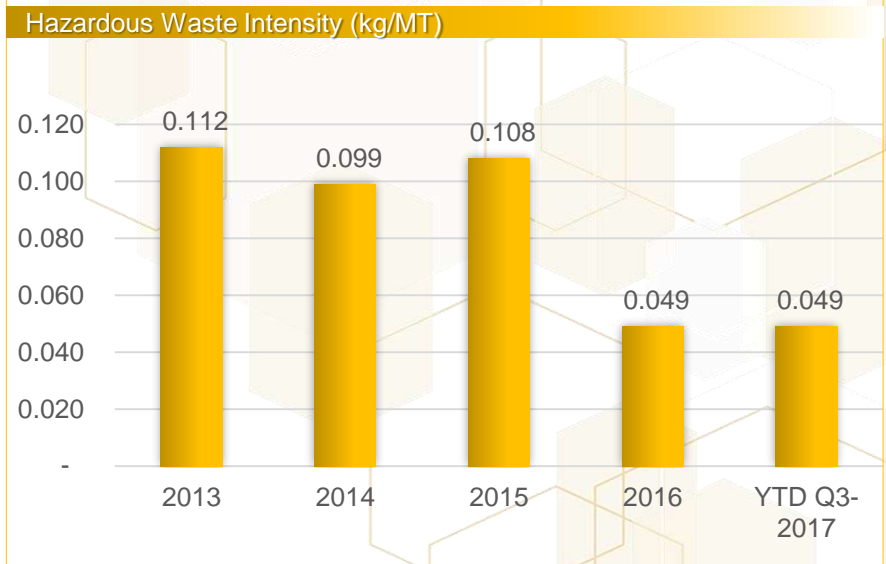
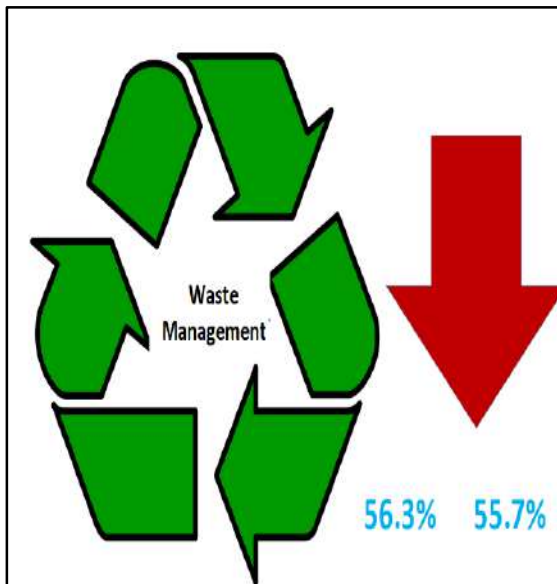


IWW Key Parameters



Wastewater quality indicators are laboratory test methodologies to assess suitability of wastewater for disposal or re-use. Tests selected and desired test results vary with the intended use or discharge location. Tests measure physical, chemical, and biological characteristics of the waste water as per Royal Commission Environmental Permit to Operate (EPO) condition requirements and managed in LIMS. Quality of discharged water as shown in the above chart is depicting the pre-treatment level which is as same as potable water quality; however, it is being further treated in Marafiq CWTF and recycled for landscaping in order to ensure for zero discharge to atmosphere and protect the Environment at large.

WASTE MANAGEMENT



Saudi Arabia has been witnessing rapid industrialization, high population growth rate and fast urbanization which have resulted in increased levels of pollution and waste. Waste management is becoming a big challenge for the government and local bodies with each passing day. The per capita waste generation is estimated at 2.0 kg per person per day. This is the general information available in public domain.

Farabi have predominantly implemented waste management practices in the areas of elimination, reduction, recovery, reuse and recycling in line and context with Royal Commission regulations.

However, there is a lack of waste management approach which is largely adopted due to inconsistent regulations and enforcement; this has also been further aggravated by the absence of the necessary infrastructure which are required to receive and dispose of wastes in a safe and environmentally sound manner.

Waste minimization is a process of elimination that involves reducing the amount of waste produced in in Farabi and society at large; helps to eliminate the generation of harmful effects, supporting the efforts to promote a more sustainable society. Our long-term sustainability vision includes having zero waste going to landfills. We are focusing the waste reduction efforts by Identifying ways to reprocess the waste as useful raw materials or fuel; working to eliminate or reduce solid waste from production processes; and maximize the recycling and reuse concept.

Farabi has set a long term strategy & goal for sustainability KPI's including Waste Management, and maintaining a track to deliver our targets. We have taken many initiatives and conducted the various campaign & waste reduction measure to achieve the Waste Management objectives. As a results the above pictures clearly depicted the reduction of 56.3% in hazardous waste intensity and 55.7% reduction in non-hazardous waste intensity from the point of sustainability journey since 2013 (Base Year).

PRODUCT STEWARDSHIP



Farabi implements a comprehensive 'Product Stewardship Program' in line with its Management System which states "Businesses shall establish Product Stewardship Programs to ensure that health, safety, and environmental protection is an integral part of designing, manufacturing, marketing, distributing, using, recycling and disposing of our products".

In 2008, Farabi made a commitment to the Gulf Petrochemical and Chemical Association (GPCA) to adopt a new management system approach for implementing Responsible Care®, including mandatory independent third-party certification. The decision was made to implement the Responsible Care® management system in Farabi. For Farabi, product stewardship is embedded and occurs through business audits as a part of Responsible Care Management System (RCMS) in certification of RC 14001 which was obtained in 2013.

Product stewardship requirements are very well covered in Farabi "HSSEQ Policy". The requirements of the product stewardship are in-built and captured here and there in FIMS processes; such as EV.01.02 – Material Safety Data Sheet; OP.11.03 – Hazards Communications; PL.01.01 - Risk Assessment; OP.05 function for Sales, Logistics and Distribution, especially OP.05.06 – Inland Logistics. All these

systems have been implemented and /or in practice and kept available in centralized documentation module (Q-Pulse).

Farabi provided the industry performance data to GPCA and as proactively shared and /or published to the GRI, CDP as well as ACI. The health, safety and environmental risk originating from the Farabi products have been identified and appropriate controls are in place. The Farabi strategic team analyzed all kind of HSE risk of new products before development. The existing products risk are identified through PL.01.01 risk assessment as well as PL.01.02 PHA; and the results of Risk assessment are being stewarded and documented. A periodic review is being carried out to taking care of any changes or modification in the Farabi process and products. All Farabi employees are trained on the process of Risk Assessment and they are well aware about the significant risk of their processes. All key personnel are well trained on the product risk assessment system. In Farabi there is a process, which talks about to collect the HSE information from the supplier and contractors. Annual performance evaluation is being carried out to gauge the performance of the supplier including transporters (Inland as well as sea route transporters). All applicable EHSSQ information with regards to Farabi products along with MSDS are also provided to the distributors and their performance is being evaluated annually.

FINANCIAL HIGHLIGHTS

Sustainable development is an approach to economic planning that attempts to foster economic growth while preserving the quality of the environment for future generations.

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 FPC, we ensure value creation for all our stakeholders — from customers to shareholders to society as a whole at large.

ECONOMIC PERFORMANCES

Over the past 10 years, we took confident steps in the petrochemical sector and established ourselves as an economic force locally, regionally and globally. We also successfully commissioned many mega projects inside the Kingdom, and became a major producer for Linear Alkyl Benzene (LAB) and subsequently contribute to Kingdom's national income (GDP growth) and nation vision 2030.

We will continue our growth by implementing ambitious strategic expansion plans. These include a potential expansion projects coming in Yanbu Industrial City, as well as many mega projects under the name of "Farabi Downstream Company (FDC)" are in progress at the same location of this GRI reporting boundaries (Jubail Industrial City Location Site). We strive to maximize the economic value and get benefitted our promoters through efficient management and competitiveness.

As part of FPC's business growth plans, an expansion of the existing facilities in Jubail is in construction phase under the name of Farabi Downstream Company. The Project is based around the manufacture of a range of new paraffin derivative products. The Project largely comprises four new units. The annual production capacity of each plant in metric tons is provided in brackets: Alkylation Unit (25,000); Sulphonation Unit (47,330); Fuel Additives Unit (18,000); and Heat Transfer Fluids Unit (14,880).

INVESTMENTS

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

EXPENDITURES

Petrochemical industries are an energy intensive industry and we are committed to reduce our environmental footprint. Being an environmentally conscious organization, we consider it to be our responsibility to care the environment by protecting nuisance and prevention of pollution. We have budgeted the expenditure for environment and sustainable development during the reporting period.



ABOUT THE REPORT



SUSTAINABILITY JOURNEY



OPERATIONAL STRATEGY



SOCIAL COMMITMENT



GRI INDEX



OTHER INFORMATION



HOME

FINANCIAL HIGHLIGHTS (Cont...)



INDIRECT ECONOMIC DEVELOPMENT

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

We know how important our relationship is with local small businesses and we endeavor to support them by sourcing products and services locally. All our assets are required to have mostly local procurement plans, and in addition to benefitting local suppliers and creating employment, build capacity through training of small business entrepreneurs as well.

LOCAL EMPLOYMENT

At FPC, we strive to encourage local talent and we want local people to play an active role in the development of the Kingdom's economy. Our employee profile fulfills our commitment to the Government of KSA Saudization targets. We believe we have a responsibility to contribute to the economic development of Saudi Arabia by recruiting, training and retaining local employment by providing comparative benefits and compensation.

In order to ensure we recruit and retain the best minds, we offer favorable benefits to our employees including: annual leave entitlement, social security benefits, medical insurance coverage, inflation adjustments, moving expenses, housing schemes benefits as well as others based on merit and service to the Company. We also provide a motivational increment for Saudi employees. In addition to the benefits mentioned above, we offer attractive wages to the employee.

We also participate in employee retirement plans (GOSI) to provide retirement salaries from the government fund for local employees.

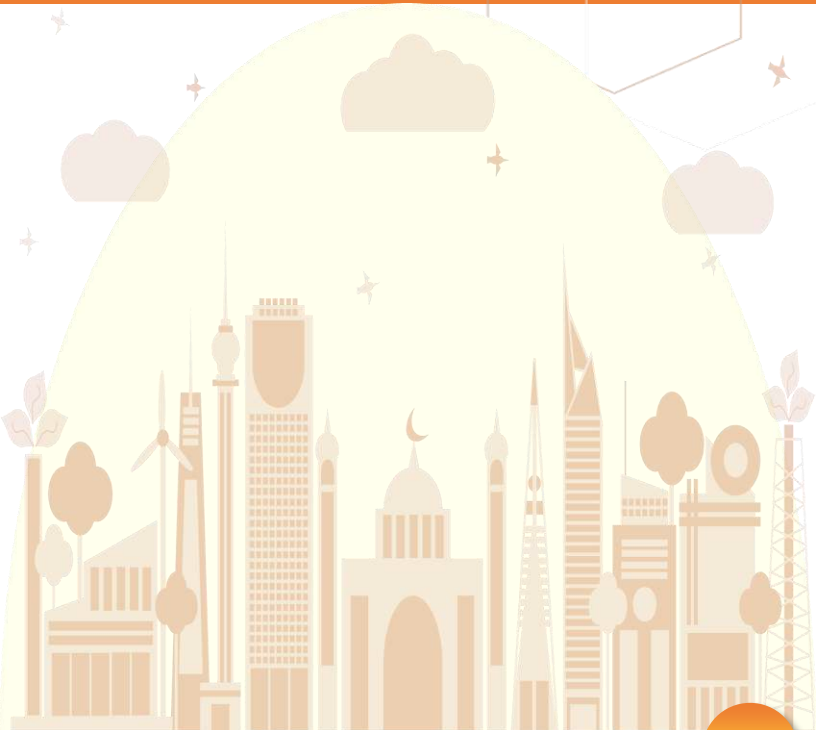
LOCAL SUPPLIERS

We understand the importance of sourcing our supplies locally to help generate sustainable value and enhance our supply security. Supporting local suppliers promotes development of the local economy as well. We also recognized the need to ensure that our suppliers adhere to sustainable practices in line with FPC HSSEQ policy. To improve and develop sustainability practices among our suppliers we used to engage them on our strategy while developing the material aspects especially for economic indicators. We also aim to train and support local suppliers in improving their sustainability performance including human rights and labor practice criteria. We believe that by using and adopting sustainable practices, we will meet our needs for goods and services while creating long-term value for all our stakeholders.

FARABI SUSTAINABILITY DRIVE SOCIAL COMMITMENTS AT A GLANCE



- SHEAC at a Glance
- Materiality Assessment and Stakeholder Engagement
- Farabi Workforce and Care
- Employee Health Check-up Reach Out
- Industrial Hygiene Related Exposure Monitoring and Control
- OH & S Performances



SHEAC AT A GLANCE



Safety Health
Environment Awareness
Committee (SHEAC)

Small efforts towards a safe, healthy, and environment friendly community.

Safety is our priority and not only we instill safety in our people, we ensure that it is shared to our stakeholders and community. In addition, the environment is at the forefront of our business and we strive for excellent environment management and sustainable operation.



FPC launched a campaign "Towards A Safe Home" in partnership with SWCC, Civil Defense and Jubail Governorate from May 30, 2016 to June 01, 2016. During this 3-day campaign, cultural and educational exhibits was conducted related to awareness of hazardous materials at home and the ways to protect and deal with them including first aid. The exhibit attracted more than 2,000 visitors.



SHEAC AT A GLANCE (Cont...)



In observance of Waste Free Environment as part of the GPCA Initiative, 40 volunteers from Farabi Petrochemical Company took their time off to help clean the environment on February 11, 2016 at Corniche Jubail.

Mr. Ahmed Al-Khater, FPC GR/PR Supervisor and the coordinator of the event said, that the activity aims to educate not only the public but also the volunteers about responsible waste disposal and addresses challenges associated with plastics wastes.

The team collected a total of 54 consolidated bags of waste compared to 22 bags collected from last year cleanup activity.



Several FPC employees ventured on a Tree Planting activity on June 05, 2016 in Jubail City in observance of World Environment Day.

The team planted a total of 50 seedlings in an effort to raise awareness and take positive environmental action to protect the environment. The activity is part of the annual endeavor of FPC in line to its commitment to sustainable environment.



ABOUT THE REPORT



SUSTAINABILITY JOURNEY



OPERATIONAL STRATEGY



SOCIAL COMMITMENT



GRI INDEX



OTHER INFORMATION



HOME

SHEAC AT A GLANCE (Cont...)



Farabi Petrochemical Company in connection to World Earth Day conducted an awareness on sustainability and how to protect and help preserve the environment to the students of Jubail High School in Jubail City on April 21, 2016.

The team conducted the awareness to inspire, challenge ideas, ignite the passion, and motivate the students into getting involve in protecting and preserving the environment for future generations.



➔ SHE Awareness Committee (SHEAC) in collaboration with King Fahad Specialist Hospital – Dammam steered a Blood Donation Drive on August 02, 2017 at FPC Training Hall.

The 2-day activity was inaugurated by FPC President Mr. Mohammed Al-Wadaey and thanked all attendees, donors and the organizers in coming up with a benevolent job of helping others as reflected in the blood donation event.

SHEAC expressed the importance of blood donation event as part of the committee program to instill to all employees the importance of helping others by donating blood, that helping and thinking of others will reflect in making sure of a safe work completion because everyone is committed to helping one another.

SHEAC AT A GLANCE (Cont...)



The SHE Awareness Committee (SHEAC) launched a 2-day water conservation exhibit on 13 – 14 April, 2017 with the theme "Save Water, Save Life" at Hyper Panda, Prince Mashoor Street in Jubail City.

The exhibit aimed to reach out communities in giving them awareness on the ways to preserve water and the need to conserve it. The exhibition was carried out in cooperation with the General Directorate of Water in the Eastern Region and was featured by Al-Jubail Media Group.



World Environment Day is a chance for people to reconnect with nature and celebrate the places that matter most to us. It is a significant day for encouraging worldwide awareness and action for the protection of our environment. This year's theme is "Connecting People to Nature", which implores us to get outdoors and into nature, to appreciate its beauty and its importance, and to take forward the call to protect the Earth that we share.

For us, World Environment Day is a "Farabi Day" for doing something to take care of the Earth or become an agent of change. That "something" was focused by planting a tree on May 21, 2017 at the newly developed People's Park, in Jubail Municipality.

Engr. Saeed Al-Najdi from the Jubail Municipal Agricultural and Landscape Department in his message, thanked the FPC Management and its employees for its continuous commitment to sustainable and healthier environment. He said that this initiative is an example to follow and hopes to bring precedence among other entities and groups in the province.

Likewise, Mr. Ahmed Al-Khater (GRandPR Supervisor) highlighted that the tree planting activity has been an annual initiative of SHE Awareness Committee (SHEAC) and the Sustainability Steering Committee (SSC). Both committees appreciated the effort of the FPC employees who volunteered for this activity and for taking their time off to be "one with nature".

There were a total of 50 Acacia trees planted.

SHEAC AT A GLANCE (Cont...)

HIGHLIGHTS AND ACHIEVEMENTS

Recorded 10 Million Safe Man Hours without Lost Time Injury (LTI) since 2006 and counting.



Awarded by Royal Commission for Jubail as Best Environmental Performer among Jubail Basic Industries for two (2) consecutive years:

2015 – 2nd Place

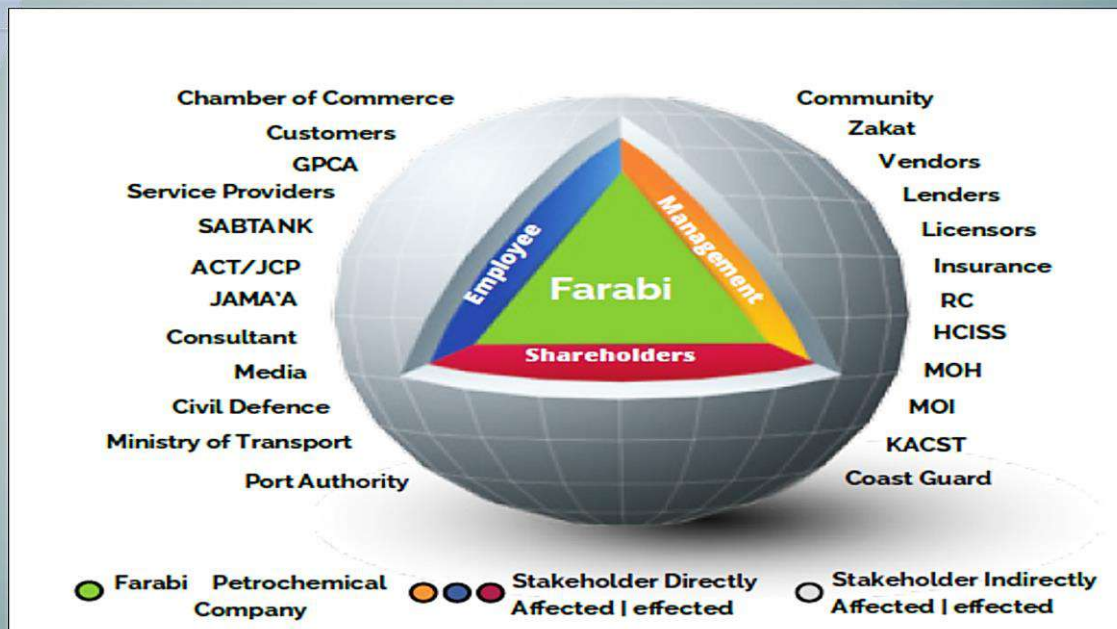
2016 – 1st Place



Dr. Mosleh H. Al Otaibi, CEO of the Royal Commission – Jubail honors Farabi Petrochemical Company headed by President Mohammed Z. Al Wadaey as the best Environmental Performance (First Place) in Jubail Basic Industries during the World Environment Day celebration.

FARABI PETROCHEMICALS  الفارابي

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT



MATERIALITY ANALYSIS

Materiality is the process of identifying the significant issues relevant to an organization. It is basically an approach to identifying critical economic, environmental and social issues, which may either reflect a significant impact on the company's business performance or substantively influence the assessments and decisions of its stakeholders. The GRI defines materiality as follows:

"The information in a report, should cover topics/aspects and indicators that reflect the organization's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders"

APPLYING THE PRINCIPLE

Determining materiality for a sustainability report includes considering economic, environmental and social impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations. These material Aspects often have a significant financial impact in the short term or long term on an organization. They are therefore also relevant for stakeholders who focus strictly on the financial condition of an organization.

A combination of internal and external factors have been used to determine whether an Aspect is material, including factors such as the organization's overall mission and competitive strategy, concerns expressed directly by stakeholders, broader social expectations, and the organization's influence on upstream (such as supply chain) and downstream (such as customers) entities. Assessments of materiality have also been taken into account the basic expectations expressed in the international standards and agreements with which the organization is expected to comply.

Determining materiality is key to identifying, prioritizing and addressing the main issues and concerns of our stakeholders in the process of defining FPC's sustainability strategy. Reporting on material Aspects is involved disclosing information used by external stakeholders that differs from the information used internally for day-to-day management purposes. However, such information does indeed belong in a report, where it may inform assessments or decision-making by stakeholders, or support engagement with stakeholders that may result in actions that significantly influence performance or address key topics of stakeholder concern.

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

STEP 1: IDENTIFY STAKEHOLDERS

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

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

The first step of stakeholder engagement involved identifying our stakeholders and their sustainability issues and concerns. The criterion used in stakeholder identification was whether the entities have a direct impact on our operations, and conversely which individual or group was impacted by our operations and actions. All the stakeholders have been identified accordingly in the above figure as per FIMS process PL.03.02 Stakeholder Engagement.



STEP 2: IDENTIFY INDICATORS

Once identified the stakeholders, the next stage under materiality assessment is to identify and prioritize major sustainability indicators which are being measured. At this stage we have double checked the breadth of our indicators aligns with all stakeholders because it's an important to ensure as per G4 guidelines.

We had conducted many brainstorming sessions within the Sustainability Steering Committee (SSC) team to identify all relevant and potential aspects after visualizing the sustainability context at large and developed the questionnaire to get stakeholder feedback/ scores in terms of aspects impact level which are clearly identified and explained part of feedback form.

Perhaps the most important part of the survey process is the creation of questions that accurately measure the opinions, experiences and behaviors of the stakeholders. Accurate random sampling and high response rates will be wasted if the information gathered is built on a shaky foundation of ambiguous or biased questions. Creating good measures involves both writing good questions and organizing them to form the questionnaire.

FARABI PETROCHEMICALS			
CSR/Sustainability Report (GRI G4 Framework)			Date: 23-Dec-16
Stakeholder Engagement			
S. No.	Identified Aspects	Stakeholder perspectives** Rate only one Score for each aspect how Farabi influenced you and you influenced Farabi in Vice-Versa for each respective aspect. (Scores: 0 - 10 ; Extreme: 9 - 10; Very Close: 5 - 8; Close: 2 - 4; Negligible influence: 0 - 1)	Remarks and/or any Suggestions (If any)
1	Economic Performance		Economic relation is value oriented
2	Market Presence	8	Farabi helps market presence of suppliers when the value is seen in suppliers
41	Marketing Communications	1	
42	Customer Privacy	3	
43	Product Responsibility Compliance	8	focused on this during DNV GL audits
Note *** Please refer guidelines prior to rate the aspects			
Name of Stakeholder /Group of Individuals/Company : DNV GL Business Assurance Group AS			Date : 2017-05-07

Aspects Details and/or specific Indicators		
S. No.	Aspects	Aspects details/Indicators
1	Economic Performance	Aspect comprises the followings such as: Direct Economic value generated and distributed; Financial implication and other risk & opportunity for the organization activities due to climate change; Coverage of the organization's defined benefits plan obligations and Financial assistance received from the Government.
2	Market Presence	Aspect comprises the followings such as: Ratio of std. entry level wage by gender compared to local minimum wage at significant locations of operations; and Perception of senior management lived from the local community at significant locations of operation
3	Indirect Economic Impact	Aspect comprises the followings such as: Development and impact of infrastructure investment and service supported; and Significant indirect economic impact, including the extent of impacts
4	Procurement Practice	Aspect comprises the followings such as: Proportion of spending on local suppliers at significant locations of Operation
5	Materials	Aspect comprises the followings such as: Materials used by weight or value; and Percentage of materials used that are recycled/reused materials
6	Energy	Aspect comprises the followings such as: Energy consumption within the organization; Energy consumption outside the organization; Energy intensity; Reduction of energy consumption; and Reduction in energy requirements of products and services
7	Water	Aspect comprises the followings such as: Total Water withdrawn by source; Water resources significantly affected by withdrawal of water; and Percentage and total volume of water recycled and reused

MATERIALITY ASSESSMENT AND STAKEHOLDER ENGAGEMENT

STEP 3: CONDUCT A SURVEY

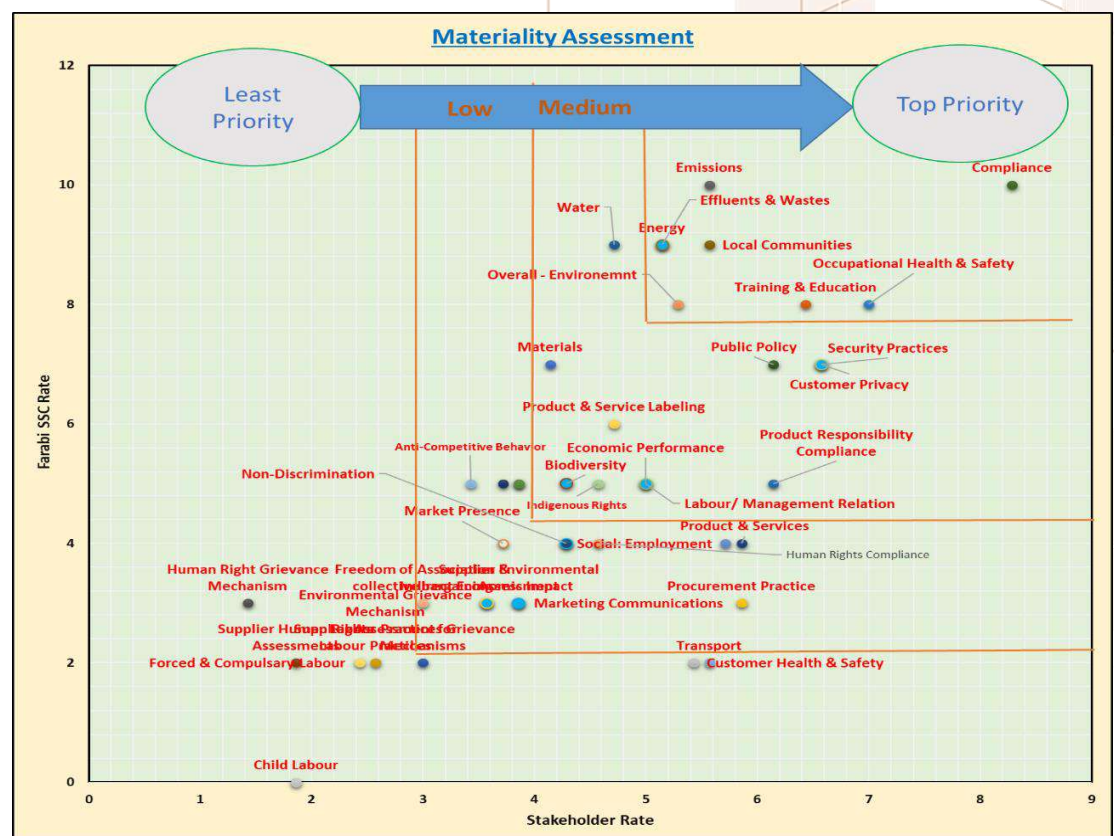
There are several steps involved in developing a survey questionnaire. The first is identifying what topics and /or aspects will be covered in the survey; however, without wasting time and covering the broader scenarios we have adopted and chosen the GRI G4 framework aspects in totality and get the stakeholder feedback/ scores accordingly to the customized survey as shown in the sample under Step 2.

The process of interacting with these groups to understand their interests, needs and expectations, and the subsequent development of appropriate business responses and activities, is collectively known as stakeholder engagement. Over the course of the year, we interacted with all of our stakeholders and incorporated their inputs and suggestions into our practices, wherever applicable. The frequency and method of engagement is unique to each stakeholder, depending on the level of impact. Survey have been conducted as per FIMS process PL.03.02 Stakeholder Engagement followed by Step 1 and Step 2.

STEP 4: RANKING MATRIX

Finally, with all the information gathered we have plotted the indicators on a matrix style graph to determine their relative materiality. Rank the indicators on a matrix using two axis, the Y representing the significance of the sustainability indicator, and the X representing the influence that stakeholders have over the indicator.

In 2016–17, a comprehensive evaluation/survey of the key concerns was performed. The survey consisted of ranking for all GRI aspects as per GRI G4 guidelines. Materiality is determined by considering both “importance of the organization’s impact” and “Stakeholders ratings”



The aspects were plotted on a matrix with FPC (Sustainability Team) ratings on Y-axis vs concerns to stakeholders on X-axis. The materiality analysis consisted of ranking the aspects into categories which are: Top Priority (X:Y::5:8), Medium Priority (X:Y::4:5), Low Priority (X:Y::3:3), and least priority. We did this exercise to prioritize and determine our issues which are addressed in this report are based on materiality principles. After determining issues/material aspects we did further completeness principle check in order to select material indicators which are included under this report. The report is emphasized on performance regarding the most material Aspects. Other relevant topics are also being included, but have less prominence in the report.

FARABI WORKFORCE AND CARE



Social responsibility must go hand-in-hand. That's why touching and improving lives is at the heart of our business model, and it's what motivates us to make a difference in communities around the world. We're demonstrating that doing well and doing good can flow from the same purpose. To eliminate or manage hazards and practices in our business that could cause accidents, injury or illness to people, damage to property or unacceptable impacts on Environment.

We (Farabi) are committed to social responsibility through our sustainability programs for Children Development, People Reach Out programs and campaigns, Beach cleaning, join hands for the same purpose of social commitments, and Promoting Green Environment by growing trees. We believe that our business success is closely linked to our relationship with many stakeholders, especially our people and communities as a part of Responsible care code "CAER" (Community Awareness and Emergency Response).

Farabi's Code of Conduct and Ethics is in place and implemented across the organization, which guides employees in their business and professional activities, including their interactions with colleagues, vendors, customers, contractors, government agencies and the public. This document serves as a reminder to all employees that it is important for all of us to uphold the highest standards of integrity and personal conduct in all matters that involve Farabi business and culture at large.

One of the prime objectives of Farabis' Sustainability Initiative is the employment of local manpower into Farabi's job portfolio. This depends upon two factors; the availability of skilled and semi-skilled professionals and the national Saudization Policy. Therefore, the forecasting for future projections is carried out to align with these two important factors. This is done through marketing research and inputs from experts, such as human resource management programs. Forecasting helps Farabi to determine the immediate availability of the skilled and semi-skilled Saudi nationals, and also trends indicating the availability in the coming years.

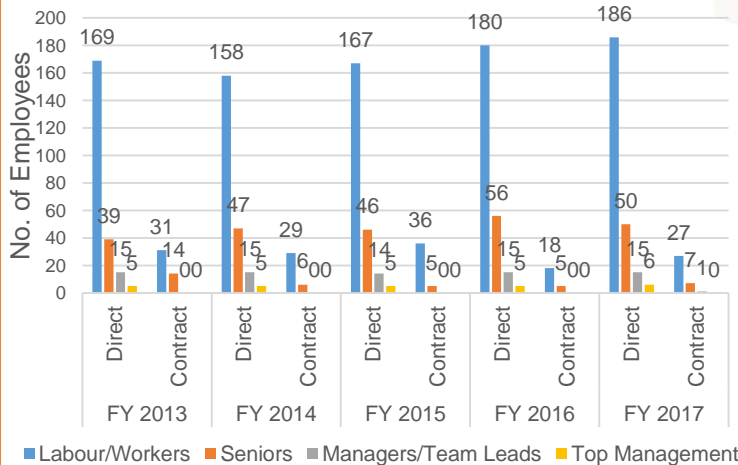


FARABI WORKFORCE AND CARE

EMPLOYMENT DEMOGRAPHY

Our employee profile fulfils the commitment to the Government target of Saudization; however, safety of our workforce and the communities in which we operate is an essential priority for Farabi. We committed to a set of global safety priorities that continue to guide our decision-making and approach to safety.

EMPLOYMENT DEMOGRAPHY



These four focus areas have been taken care by EHSS Department and the required systems developed part of Farabi Integrated Management System (FIMS):

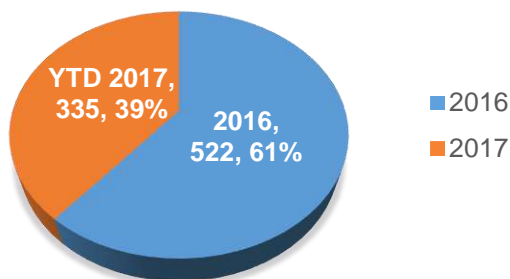
- Reinforce that safety comes before productivity;
- Focus on in-field verification of material and fatal risks;
- Enhance our internal investigation process and widely share and apply lessons;
- Enable additional quality field time to engage our workforce.

Our goal is zero fatalities and we are committed to achieving this through the effective management of safety risks; Our Requirements for Safety standard defines a number of common safety risks and their minimum mandatory controls part of Safe Work Practices (FIMS/OP.12 Function).

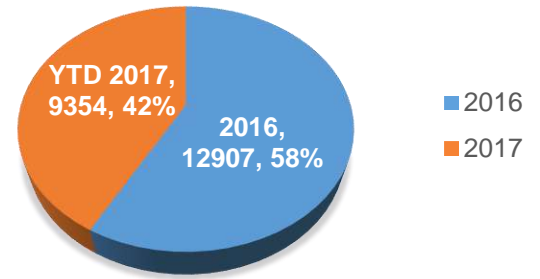
PEOPLE DEVELOPMENT AND RETENTION

The personal and professional enlargement of our people is a priority for us and we use a variety of methods to help our people to develop their capabilities and competence. Through training and development, we endeavor to provide our people with the opportunities to grow and improve their knowledge, skills and abilities. Training Programs as part of FIMS/SP.03.03 (Training Need Analysis, Execution and Evaluation) are presented across the organization to improve technical and professional skills as well as leadership, management and sustainability-related competencies.

Number of People Trained



Training Hours

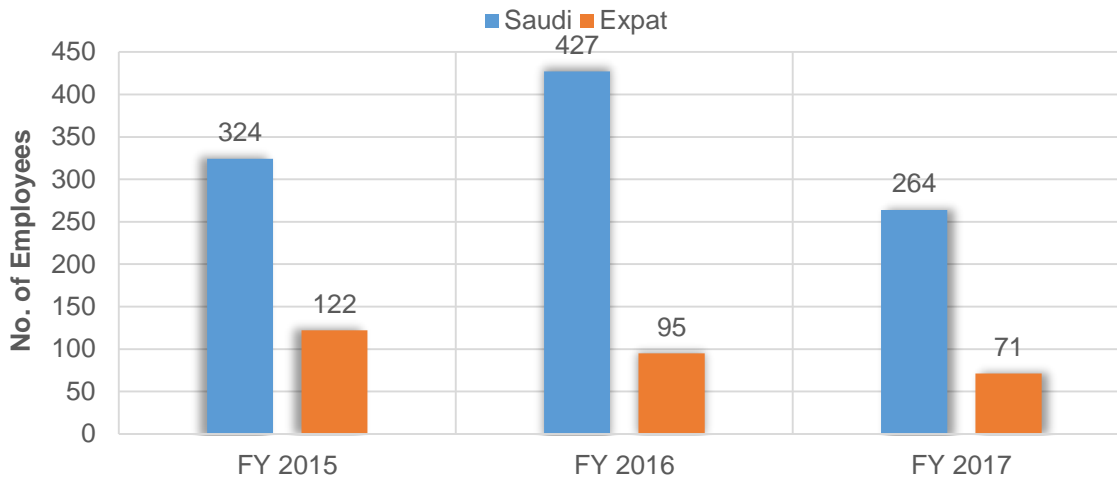


We are committed to attracting, recruiting and retaining people with leadership capability and deep functional expertise. Our approach to developing our people and building leadership capability is a foundational aspect of our 'step up' culture. It empowers our people to speak up and get involved in improving safety and productivity across Farabi.

Our Graduate and /or Under-Graduate Development Program facilitates the selection and development of our future talent. Aligned with our priorities and key learning principles, it is leader-led, embedded at work and focused on business problems.

FARABI WORKFORCE AND CARE

Training Stewardship



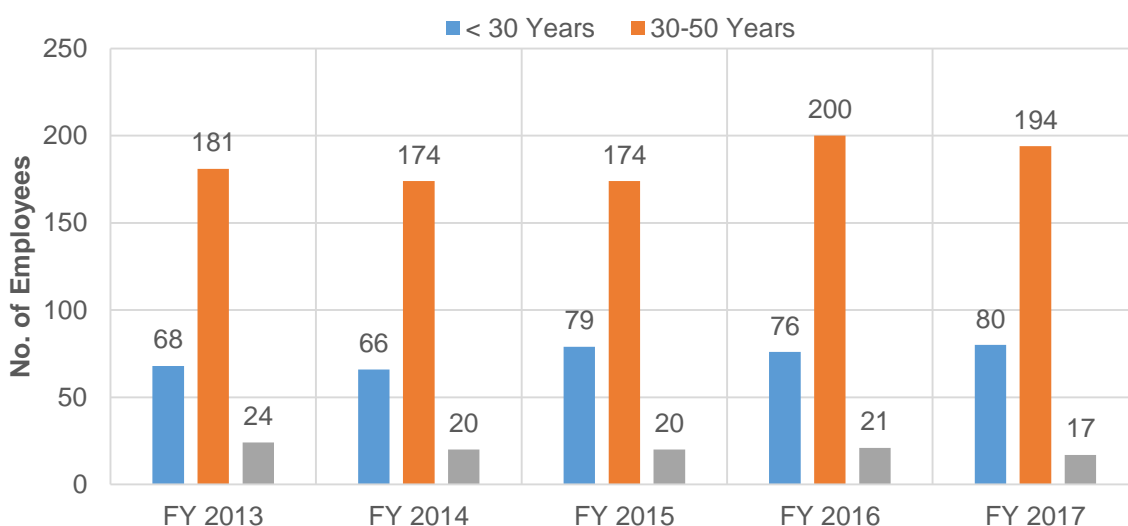
Our people are our most important asset. We offer them significant opportunities that promote high performance, accountability and sense of ownership. We offer possibilities for creative, talented people to cultivate their potential and allow them to take the lead in their careers. In order to attract and retain talent, we offer our employees competitive salaries and benefits that reflect the high level of skill and experience expected of them. These benefits include annual leave entitlement, social security benefits, medical insurance coverage, inflation adjustments, moving expenses, housing schemes benefits, as well as other “special” privileges based on merit and service to the Company.

EMPLOYEE AGE DIVERSITY AND /OR EXPERIENCE

At Farabi, we believe all employees should have the opportunity to fulfil their potential and thrive in an inclusive and diverse workplace. We employ, develop and promote based on merit and we do not tolerate any form of unlawful discrimination, bullying or harassment. Our systems, processes and practices support fair treatment.

To better reflect the communities in which we work, we have set an aspirational goal to achieve age diversity balance across Farabi Organization. It is an aspiration designed to harness the enormous potential that a more inclusive and diverse workplace will deliver at Farabi.

Employee Age Diversity



FARABI WORKFORCE AND CARE

TRAINING AND DEVELOPMENT PROGRAMS – 2017 AT GLANCE

TRAINING

- **In-house Training:** Already conducted 17 in-house training courses.
- **ERT Training:** Successfully completed all ERT training needs identified for the year (32 ERT members attended different training courses at FSA)
- **Defensive Driving:** 15 employees have attended Defensive Driving training. Five (5) of them will be certified as trainers soon, to cascade the knowledge to all employees across the board in 2018.
- **Internal Auditor:** Trained and certified 12 employees as internal auditors in 2017, certified by DNV.
- **RCA Leader:** Trained and certified 17 employees in RCA (Root Cause Analysis) Leader in 2017, certified by Reliability Expert Center.
- **Off-house Training:** 21 employees have attended/confirmed for individual development courses outside the company.
- Activated Training Course module in Q-Pulse, to identify competency based training, schedule events, generate individual training plan and maintain individual training history in the system.
- Formed a pool of internal trainers and conducted six (6) internal training courses, attended by 100+ participants overall

DEVELOPMENT PROGRAMS

- Developed integrated IDP structure that includes Training courses, departmental assignments, OJT tasks, qualification stages, self-learning lessons etc. in one platform.
- IDP developed for 87% of the target employees (142 out of 163 targeted)
- Activated Q-Pulse Training module that facilitates auto generation of integrated IDP from the system
- Past training history, reporting structure and quarterly review embedded and configured in the system
- Post Qualification Program (PQP) Learning Resource: Enhanced and enabled up to date learning material, enabled videos and interactive MCQ's to employees enrolled under PQP, refurbishing TTG system for ease of access and utilization for new employees
- PQP Tracking: Improved tracking of employees by generating yearly plan and quarterly reports to their concerned superiors on taking necessary action on obstacles hindering their training progress
- Enrolled all fresh Saudi engineers under Professional Development Program (PDP) and their implementation is promptly tracked and reported.

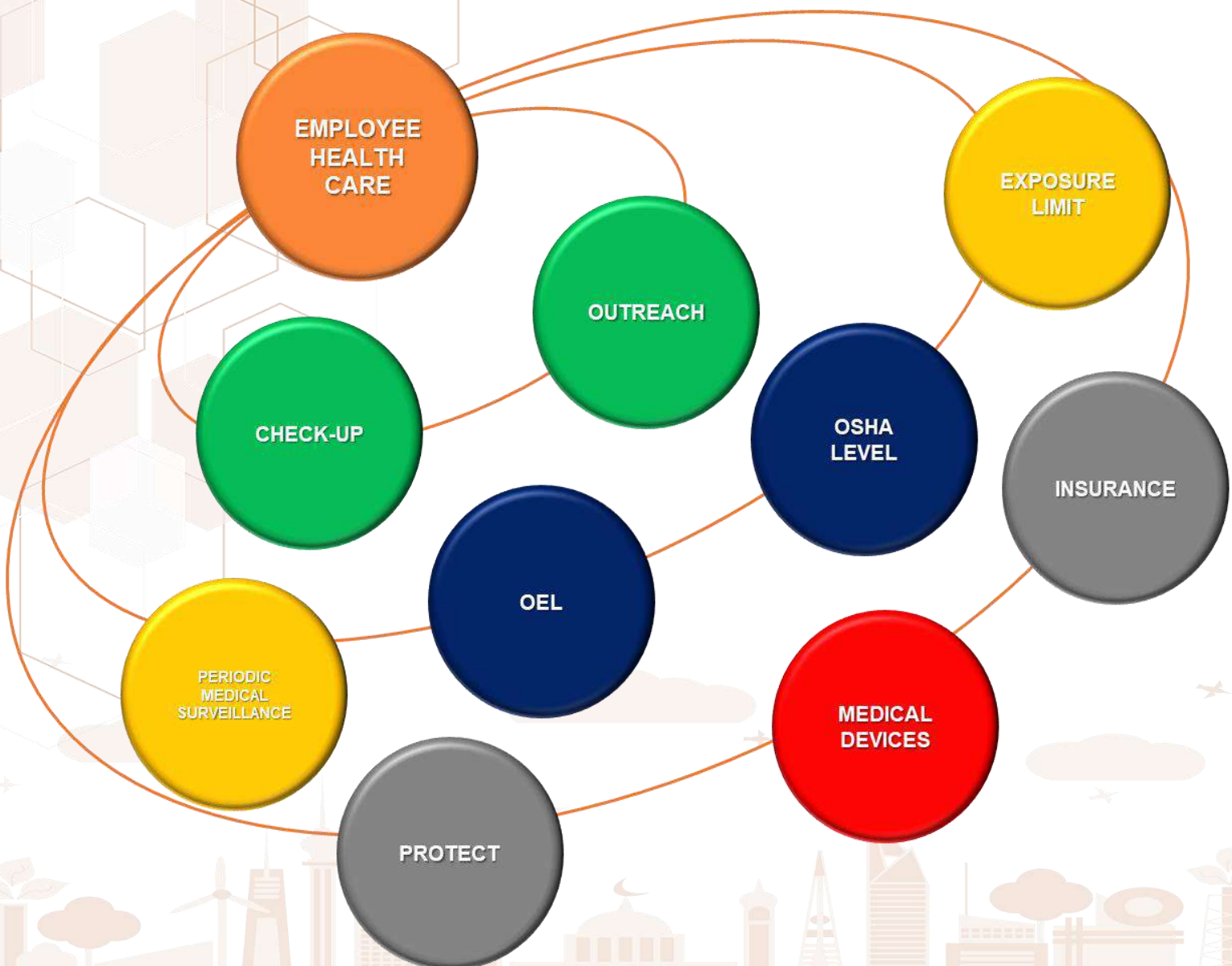


EMPLOYEE HEALTH CHECK-UP AND REACH OUT

OUR APPROACH FOR HEALTH CARE

Recognizing our operations can impact the health of our people, we set clear requirements to manage and protect the health and wellbeing of our workforce, now and into the future. We set minimum mandatory controls to identify and manage health risks for both employees and contractors.

Some of the harmful health risks and agents at our workplaces include exposure to the human body. Internally specified occupational exposure limits (OELs) that are in line with, or more stringent than, applicable regulated health limits, are used to manage certain exposures. For instance, we have set the Benzene exposure limit < 0.5 ppm which is more stringent than OSHA level (1 ppm). Periodic medical surveillance is conducted to detect signs of potential illness at an early stage, and assist our people in the recovery and management of illness that is a result of exposure at our workplace.



INDUSTRIAL HYGIENE RELATED EXPOSURE MONITORING AND CONTROL

WORKPLACE HEALTH

We are always taking steps to protect our most important asset – Farabi Employees. Our innovations are only possible with the minds, talent and commitment of all of our employees, so we put a lot of thought and effort into keeping them safe and healthy. Our robust HSSEQ Policy applies to all Farabi employees and subsequent programs have been implemented and are in place for their health check-up reach-out. The workplace Health program at Farabi includes all aspects related to industrial hygiene and occupational health related to hazards at our facility, focusing primarily on reducing health risks of employees.

We have developed a comprehensive health risk assessment and monitoring program as part of FIMS function OP.11 (Health and Industrial Hygiene) involving measurement of exposure to toxic chemicals, radiation, and high noise. Employees' health is assessed through a rigorous annual medical checkup including Annual Periodic Examination, Benzene exposure Monitoring, Eye Testing, Radiation exposure Medical Checkup, Hearing Conservation.

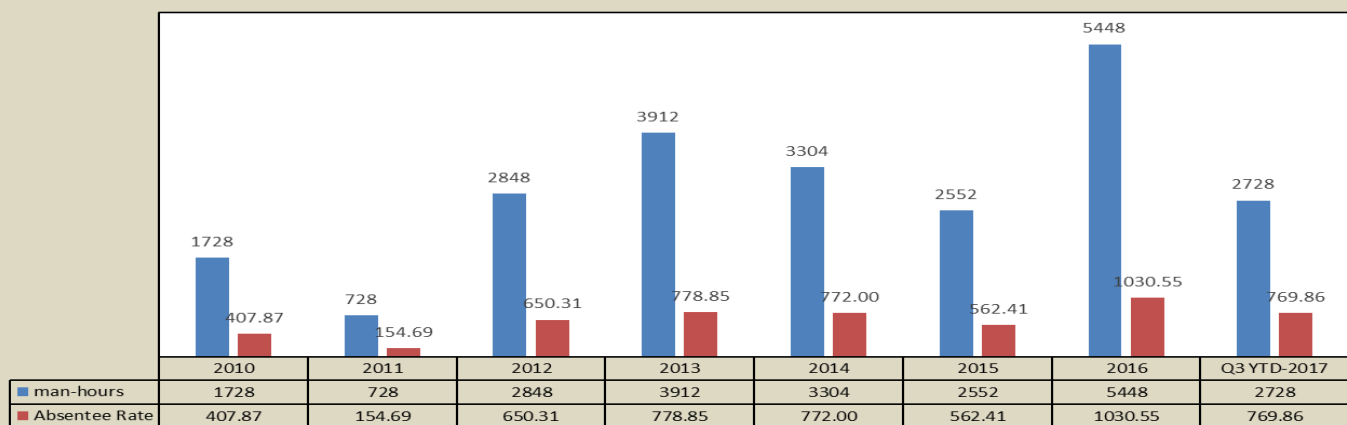
Hazards in FPC workplace are well understood and effectively managed to protect employees, visitors, locations, and surrounding communities. In addition, in the spirit of continuous improvement, much is being done to evaluate opportunities to raise our safety standards. We visit sites, perform audits of record-keeping practices and review incident data, the quality of our investigations and corrective actions taken.

Every effort is made to protect the employee from any harmful effect. We at Farabi believe that “A Healthy Employee Reflects a Healthy Company”. Since 2006, due to these diligent efforts, we have completed the 10 million safe man-hours without lost time injury.

Occupational Health & Safety Performance Statistics

S. No.	KPI's	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Q3 2017
1	Fatalities	0	0	0	0	0	0	0	0	0	0	0	0
2	Loss Time Injury (LTI)	0	0	0	0	0	0	0	0	0	0	0	0
3	Restricted Work Case (RWC)	1	0	0	0	0	0	1	0	1	0	0	0
4	Medical Treatment Case (MTC)	0	0	0	0	0	0	0	0	1	0	0	0
5	Lost Days Rate	0	0	0	0	0	0	0	0	0	0	0	0
6	Occupational Disease Rate	0	0	0	0	0	0	0	0	0	0	0	0
7	Safe Man-Hours without LTI	205,175	699,801	963,294	891,981	847,332	941,213	875,896	1,004,552	855,959	907,523	1,057,298	888,869

Sick Leaves & Absentee Rate



OH & S PERFORMANCES

PROCESS SAFETY

At Farabi, process safety information and operating procedures are designed to identify and understand the hazards posed by processes involved in operating the plant. Farabi has developed the dedicated processes such as Risk Assessment, Process Hazards Analysis etc. including supply chain management as a part of Farabi Integrated Management System (FIMS). We use structured inspection and quality assurance programs to ensure safety of our operations and Mechanical Integrity program through FIMS function OP.06. For all modifications at the plant, all the changes to process technology and facilities are duly controlled through a robust change management system (OP.08) and we ensure that the fabricated and installed equipment is suitable for process application. Incidents related to process safety are recorded in the centralized IR system as part of IM.01.01 Incident Reporting, Classification, Investigation and Analysis process.

BEHAVIOR BASED SAFETY

At Farabi, we believe that every employee working in FPC premises, whether direct employee, or contractor should have the understanding of the hazards and associated risk, control measures and emergency preparedness and how to protect himself against these hazards. This is accomplished by a set of programs related to safe work practices starting from basic safety orientation to job specific safety training, Job hazard analysis, Management Safety Audits, Work Permit System, Behavioral safety audits, inspection and verification of tools and equipment used etc. In addition, communication and awareness through SHEAC, workplace monitoring for carcinogens, Life Saving Rules implementation and incident report software for near misses and incidents are taken up for ensuring safe working conditions.

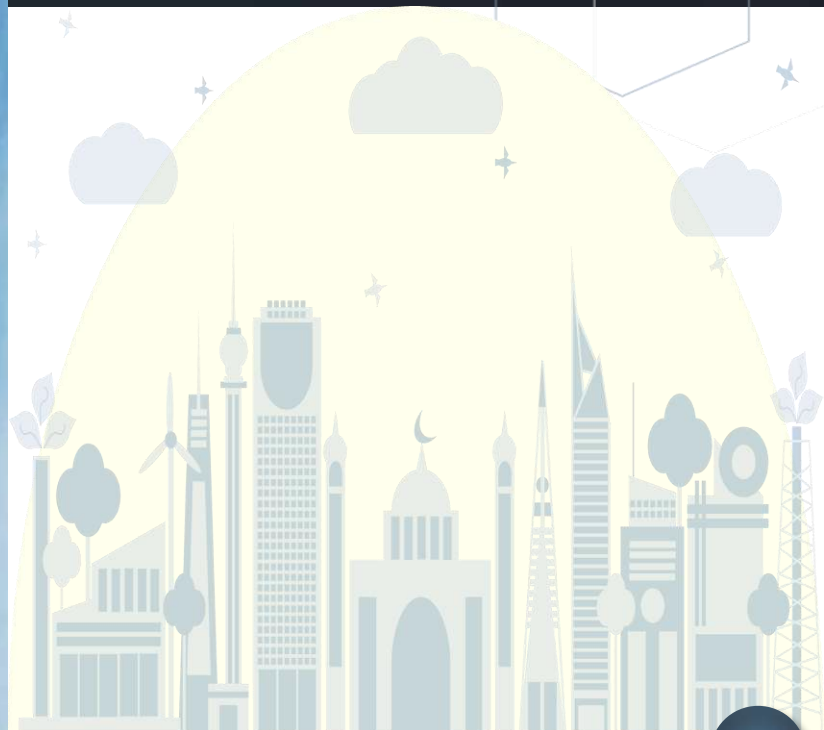
Farabi has developed and implemented the safe work practices (OP.12) in built in Farabi Integrated Management System which comprises of General SHE Rules, Laboratory SHE rules, Material Storage and Handling, Electrical Safety, Lifting Equipment's, Tools handling, Personal Protective Equipment's Working at height, and last but not the least is Work Permit system.

Process Safety Lagging Indicators



GRI INDEX AS PER G4 GUIDELINES

- Strategy and Analysis
- Organization Profile
- Governance, Commitments and Engagement
- Report Parameters
- GRI Performance Indicators



GLOBAL REPORTING INITIATIVE (GRI) INDEX



SD – STANDARD DISCLOSURE



EC - ECONOMIC



EN - ENVIRONMENT



HR – HUMAN RIGHTS



american cleaning institute®
for better living

LA – LABOR PRACTICES



PR – PRODUCT RESPONSIBILITY

SO - SOCIETY



DISCLOSURE LEVELS

Full



Partial



Not Disclosed



GLOBAL REPORTING INITIATIVE (GRI) INDEX

SD - GENERAL STANDARD DISCLOSURE

GRI Element/ Indicators	Description	Cross References (Hyperlinks) and /or Direct Answer	Pages under this report	GRI Disclosure Level
STRATEGY AND ANALYSIS				
G4 - 1	Statement from the most senior decision-maker of the Organization	Company President	5	●
G4 - 2	Description of Key impacts, risks and opportunities	Management Message DMA Materiality	6, 7 13, 14 55, 56, 57	●
ORGANIZATION PROFILE				
G4 - 3	Name of Organization	Farabi Petrochemicals Company	15	●
G4 - 4	Primary Brands, Products, and Services		15, 16, 17	●
G4 - 5	Location of the Organization's Headquarters	Al-Jubail Industrial City, KSA		●
G4 - 6	Number of Countries operating in, and Countries with significant operations	Company profile	15	●
G4 - 7	Nature of ownership and legal form	Company profile	15	●
G4 - 8	Markets Served	Company profile	15	●
G4 - 9	Scale of Organization	Boundaries & Limitations	10, 11, 12	●
G4 - 10	Total number of employees	Employee demography	59	●
G4 - 11	Percentage of employees covered by collective bargaining		58 - 60	●
G4 - 12	Description of supply chain	Product Stewardship	46	●
G4 - 13	Significant changes in Organization during reporting period	Product Enhancement Initiatives	32 -35	●
G4 - 14	Precautionary approach	Sustainability Improvement Strategies	29 - 31	●
G4 - 15	External sustainability charters, principles or initiatives	Sustainability Improvement Strategies	29 - 31	●
G4 - 16	List membership of associations and organizations	GPCA, ACI, CDP, GRI	25 – 28	●
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4 - 17	Entities in consolidated financial statement	Financial Statement	47, 48	●
G4 - 18	Process for defining the report content and aspect boundaries	Boundaries	10, 11, 12	●
G4 - 19	Material Aspects	Materiality Assessment	55, 56, 57	●
G4 - 20	Aspect boundary within	Materiality	11	●
G4 - 21	Aspect boundary outside	Materiality	11	●
G4 - 22	Effect of restatement of information	About Report		●
G4 - 23	Report significant changes in the scope and aspect boundaries	No significant changes to applicable operational boundaries, scope or management methodology		●

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SD - GENERAL STANDARD DISCLOSURE

GRI Element/Indicators	Description	Cross References (Hyperlinks) and /or Direct Answer	Pages under this report	GRI Disclosure Level
STAKEHOLDER ENGAGEMENT				
G4 - 24	List of stakeholders engaged	Stakeholders	55	●
G4 - 25	Basis for stakeholder identification	Stakeholders Identification	55, 56	●
G4 - 26	Approach to stakeholder engagement	Stakeholder Engagements	55, 56, 57	●
G4 - 27	Key topics of concern raised by stakeholders	No significant concerns	56 , 57	●
REPORT PROFILE				
G4 - 28	Reporting period	1 st Jan 2016 & Q3 2017	8	●
G4 - 29	Date of most previous report	December 2015		●
G4 - 30	Reporting cycle	Once in 2 Years		●
G4 - 31	Contact point of questions	esc@farabipc.com	9	●
G4 - 32	In accordance option	Report Scope	10	●
G4 - 33	External assurance for report	No external assurance		○
GOVERNANCE				
G4 - 34	Governance structure	Enablers	22, 23, 24	●
G4 - 35	Delegation of authority for sustainability topics	Our Enablers	22, 23, 24	●
G4 - 36	Executive level position for sustainability topics	Our Enablers	22, 23, 24	●
G4 - 37	Process for stakeholder feedback to highest governance body	Enablers – Roles & Responsibilities	24	●
G4 - 38	Composition of board			○
G4 - 39	Chair is executive officer	SSC Chairman directly reporting to highest authority		●
G4 - 40	Nomination and selection process for Board	FPC considered it Confidential		○
G4 - 41	Conflicts of interest avoidance for board	FPC considered it Confidential		○
G4 - 42	Governance bodys' role in development of values, mission statements, etc.	DMA	13 , 14	●
G4 - 43	Measures to improve board's understanding of sustainability impacts		24	●
G4 - 44	Evaluation of board with respect to sustainability impacts		24	●
G4 - 45	Boards' role in identification and management of sustainability risks		13, 14, 24	●
G4 - 46	Boards' role in reviewing organizations' sustainability risk management		13, 14	●
G4 - 47	Frequency of the board's review of Sustainability risks	Board Meeting/tentatively Quarterly		●

GLOBAL REPORTING INITIATIVE (GRI) INDEX

SD - GENERAL STANDARD DISCLOSURE

GRI Element/Indicators	Description	Cross References (Hyperlinks) and /or Direct Answer	Pages under this report	GRI Disclosure Level
GOVERNANCE				
G4 - 48	Highest governing body's role in reviewing report & material aspect	DMA, Materiality	13, 14, 55 – 57	●
G4 - 49	Process for communicating critical concerns to board	Boar Meeting		●
G4 - 50	Nature and number of concerns reported to board	Boar Meeting		●
G4 - 51	Remuneration policy for board	FPC considered it Confidential		○
G4 - 52	Process for determining remuneration of board	FPC considered it Confidential		○
G4 - 53	Stakeholders views sought for board remuneration policies	FPC considered it Confidential		○
G4 - 54	Ratio of annual compensation for highest paid individual versus median	The ratio of President pay to other position is not a labor indicator. Actual practice is to set pay at all levels based on competitive external market data.		●
G4 - 55	Percentage increase of compensation for highest paid individual	Current practice is to set pay at all levels based on competitive external market data.		●
G4 - 56	Organization's values, principles and standards		8, 10, 12, 13	●
G4 - 57	Mechanisms of seeking advice on organizational integrity	FPC Code of Conduct & Ethics	13, 58	●
G4 - 58	Mechanisms for reporting concerns about unethical behaviour	FPC Code of Conduct & Ethics	13, 58	●

DISCLOSURE LEVELS

Full



Partial



Not Disclosed



ABOUT THE REPORT



SUSTAINABILITY JOURNEY



OPERATIONAL STRATEGY



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EC – ECONOMICS				
GRI Element/Indicators	Description	Cross References (Hyperlinks) and/or Direct Answer	Pages under this report	GRI Disclosure Level
G4 - EC1	Direct economic value generated and distributed		47, 48	●
G4 - EC2	Financial risks due to climate change		5, 6, 47, 48	●
G4 - EC3	Coverage of benefits plan obligations		58, 59, 60	●
G4 - EC4	Financial assistance received from Government	FPC does not receive significant financial assistance from the Government.		●
G4 - EC5	Ratio of entry level wages by gender compared to local minimum wages	Not applicable for KSA in reporting year because only Male workforce are employed in FPC		●
G4 - EC6	Proportion of senior management hired from local community	Employee Demography	59	●
G4 - EC7	Development and impact of infrastructure investments	Financial Highlights	47, 48	●
G4 - EC8	Significant indirect economic impacts, including extent	Financial Highlights	47, 48	●
G4 - EC9	Proportion of spending on local suppliers	Financial Highlights	48	●

DISCLOSURE LEVELS

Full



Partial



Not Disclosed



GLOBAL REPORTING INITIATIVE (GRI) INDEX

EN - ENVIRONMENT

GRI Element/ Indicators	Description	Cross References (Hyperlinks) and/or Direct Answer	Pages under this report	GRI Disclosure Level
G4 - EN1	Materials used by weight and volume		37 – 45	●
G4 - EN2	Percentage of materials used that are recycled input materials		37 – 45	●
G4 - EN3	Energy consumption within the organization		41	●
G4 - EN4	Energy consumption outside the organization	All types of energy consumption are considered under GHG accounting	38, 39, 40, 41	●
G4 - EN5	Energy Intensity		41	●
G4 - EN6	Reduction of energy consumption		32 - 35, 41	●
G4 - EN7	Reduction in energy requirements of product and services		41	●
G4 - EN8	Total water withdrawal by source		42	●
G4 - EN9	Water sources significant affected by withdrawal		42 – 43	●
G4 - EN10	Percentage and total volume of water recycled and reused		42 – 43	●
G4 - EN11	Operational sites near protected or high biodiversity areas		11	●
G4 - EN12	Significant impacts on biodiversity		11	●
G4 - EN13	Habitats protected		5, 6	●
G4 - EN14	Endangered species habitats near operational site			○
G4 - EN15	Direct GHG emissions		37, 38, 39, 40	●
G4 - EN16	Indirect GHG emissions		37, 38, 39, 40	●
G4 - EN17	Other indirect GHG emissions		38, 39, 40	●
G4 - EN18	GHG consumption intensity		37, 38, 39, 40	●
G4 - EN19	Reduction of GHG emissions		37, 38, 39, 40	●
G4 - EN20	Emissions of ozone depleting substance	No ODS material in FPC except of HVAC	36	●
G4 - EN21	NOx, SOx, and other significant air emissions		40	●
G4 - EN22	Total water discharged by quality and destination	Water accounting	42, 43	●
G4 - EN23	Total weight of waste by type and disposal method	Waste Management	45	●
G4 - EN24	Total number and volume of significant spill	Negligible volume of spill		●
G4 - EN25	Weight of hazardous waste		45	●

DISCLOSURE LEVELS

Full



Partial



Not Disclosed



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EN - ENVIRONMENT

GRI Element/ Indicators	Description	Cross References (Hyperlinks) and/or Direct Answer	Pages under this report	GRI Disclosure Level
G4 - EN26	Water bodies affected by Organizations' water discharge	Re-process through Marafiq CWTF prior to direct discharge to water body/Environment		●
G4 - EN27	Mitigation of environmental impacts of products	Product Stewardship	46	●
G4 - EN28	Percentage of products and packaging materials that are reclaimed	Not applicable to FPC		●
G4 - EN29	Fines of non-compliance with environmental regulations	There were no fines		●
G4 - EN30	Environmental impacts of transporting products and members of workforce	Scope-3 Emissions	37, 38, 39	●
G4 - EN31	Total environmental protection expenditure and investments by type		47 – 48	●
G4 - EN32	Percentage of new suppliers screened using environmental criteria		47 – 48	●
G4 - EN33	Negative environmental impacts in the supply chain and action taken		47 - 48	●
G4 - EN34	Number of grievances about environmental impacts	No grievances		●

DISCLOSURE LEVELS

Full



Partial



Not Disclosed



GLOBAL REPORTING INITIATIVE (GRI) INDEX

HR - HUMAN RIGHTS				
GRI Element/ Indicators	Description	Cross References (Hyperlinks) and /or Direct Answer	Pages under this report	GRI Disclosure Level
G4 - HR1	Investment agreements and contracts that include human rights clauses	FPC Code of Conducts and Ethics, HR Policy		●
G4 - HR2	Employee training on human rights		61	●
G4 - HR3	Incidents of discrimination and corrective action	Grievance Mechanism available in FPC		●
G4 - HR4	Operations and suppliers in which the right to freedom of association may be violated	FPC Code of Conducts and Ethics,		●
G4 - HR5	Operations and suppliers with risk of child labor	Not Applicable in KSA		●
G4 - HR6	Operations and suppliers with risk of compulsory labor	Not Applicable in FPC		●
G4 - HR7	Percentage of security personnel trained in the organization's human rights policies		61	●
G4 - HR8	Indigenous rights violations	FPC Code of Conducts and Ethics		●
G4 - HR9	Number and percentage of operations that have been assessed for human rights			○
G4 - HR10	Percentage of new suppliers screened using human rights criteria		48	●
G4 - HR11	Negative human rights impacts in the supply chain and actions taken	FPC Code of Conducts and Ethics		●
G4 - HR12	Number of grievances about human rights impacts filed	No Grievances for reporting year		●

DISCLOSURE LEVELS

Full



Partial



Not Disclosed



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LA - LABOR PRACTICES AND DECENT WORK

GRI Element/Indicators	Description	Cross References (Hyperlinks) and /or Direct Answer	Pages under this report	GRI Disclosure Level
G4 - LA1	Employee hires and turn over	Employee demography	59	●
G4 - LA2	Benefits provided to full-time employees		59 – 61	●
G4 - LA3	Return to work and retention after parental leave	HR Policy/Farabi Workforce & Care		●
G4 - LA4	Minimum notice periods regarding operational changes	HR Policy/Farabi Workforce & Care		●
G4 - LA5	Workers represented by management-worker health and safety committees	Workers Committee Representative		●
G4 - LA6	Type and rates of injury, lost days, work-related fatalities		63	●
G4 - LA7	Workers with high incidence or high risk of diseases related to their work		63, 64	●
G4 - LA8	Health and safety topics covered in agreements with trade unions	Covered under Employment Contract		●
G4 - LA9	Average hours of training per employee		59 – 61	●
G4 - LA10	Programs for skills management and lifelong learning		61	●
G4 - LA11	Percentage of employees receiving regular performance reviews	Annual Performance Appraisal also in place	59	●
G4 - LA12	Employees by category for diversity indicators		59, 60	●
G4 - LA13	Remuneration of men to women by employee category	Women workforce in not applicable to FPC for reporting Year		●
G4 - LA14	Percentage of new suppliers screened using labor practices criteria		48	●
G4 - LA15	Negative labor practices impacts in the supply chain and actions taken		48	●
G4 - LA16	Grievances about labor practices	No grievances		●

DISCLOSURE LEVELS

Full



Partial



Not Disclosed



GLOBAL REPORTING INITIATIVE (GRI) INDEX

PR - PRODUCT RESPONSIBILITY

GRI Element/ Indicators	Description	Cross References (Hyperlinks) and /or Direct Answer	Pages under this report	GRI Disclosure Level
G4 - PR1	Percentage of product categories for which health and safety impacts are assessed/improved	Product Stewardship	46	●
G4 - PR2	Grievances about labor practices	No grievances		●
G4 - PR3	Organization's procedures for product labeling	FIMS Tier-III processes		●
G4 - PR4	Number of incidents for non-compliance with labeling	No incident recorded in reporting year		●
G4 - PR5	Results of customer satisfaction surveys		18, 56, 57	●
G4 - PR6	Sale of banned or disputed products	No banned and /or disputed products available		●
G4 - PR7	Non-compliance concerning marketing communications	No Non-compliance in reporting year		●
G4 - PR8	Substantiated complaints regarding breaches of customer privacy	No Complaints; however, FPC respects customers' right to privacy (as publically available in our website).		●
G4 - PR9	Significant fines for non-compliance with provision and use of product	No Fines		●

DISCLOSURE LEVELS

Full



Partial



Not Disclosed



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SO - SOCIETY				
GRI Element/Indicators	Description	Cross References (Hyperlinks) and /or Direct Answer	Pages under this report	GRI Disclosure Level
G4 - SO1	Percentage of operations with local community engagement, etc	Social Commitments at Glance	49 – 57	●
G4 - SO2	Operations with significant impact on local communities	Social Commitments at Glance	49 – 57	●
G4 - SO3	Percentage of operations assessed for risks related to corruption	Farabi Code of Conduct & Ethics	13, 58	●
G4 - SO4	Communications and training of anti-corruption policies	Farabi Code of Conduct & Ethics		●
G4 - SO5	Confirmed incidents of corruption and actions taken	Farabi Code of Conduct & Ethics	13, 58	●
G4 - SO6	Value of political contributions by country and recipient	Not Applicable		●
G4 - SO7	Legal actions for anti-competitive behavior	Farabi Code of Conduct & Ethics; & HR Policy	13, 58	●
G4 - SO8	Monetary value of significant fines	There is no fines in Farabi history for any aspects.		●
G4 - SO9	Percentage of new suppliers screened for impacts on society		48	●
G4 - SO10	Negative impacts on society in the supply chain and actions taken			○
G4 - SO11	Grievances about impacts on society	No grievances in reporting year		●

DISCLOSURE LEVELS

Full



Partial

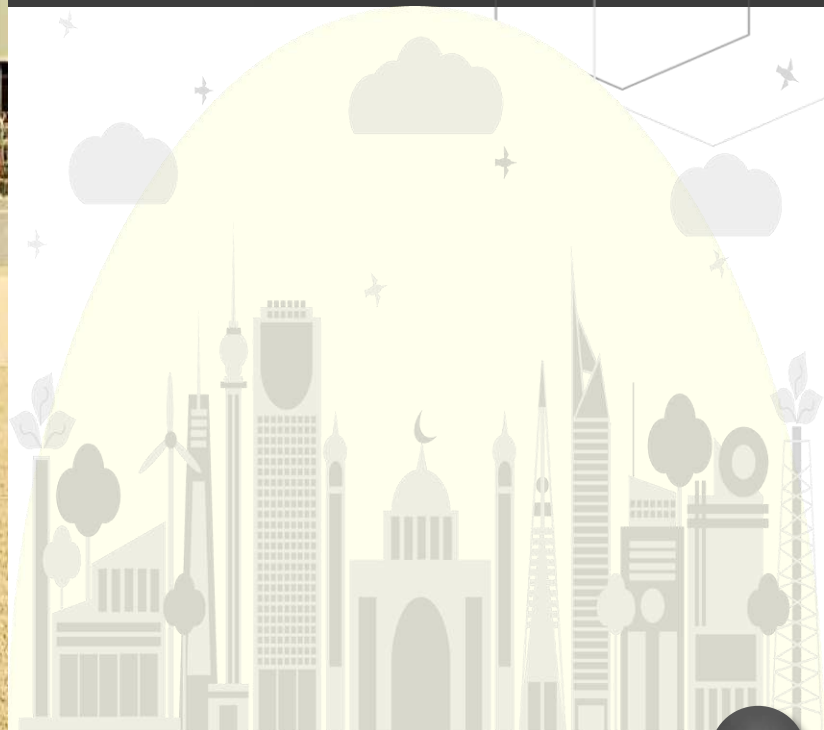


Not Disclosed



OTHER INFORMATION

- Glossary of Terms
- Contacts, Publication and References



GLOSSARY OF TERMS, ABBREVIATIONS AND CLARIFICATIONS

ACI

American Cleaning Institute, an organization representing producers of household, industrial, and institutional cleaning products. Established in 1926, ACI's goal is to advance public understanding of the safety and benefits of cleaning products, and protect the ability of its members to formulate products that best meet consumer needs.

CAER

Community Awareness and Emergency Response

CDP

Carbon Disclosure Projects, The CDP is a non-governmental organization based in the United Kingdom which supports companies and cities to disclose the environmental impact of major corporations

CH₄

Methane

CO₂

Carbon dioxide

CO₂-e

Carbon dioxide equivalent

CWTF

Central Wastewater Treatment Facility

DMA

Disclosure on Management Approach

DNV

Certification Body (DNV-GL)

Emission Intensity

Ratio between GHG emissions and total productions

EPO

Environment Permit to Operate

ERT

Emergency Response Team

FDC

Farabi Downstream Company

FIMS

Farabi Integrated Management System

FPC

Farabi Petrochemicals Company

GHG

Green House Gas - is a gas in an atmosphere that absorbs and emits radiation within the thermal infrared range. The primary greenhouse gases in the Earth's atmosphere are water vapour, carbon dioxide, methane, nitrous oxide, and ozone.

GOSI

General Organization for Social Insurance

GPCA

Gulf Petrochemicals and Chemicals Associations

GRI

Global Reporting Initiative, The Global Reporting Initiative is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.

HCIS

High Commission Industrial Security

IDP

Individual Development Program

IPCC

Intergovernmental Panel on Climate Change

ISO 14001

Environmental Management System

ISO 9001

Quality Management System

IWW

Industrial Wastewater

KPI's

Key Performance Indicators

KSA

Kingdom of Saudi Arabia

KWH

Kilowatt-Hour

LAB

Linear Alkyl Benzene (Main Product)

M³

Cubic Meter

Materiality

Materiality Principle: The report should cover Aspects that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders.

GLOSSARY OF TERMS, ABBREVIATIONS AND CLARIFICATIONS

MMBTU	Million British thermal unit
MSDS	Material Safety Data Sheet
MT	Metric Ton
MWH	Megawatt-Hour
N₂O	Nitrous Oxide
NOx	Oxides of Nitrogen
NP	Normal Paraffin (Product)
OHSAS 18001	Occupational Health and Safety Management System
PDCA	Plan, Do, Check, Act Model
PDP	Professional Development Program
PHA	Process Hazards Analysis
PPB	Part per billion (µg/l)
PPM	Part per million (mg/l)
Product Stewardship	Product Stewardship is an environmental management strategy that means whoever designs, produces, sells, or uses a product takes responsibility for minimizing the product's environmental impact throughout all stages of the products' life cycle.
RC	Royal Commission
RC 14001	Responsible Care Management System
RCMS	Responsible Care Management System
RTT	Road Transport Tankers
Scope-1	Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by Farabi. Scope-1 includes emissions from fossil fuels burned on site, emissions from Company owned vehicles, and other direct sources.
Scope-2	Scope-2 emissions are indirect GHG emissions resulting from the generation of electricity, heating and cooling, or steam generated off site but purchased by Farabi, and the transmission and distribution (TandD) losses associated with some purchased utilities.
Scope-3	Scope-3 emissions includes indirect GHG emissions from sources not owned or directly controlled by Farabi but related to our activities, Products and Services.
SHEAC	Safety Health Environment Awareness Committee
SHEMC	SHE Management Committee Meeting
SOx	Oxides of Sulphur
SSC	Sustainability Steering Committee
Stakeholders	Person or Organization that can affect, be affected by, or perceive itself to be affected by a decision or activity.

FARABI
PETROCHEMICALS



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للبتروكيماويات

2016 - 2017 GRI SUSTAINABILITY REPORT



Sustainability Steering Committee (SSC)

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Released by: Sustainability Steering Committee (SSC) on behalf of FPC Management