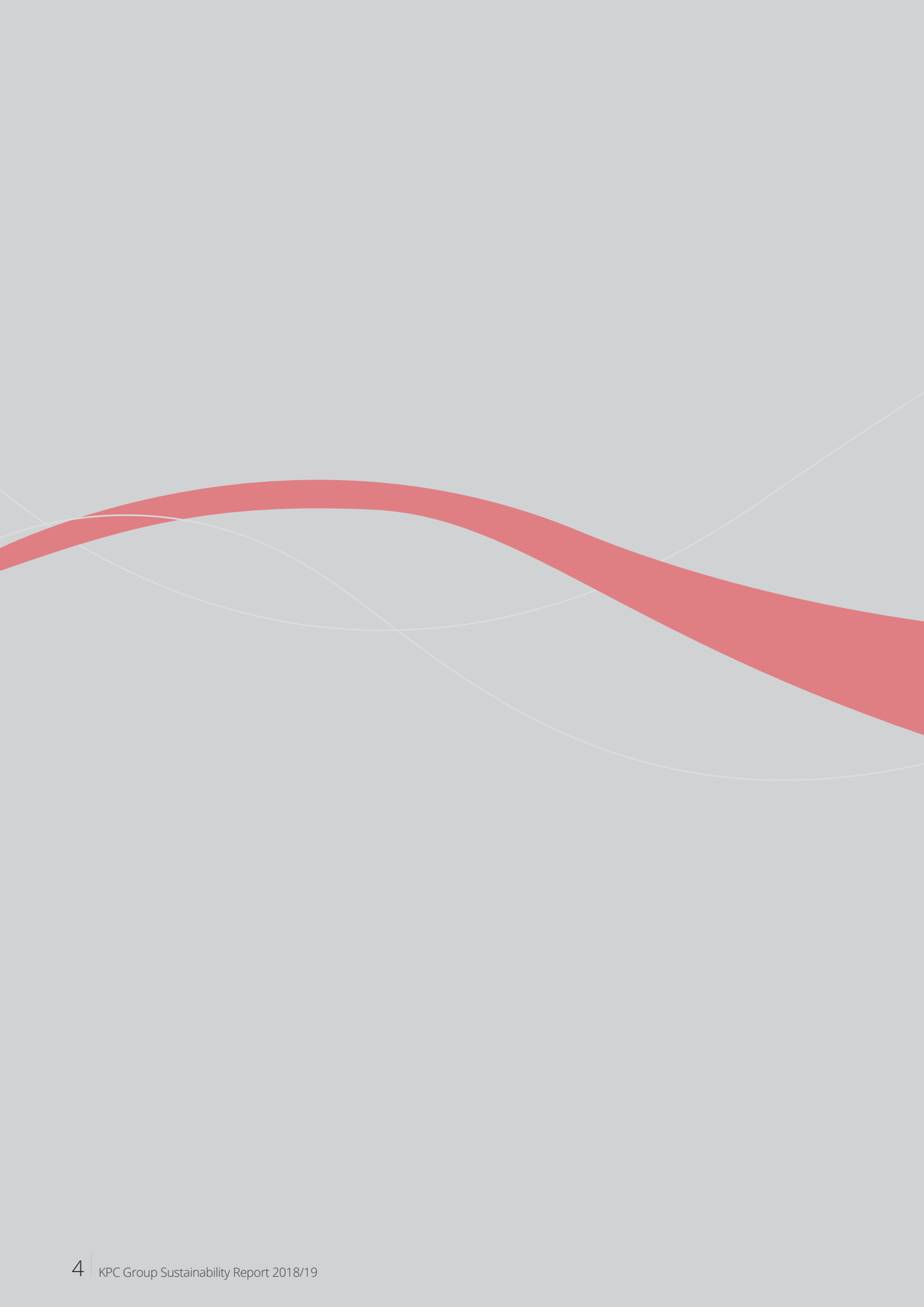




**His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah**

The Amir of the State of Kuwait





**His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah**

Crown Prince of the State of Kuwait

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A photograph of an industrial facility at night, featuring complex piping, metal walkways, and bright artificial lighting against a dark, cloudy sky. A prominent red curved graphic element sweeps across the middle of the image.

01 REPORT INTRODUCTION



- Deputy Chairman's message
- Report structure
- KPC snapshot
- Global operations
- Key performance highlights
- Achievements and awards

Deputy Chairman's message



Hashem Hashem

Deputy Chairman and Chief Executive Officer of KPC

“

KPC Group is committed to continual improvement and growth. Our first Sustainability Report is a testimony of our commitment to advancing our economic, environmental and social performance and being transparent with our Stakeholders

Amidst these challenges and with the increasing pace of competition, the current oil market's atmosphere forces us to exert exceptional efforts to increase oil revenues. We aim to achieve this by incorporating best business practices and investing in our relationships with various local, international, service based oil companies, and research centers. Creating long-term value for our Stakeholders is key to sustaining our strong and resilient relationships with them. Ever since the global energy crisis started a few years ago, we have been looking at different opportunities to diversify business opportunities and make it more resilient for the future.

In addition, we encourage implementing projects inside and outside Kuwait, developing high-level professional relations with our clients and expanding them based on strategic partnerships to enhance operational excellence, thus helping maintain our markets and provide flexibility in a highly competitive world. We also cannot forget the important role that the Global Marketing Authority plays, as it exerts commendable efforts to make sure that oil is dispensed in promising markets, thus, ensuring higher prices for Kuwaiti crude oil compared to other markets.

We are committed to the Vision of His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, to expand the use of solar power and reduce carbon emissions by securing 15% of Kuwait's energy production from renewable energy resources by 2030. It is part of our future Vision and top priority to produce clean energy in order to protect our environment and maintain a healthy society while at the same time increasing our oil and gas exports. In addition, we are also actively

focusing our efforts towards expanding the utilization of solar power (including installation of solar panels on the roof of KPC's built infrastructure to reduce the electricity consumption in the buildings, as well as development of a photovoltaic power station that helps provide energy to Kuwait's electricity grid). Apart from clean energy, we are also concentrating our efforts on managing our energy efficiently. In 2018/2019, we were in the process of setting KPC Energy Management Standards to govern the energy practices of KPC Group.

We cannot ignore the importance of investing in our human resources in facing the coming challenges, as they are the backbone of the national economy and the secret to our success. Therefore, we launched a Group-wide Learning and Development (L&D) strategy and Health, Safety, Security and Environment (HSSE) strategy, stemming from our steadfast belief and persistent commitment to providing a healthy, safe, secure and motivational working environment that helps our employees to improve their skills, and create suitable opportunities that would enable them to showcase their capabilities optimally. In the fiscal year 2018-2019, we had 21,306 employees with the Group and provided them with over 850,000 hours of training. Additionally, due to our robust occupational health and safety management system, we achieved zero employee fatalities.

We also understand that KPC Group has an important role to play in creating an impact on the local economy of Kuwait by investing in local content. As a Group, we achieved a Kuwaitization rate of over 80% during the fiscal year. Spending on local suppliers have increased considerably over the years.

Noticeable achievements are those of KOC, KGOC, KUFPEC and KNPC, who each have spent over 40% of the procurement budget on local suppliers during the fiscal year. As a Group, we have a Vision to transform our organization and to lead the industry with a commitment to report on sustainability issues and demonstrate the link between our organization's strategy and commitment to contribute to sustainable development in the State of Kuwait, as well as in the global community. During the year, we developed KPC 2040 Strategic Directions and implemented it across the Group. The strategy was developed ensuring alignment with Kuwait National Development Plan, Kuwait Vision 2035 and the United Nations Sustainable Development Goals. It also takes into consideration the increasing challenges locally and globally, especially the low profit margins and the emergence of competitive energy sources.

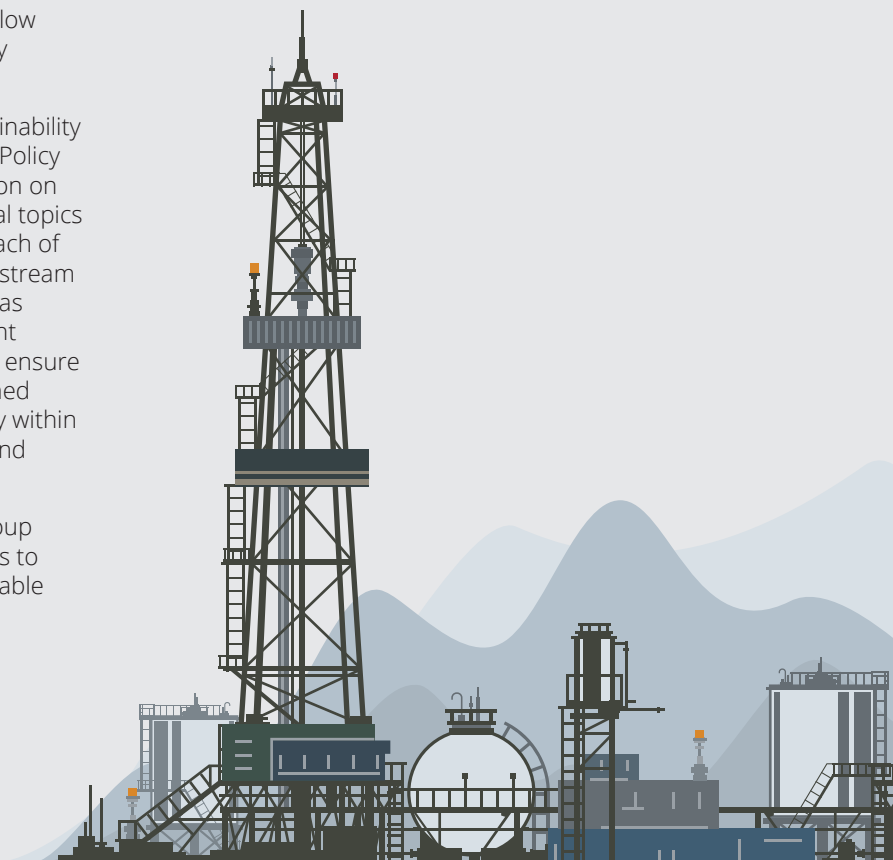
One of our most important achievements to drive sustainability is the launch of our KPC Group Sustainability Reporting Policy which ensures effective management and communication on our performance on economic, social and environmental topics to all our Stakeholders. This policy applies to KPC and each of our Subsidiaries in the Upstream, Midstream and Downstream sectors within the State of Kuwait as well as in other areas of our operations. All our Subsidiaries, suppliers and joint ventures under our operational control are expected to ensure alignment with this policy and the commitments contained herein. Through our policy, we aim to drive sustainability within our Group and improve our economic, environmental and social performance.

I am delighted to present our first consolidated KPC Group Sustainability Report and encourage all our Stakeholders to learn more about our Group's journey in driving sustainable development for this reporting period of 2018-2019.



Hashem Hashem

Deputy Chairman and Chief
Executive Officer of KPC



Report structure

GRI 102-46

GRI 102-48

GRI 102-49

Report overview

We are proud to present our first KPC Group Sustainability Report 2018/2019 to our Stakeholders. This Report covers the sustainability performance of KPC and all its Subsidiaries for the financial year April 1st, 2018 – March 31st, 2019. The reporting boundary is all KPC Group operations under direct control of our Group within the state of Kuwait. KPC Group's Sustainability Report is published annually and discusses our corporate strategy, the challenges and our approach to sustainability. KPC Group's sustainability performance is closely aligned to its corporate strategy. For further details on KPC Group's corporate strategy, please refer to page 36. This Report includes our significant economic, environmental, and social impacts and highlights our key initiatives introduced during this reporting period as part of our sustainability journey.

We have made every effort to validate and ensure the accuracy and authenticity of the reported data. At KPC Group, we support transparency and sharing credible and materially correct information with all our Stakeholders. As such, we followed a rigorous internal data review and approval process to ensure that the data and information disclosed is accurate and reliable.

Reporting standards

This Report has been prepared in accordance with the GRI Standards: Core option. GRI is an international independent organization that has pioneered Sustainability Reporting for the past 23 years. These standards help businesses and governments understand and communicate the impact they have on critical sustainability issues to create social, environmental and economic benefits for all. We have also used the GRI Oil and Gas sector supplement to report our performance on sector-specific topics that are potentially material to our organization. This Report has also successfully completed the GRI Materiality Disclosures service which is available at the end of this Report. Please refer to the GRI Content Index on page 120 for full details.

In addition to the GRI Standards, we have consulted with other standards, such as the International Petroleum Industry Environmental Conservation Association (IPIECA) and Integrated Reporting (IR) to ensure compatibility and completeness. IPIECA is the global oil and gas industry association for championing social and environmental performance for 45 years. The Integrated Reporting process was launched by the International Integrated Reporting Council (IIRC) and aims to build on reporting developments to provide a more holistic form of reporting the value created by a business. Throughout this Report, we also refer extensively to the United Nations Sustainable Development Goals (UN SDGs) and the Kuwait National Development Plan (KNDP) to support the "New Kuwait" national Vision of 2035.

Reporting process

The GRI Standards were used for this Report to identify and apply the reporting principles for defining Report content and quality. The four reporting principles that were applied for defining the Report content are stakeholder inclusiveness, sustainability context, materiality and completeness. Materiality is the principle that determines which relevant topics are sufficiently important to report on. The materiality assessment included desk research, peer review, Stakeholder Engagement sessions and internal discussions with the Executive Management. This assessment provided us with the key material topics and key performance indicators (KPIs) that have been included in this Report. For further details on our reporting process, please refer to page 38.

The sustainability data collection process utilized a tool with well-defined guidelines for the data collection teams. The tool grouped topics with similar themes under one pillar to ease the data collection process. The tool comprised of five pillars: economic, environmental, society, product responsibility, and labor practices and decent work. In order to guarantee that accurate data is reported, we followed a detailed data review and approval process. For more details about our data collection tool and data collection process, please refer to page 42.

At KPC Group, we strive for continuous improvement with respect to our sustainability performance. Therefore, we would greatly appreciate feedback from our Stakeholders to improve the Report for future years. Please send your comments, questions or suggestions to the following email address: sustainability@kpc.com.kw.

KPC snapshot

Kuwait Petroleum Corporation (KPC) is a multinational corporation in the oil and gas sector that is run on commercial basis and fully owned by the State of Kuwait. We have eight Subsidiaries. Our diverse business interests across the spectrum encompass all aspects of the hydrocarbon industry, focusing on Upstream, Midstream and Downstream operations covering onshore and offshore Upstream exploration through production and refining, marketing, retailing, petrochemicals, as well as marine transportation.

We are an organization with a deep history rooted in the Kuwaiti culture and committed to meeting local and global energy needs in a sustainable manner. We seek to satisfy the growing energy needs, while remaining environmentally cautious, thus, simultaneously delivering the best possible products and services.

Providing world-class customer service, implementing the latest innovations and technologies, and consistently applying best practice are key aspects in KPC Group's commitment to Kuwait's economic and social development. Since its inception, KPC Group made significant contributions to Kuwait's continued drive towards economic diversification and sustainable development.

KPC Group is one of the world's largest vertically integrated oil and gas company in terms of total proved reserves and hydrocarbon production. We are an international oil and gas company whose operations promote the economic development of the countries in which we operate, which in turn raises peoples' quality of life and which seeks technological leadership and environmental equilibrium, so that we can all share a prosperous future.

KPC was formed in January 1980 as a state-owned oil Corporation. The Corporation successfully took all the oil companies under its umbrella and formed one integrated oil industry in Kuwait. The new structure allowed central planning of the industry, more effective and efficient distribution of work, close coordination between various bodies, in addition to the better use of engineering economies of scale that is crucial to a thriving oil industry. Over the past 39 years, KPC Group has

been leading national efforts for Kuwait's development and prosperity.

The Corporation has a history that is emblematic in more than supplying fuel. We evolved from a local oil and gas player to a diversified and integrated international operator with industry-leading operations across all major aspects of the oil and gas sector value chain. The Group operates with eight Subsidiaries involved in Upstream, Midstream and Downstream operations.

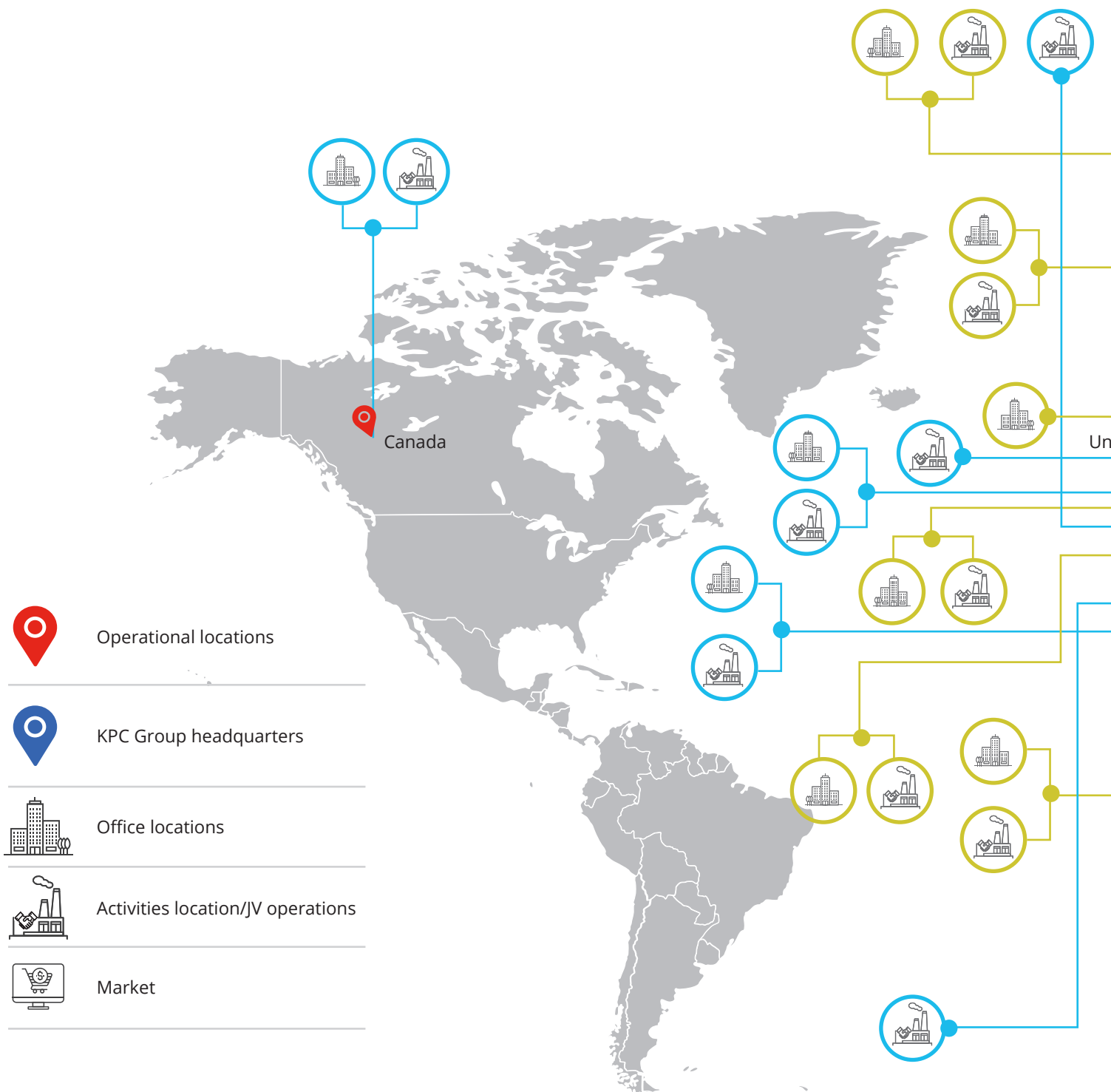
As a Group, we are actively involved in every aspect of the oil and gas industry and engage in activities that range from discovering new reservoirs (KOC, KGOC and KUFPEC) to transporting and delivering (KOTC) clean and safe fuel for motor vehicles, airplanes, ships, agriculture and power stations (KNPC, KPI and KIPIC). It also provides several base petrochemical products (PIC) that are essential for the industrial manufacturing of several basic amenities of our modern day.

From its Head Office located in Kuwait City, KPC strategically coordinates and supervises the various Group Subsidiaries. It finances their operations and oversees the marketing of crude oil, refined products and LPG in international markets. KPC also provides significant support to the Kuwait Ministry of Oil in its dealings with other member countries of the Organization of the Petroleum Exporting Countries (OPEC). With over 21,300 strong workforce, KPC Group rates as one of the largest companies in the State of Kuwait and globally. We also serve tens of thousands of customers across local, regional and international markets.

Today, KPC Group is universally recognized as one of the world's top ten oil and gas conglomerates and a leader in providing safe, clean energy to the global markets. The Group has continued this legacy through successful sustainability performance in the fiscal year 2018-2019, by implementing several strategic sustainability projects and initiatives in various fields, including several achievements in local procurement and employment, environmental stewardship, innovation, and health and safety, which are detailed in this Report.



Global operations



Legend (Outline Colors)



KPC



KOC



KGOC



KUFPEC



KNPC



KIPIC



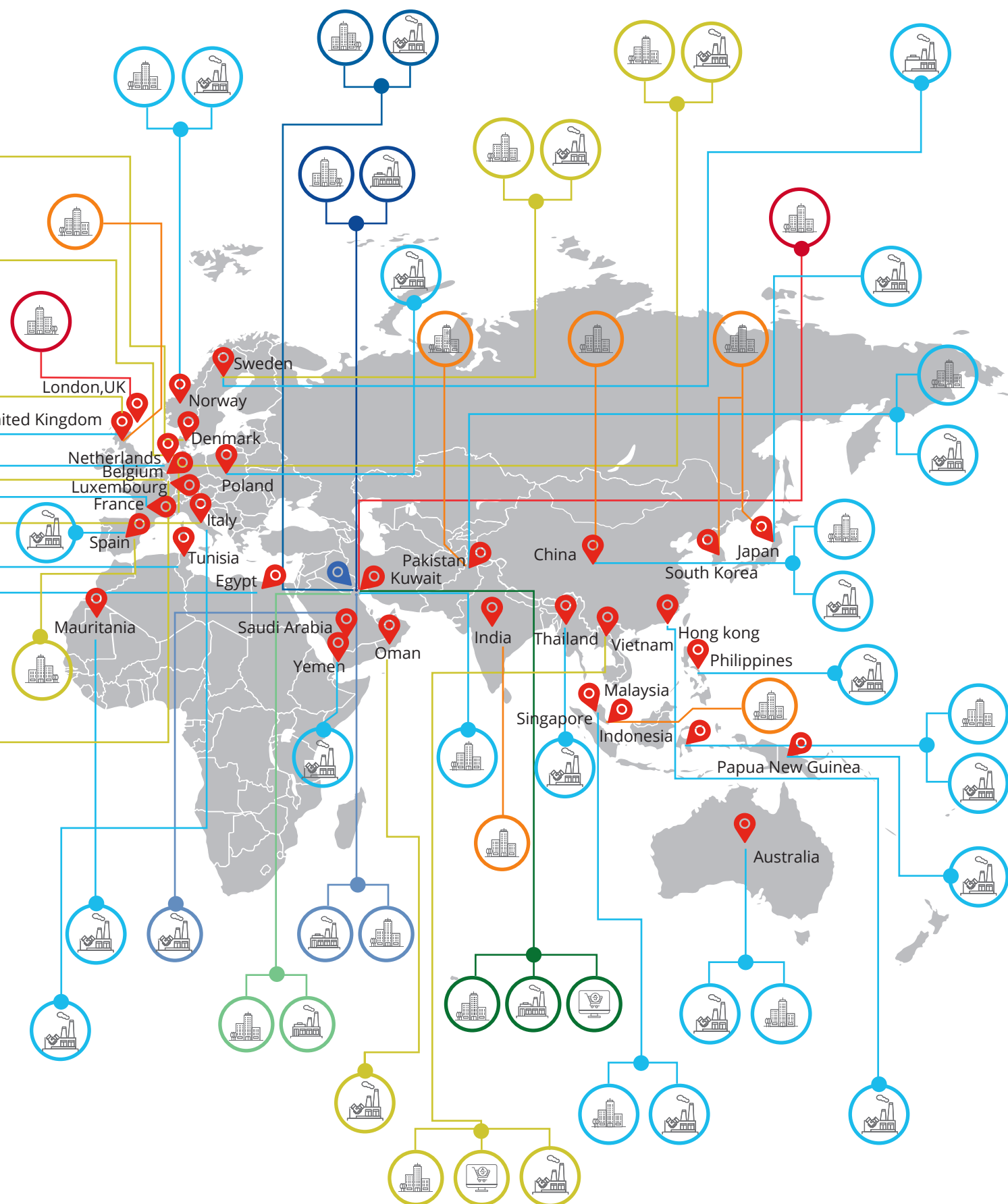
KPI



PIC



KOTC



Key performance highlights

The successful delivery of the KPC Group strategy depends on our ability to identify, measure and monitor a range of environmental, economic and social risks and opportunities. We derive these risks and opportunities from the global sustainability megatrends related to digital, ecological and demographic shifts. Digital transformations are evident in the form of process automation and advanced cyber security. International pressure on climate change fueled by pollution, non-renewables, diminishing biodiversity and increased waste

are contributing to the global ecological shift. Demographic shifts include a focus on gender pay gaps, inequality, and diversity at the workplace that also need to be addressed by conscious and responsible organizations.



We identified a range of material sustainability topics as most significant in terms of risks and opportunities and their ability to create and add value to our business and our Stakeholders.

<p>KIPIC's Al-Zor administrative building received</p> <p>a two-star evaluation certificate</p> <p>in November 2018 for passing GSAS requirements.</p> 	<p>+1,016</p> <p>new hires</p> <p>across our Group</p> 	<p>KOC endorsed</p> <p>97 start-ups and businesses</p> <p>with the potential to impact the future of the oil and gas sector</p> 
<p>KPC launched the</p> <p>KPC Group Sustainability Reporting Policy</p> 	<p>Retention rates of</p> <p>+94%</p> <p>across our Upstream, Midstream and Downstream operations</p> 	<p>+ 80%</p> <p>average Kuwaitization across our Group</p> 
<p>KPC initiated Energy Management System</p> <p>initiative for KPC Group</p> 	<p>70%</p> <p>of KPC Group employees belong to trade unions</p> 	<p>Zero water</p> <p>discharge from our Upstream operations in Kuwait</p> 
<p>KOC, KGOC, KUFPEC and KNPC each spent over</p> <p>40%</p> <p>of the procurement budget on local suppliers</p> 	<p>KPC Group provided over</p> <p>850,000 hours</p> <p>of training to employees</p> 	<p>21,309 employees</p> <p>across our group</p> 

KPC Group invested significant time and resources to implement a uniform Sustainability Reporting process to report on those material sustainability topics in our first Group Sustainability Report.

We pay close attention to our sustainability performance in line with the economic, environmental and social pillars of sustainability as well as our KPC Group operations.

In specific, for each of the material topics, we identified sets of key performance indicators (KPIs) to measure, monitor and report on our performance. These KPIs will allow us to track and evaluate our performance over the years and improve our performance.

<p>Invested over</p> <p>KWD 27 million</p> <p>in training across our Group</p> 	<p>Consolidated revenue of</p> <p>KWD 29,477 million</p> <p>for KPC Group</p> 	<p>Treatment and rehabilitation of</p> <p>240,000 m²</p> <p>of land, surrounded by a water shed with an area of</p> <p>67,614 m²</p> 
<p>Crude oil production of</p> <p>2.855 million barrels/day</p> 	<p>KWD 4,061 million</p> <p>increase in total assets of KPC Group in 2018/2019 compared to 2017/2018</p> 	<p>Installation of Portable / fixed eMission monitoring equipment</p> <p>on all new vessels inducted since year 2012 at KOTC</p> 
<p>Master Research Collaboration Agreement (MRCA)</p> <p>signed between KPC and various institutes for cooperation on research related to the oil, gas, petrochemical and energy industry</p> 	<p>PIC achieved Responsible Care excellence award</p> <p>for product stewardship by Gulf Petrochemicals and Chemicals Association</p> 	<p>Zero employee fatalities</p> <p>across all our operations</p> 
<p>Total energy consumption of</p> <p>210 million GJ</p> <p>across our operations</p> 	<p>100%</p> <p>of our employees are covered by Occupational Health and Safety Management System</p> 	<p>Flaring of</p> <p>809 million normal m³</p> <p>of hydrocarbons from our Upstream and Downstream operations</p> 

Achievements and awards

In recent years, we demonstrated excellence in many of our initiatives and activities which resulted in receiving numerous international awards. We strive to go the extra mile to be the best amongst our peers and act as a role model for others. Our Subsidiaries live our slogan of excellence at KPC and achieve

development, advancement and excellence in all fields of operation and management. These international awards are of high importance and center on our environmental stewardship, people commitment, community engagement and product responsibility.



KOTC wins Tanker Operator of the Year award

The award was presented to the operator of crude oil, products or chemicals tankers based in the Middle East and/or the Indian Subcontinent that has delivered a particularly high level of performance over the year. The winner was determined through an assessment of a range of criteria, including: commitment to customer service and efficiency; investments in tankers and related shipping services; diversification into new trades; financial performance; and social and environmental commitment.



KIPIC ZOR Admin Building received 2-star evaluation Certificate

KIPIC's ZOR Administrative Building received a two-star evaluation certificate in November 2018 for the new buildings under construction after passing the requirements of Global Sustainability Assessment System (GSAS), which is awarded by the Gulf Organization for Research and Development (GORD).



PIC achieved Responsible Care excellence Award for "Product Stewardship"

PIC was awarded Product Stewardship award by Gulf Petrochemicals and Chemicals Association for involvement in the development of loading, transport and safe handling with ground ammonia carriers, which effectively contributed towards deterrence of accidents and the preservation of lives and property.



PIC obtains Marketing Rights for Polypropylene in Canada

PIC obtained the marketing rights for the polypropylene project to be established in Canada. PIC will act as an exclusive agent for the PP to be produced from the JV Pampina in Alberta, Canada.



KOC, KGOC and KPI receive Golden Award for Occupational Health and Safety

In 2018, KOC, KGOC and KPI achieved the Golden Award for Occupational Safety and Health from the Royal Society for the Prevention of Accidents (ROSPA) because of the distinctive HSE performance in this regard during 2017.



KNPC Expands and Upgrades Mina Al Ahmadi Depot

This project meets expectations of strategic demand for products in the local market until 2030 through multiple phases. The project includes the construction of tanks for oil derivatives, loading arms and support services facilities at a cost of KD 75.67 million. All mechanical works have been completed, and the new facilities are being prepared for commissioning.



KPC 2040 Strategy Launched

KPC launched the KPC 2040 Strategy which was adopted by KPC and all the Subsidiaries. The strategy was developed to meet the increasing challenges locally and globally, especially the low profit margins and the emergence of competitive energy sources which was adopted by KPC and all the Subsidiaries.



Q8 Voted Best Fuel Brand 2019 in Belgium

Q8, the retail trademark of KPI, won the award for best fuel brand at the Best Brands Awards 2019. This prize is handed on the basis of brand perception, using information from 5,000 Belgian families, and the economic success of the company. Q8 is one of Belgium's five leading players in the petrol station market.



KUFPEC's Kaybob Duvernay Shale Gas Project in Canada Increases Production to 8,200 BOEPD

KUFPEC's liquid-rich Kaybob Duvernay shale gas project in Canada presented encouraging results in 2018 by increasing production to approximately 8,200 BOEPD. Development work is also ongoing with the drilling of 35 wells, completion of 30 and tying-in of 37 wells into production, all of which raised the proven reserves in that asset to 28.7 MMBOE. The project calls for the drilling of more than 1000 wells over the next 20 years. Kaybob Duvernay is the first international shale gas project for the Kuwaiti oil sector, making it a strong catalyst for knowledge transfer to oil companies inside Kuwait, mainly in multistage drilling and fracturing technology.



KUFPEC's Australian Domestic Gas Plan Commenced Production

The Wheatstone LNG Project entered the "Operating Phase" for both Upstream and Downstream following the commercial start-up of the Domestic Gas Plant in March 2019 and achieved TCCC3 (Transfer of Care, Custody and Control) of Domgas in April 2019. First LNG production commenced early October 2017 through LNG train 1 and the first LNG cargo set sail late October of the same year. LNG train 2 production started in June 2018 and domestic gas sales commencement in March 2019.



KPC Wins Social Responsibility Award

Under the patronage of His Excellency the Minister of Information and Minister of State for Youth Affairs Muhammad Nasser al-Jabri, the Arab Media Forum organized the advertising creativity awards ceremony. The forum granted KPC the award of social responsibility. The Arab Media Forum is considered a distinctive beacon in the sky of Kuwait and hosts various activities and events throughout the year.



KPC HSSE Department awarded with new version of Integrated Management System (IMS) Certification

KPC obtained certification of a new version of IMS for quality management system ISO 9001:2015, environmental management system ISO 14001:2015 and occupational health and safety management system OHSAS 18001:2007.



KOC commissioned the Effluent Water Treatment and Injection Plant at North Kuwait

The Effluent Water Treatment and Injection Plant helps provide technical solutions and overcome the difficulties associated with water injection. The project aided in increasing the current injection rates to over 180,000 barrels of water per day at a pressure of 290 bar across 19 reservoirs. This project also helped KOC maintain reservoir pressure and reinforce crude oil production by enhancing and guaranteeing the injection water quality.



KOC commissioned its first Waste Water Recovery Plant

KOC commissioned the Waste Water Recovery Plant with a capacity of 10,000 barrels of water per day to recover leakage water or waste water from all other operations at South and East Kuwait. The plant collects all the waste water and works to inject it into special reservoirs to dispose of the water safely. The plant also aids in meeting the environmental regulations of the Kuwait Environment Public Authority.



A photograph of a large industrial facility, likely an oil refinery or chemical plant, at night. The structure is illuminated with warm yellow lights, showing complex piping, scaffolding, and storage tanks. A prominent red swoosh graphic curves across the middle of the image. The background is a dark blue night sky.

02 KPC Group OVERVIEW



- Business context
- Value chain
- Corporate Governance
- Corporate sustainability

Business context

The global megatrends – comprised of digital, ecological and demographic forces of development- impact our business, economy and the wider society, and drive global changes.

The world is witnessing a substantial shift towards digitization in the form of process automation and advanced cyber security practices. Organizations are realizing that innovative digital solutions will play a key role in remaining competitive. Another megatrend that is a significant driver to many sectors is climate change – as part of ecological shifts. International bodies are demanding action on climate change and calling countries and organizations to control pollution, reduce emissions, utilize renewables, conserve biodiversity, manage waste and resources responsibly, manufacture green products, and become more accountable for impacts on the environment. In addition to digital and ecological shifts, demographic shifts are also driving how organizations treat and reward employees for their service. Global workforce across all sectors are highlighting gender pay gaps, censuring inequality and promoting diverse work environments.

At KPC Group, we comprehend that global megatrends present us with tremendous opportunities to seize, as well as, dangerous risks to mitigate. Therefore, we have a Vision to transform our organization and to lead the industry, by demonstrating the concord between our strategy and our commitment to contribute to sustainable development in the State of Kuwait, as well as in the global community. In undertaking this transformation, and by leading the oil and gas industry in Kuwait, KPC Group aims to set high standards compared to other companies, by moving towards excellence through managing sustainability performance.

As an organization, we align our strategic goals with those of the government, as we commit to providing a bright future for the next generation of Kuwaitis. As one of the world's top oil and gas Conglomerates, we understand that we also have a role to play in the global oil and gas platform, in terms of demonstrating leadership, innovation and best practice. Therefore, we acknowledge the need to develop projects, programs and initiatives to embrace social and environmental responsibility in order to maintain our success, future-proof our portfolio and create value for our many Stakeholders.

Also, as global megatrends and sustainability agendas are driving transformation at every level, we have taken efforts to align our sustainability commitments to the wider national and global sustainability goals and commitments - such as the United Nations' Sustainable Development Goals (SDGs), and Kuwait National Development Plan. We have integrated the same into our organizational objectives and business strategies. In addition, reporting on our commitments through our Sustainability Report allows us to publicly align ourselves with the SDGs, address megatrends and demonstrate our support for the Kuwait National Development Plan.

Sustainability plays a vital role in the responsible management of KPC Group's operations, by identifying and considering the

most material environmental, economic and social aspects that surround KPC Group's business activities in order to ensure that KPC Group can continue to operate a stable business, in a healthy and safe environment with the support of the community.

The implication of these impacts is broad and varied, and a failure to anticipate and address opportunities and risks driven by the megatrends can damage our performance, reputation and viability. We are therefore compelled to take a proactive approach and tackle all challenges as soon as they are identified.

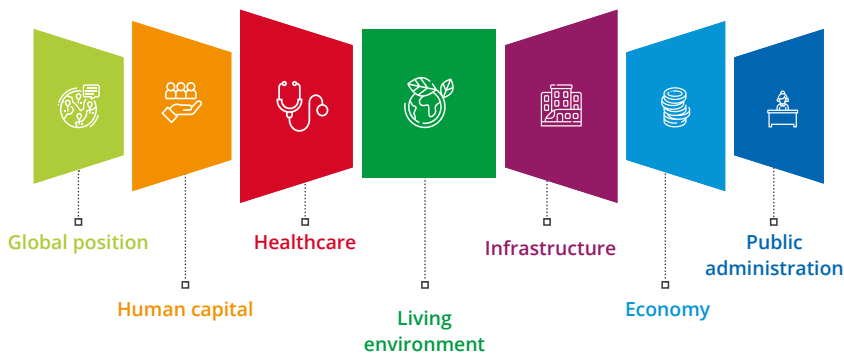


Sustainable development drives our agenda

The United Nations General Assembly adopted the 2030 agenda for sustainable development in 2015 and translated it into 17 UN Sustainable Development Goals (UN SDGs). The UN SDGs address global concerns such as poverty, inequality, climate change, environmental degradation, peace and justice. Many countries, including Kuwait are signatories of the UN SDGs and work diligently to achieve these goals by 2030.



New Kuwait Vision 2035

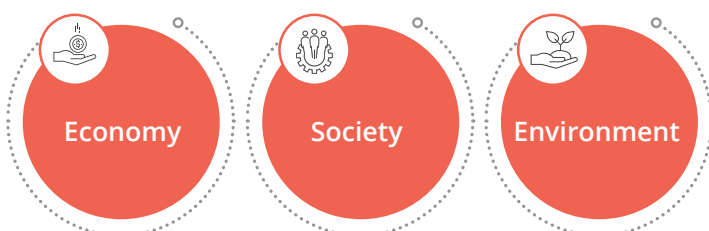
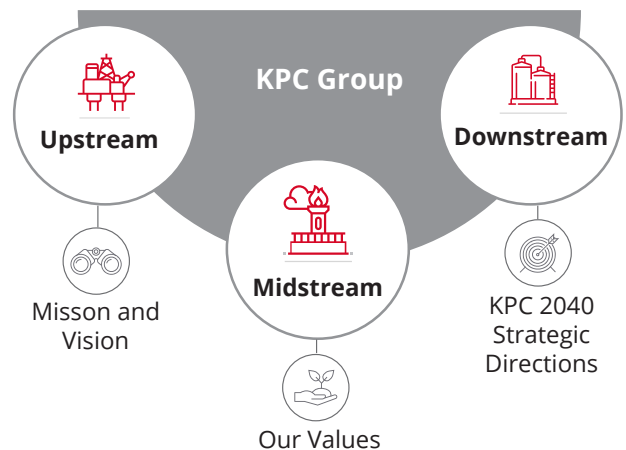


Local Vision impels our strategy

The New Kuwait Vision 2035 is Kuwait's unified direction for a prosperous and sustainable future. The Vision sets Kuwait's long-term development priorities based on seven pillars. The New Kuwait Vision 2035 was developed in line with His Highness the Amir Sheikh Sabah Al-Ahmad Al-Sabah's Vision of Kuwait in the future.

KPC Group Vision, Mission, Values and Strategy guide our sustainable development

At KPC Group, we translated global and national agendas into our corporate-level Mission, Vision, Values and Strategic Directions. These were then recast into sectorial and Subsidiary-level Visions and strategic plans.



Global, national and KPC Group frameworks govern our sustainability performance

Our KPC Group frameworks, as well as, global and national agendas are reflected in our sustainability performance which is divided into economic, social and environmental performance.

Value chain

KPC Group's value chain is focused on three key sectors to streamline its process from the production of crude oil to the manufacture of petrochemicals. These sectors are Upstream, Midstream and Downstream. Together, these three sectors work harmoniously to sustain the steady flow of fuels and materials that make our modern life better and safer. We are motivated by the knowledge that our products are the building block that societies around the world rely on to achieve prosperity and economic growth.

Upstream

The Upstream sector is where the key activities related to exploration and production (E&P) occur. This involves the search for crude oil or natural gas fields by drilling exploration wells to recover the petroleum. KPC Group has three Subsidiaries that focus on Upstream E&P activities: Kuwait Oil Company (KOC), Kuwait Gulf Oil Company (KGO) and Kuwait Foreign Petroleum Exploration Company (KUFPEC). KPC Group maintains excellent performance in carrying out its main task, which is oil and gas E&P in Kuwait. For that goal, the Kuwaiti oil sector draws and implements the KPC 2040 Upstream

Strategic Directions for both domestic and international Upstream projects, which pushes this vital sector to attain a global status and leave a clear imprint and quantum leap in the local economy.

The responsibilities of Kuwait Oil Company (KOC) under KPC Group umbrella are to explore, drill and produce oil and gas within the State of Kuwait. Its activities extend to include exploration operations, onshore and offshore surveys, drilling of test well and developing producing fields in addition to crude and natural gas exploration. Kuwait Oil Company (KOC)

Midstream

The Midstream sector is primarily concerned with the transportation, storage and processing of oil and gas resources recovered by the Upstream sector. These resources have to be transported to a processing refinery which is often located in a completely different geographic region, compared to the location of the oil and gas reserves recovered. KPC has one Subsidiary that is dedicated to the

transportation of its hydrocarbon resources – Kuwait Oil Tanker Company (KOTC). This Subsidiary owns pipelines and 28 tanker ships for shipping crude oil, refined petroleum products and Liquefied Petroleum Gas (LPG). It has recently made great achievements that left clear imprints on the global shipping industry with its efficiency and competitiveness established by its fleet in the global market.

Downstream

The Downstream sector refers to the refining process for the crude oil and natural gas recovered in the Upstream sector and delivered through cross country pipelines. This sector includes the marketing and commercial distribution of petroleum products to consumers and end users in numerous forms. KPC Group has four Subsidiaries under its umbrella that are dedicated to the Downstream sector. These are Kuwait National Petroleum Company (KNPC), Kuwait Integrated Petroleum Industries Company (KIPIC), Petrochemical Industries Company (PIC) and Kuwait Petroleum International (KPI).

KNPC owns two state-of-the-art refineries and gas processing facilities to process crude oil and natural gas, respectively. The Company is responsible for the sale and distribution of local market petroleum products (whether from petrol stations or depots) i.e. gasoline, kerosene, diesel and bitumen. It has 47 filling stations for gasoline and other fuels in Kuwait.

KIPIC owns and is responsible for operating and managing refining processes, liquefied natural gas (LNG), and petrochemicals in Kuwait's ZOR complex. ZOR is a grass root facility that processes crude oil to produce high value products (petchem naphtha, jet fuel, ULSD, VLSFO). The Company also maintains an LNG import facility to meet Kuwait's growing needs for natural gas to generate electricity and other uses. The new and upcoming petrochemicals facility upgrades fuel products from ZOR into Mogas and high value bulk petrochemical products (aromatics and olefins).

PIC is the petrochemical industry leader in Kuwait and the Middle East. It has more than 50 years of experience in the chemicals industry with a world class manufacturing site located close to fast-growing markets in Asia, South America and Eastern Europe. Its main products include fertilizers, aromatics and olefins.

KPI (known by their trademark Q8) is KPC's international Subsidiary, established to focus on refining and marketing fuel, lubricants and other various petroleum derivatives globally.

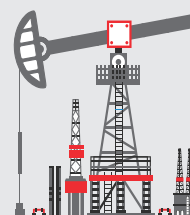
is also involved in the storage of crude oil and delivery to tankers for export. Similarly, Kuwait Gulf Oil Company (KGOC) represents the interests of the State of Kuwait for Upstream E&P oil and gas operations in the Partitioned Zone (PZ). The PZ lies alongside the border between Kuwait and Saudi Arabia. The natural resources in the PZ are shared equally by both countries.

Kuwait Foreign Petroleum Exploration Company (KUFPEC) is KPC's international Upstream company, engaged in exploration, development and production of crude oil and natural gas outside the State of Kuwait. It is active in 13 countries spanning five continents: Australia, Asia, Africa, North America and Europe. The Company participates in joint ventures with similar E&P companies both as an operating and non-operating partner.

	KOC	KGOC	KUFPEC
Products	Crude oil, Associated gas, Free gas	Crude oil, natural gas	Natural gas, crude oil, LNG
Production capacity	2.855 MBOPD 1,454 MMSCFD 444 MMSCFD	350,000 BOPD 500 MSCFD*	Oil and condensate capacity-33,000 BOEPD Gas capacity-73,000 BOEPD**

* There was no oil and gas production in 2018/2019 at KGOC due to operation shutdown. However, as per KPC's long term Strategic Directions, KGOC aims to achieve 350,000 BOPD and 500 MMSCFD by 2040.

** KUFPEC's production is from international joint ventures.



Since its establishment, KPC realized that its success depends first and foremost on its ability to market oil and petroleum products, as marketing is one of the most important dynamic tools to achieve its goals of sustainability. Regardless of how strong the oil sector's Upstream and Downstream capabilities are, they remain incomplete unless they are combined with active marketing efforts that help in understanding client needs and wishes. Therefore, the KPC International Marketing Department set up KPC's goals and

aspirations by seizing several distinguished opportunities to enter new markets, in addition to maintaining its distinctive position in global oil markets. The International Marketing Department focuses on continuous success in traditional markets, and clear imprints in new markets.

	KNPC	KPI	KIPIC	PIC
Products	LPG naphtha, mogas, propylene, ATK, gas oil, fuel oil, coke, bitumen, sulfur	Gasoline, gas oil, Kerosene, jet fuel, fuel oil, naphtha, LPC, lubricants	Petchem naphtha, jet fuel, ULSD, VLSFO aromatics, olefins, natural gas import	Olefins, aromatics, fertilizers
Production Capacity	36,688 KTPA	488,000 BPD	N/A*	Olefins - 5515 KTPA** Aromatics - 2000 KTPA** Fertilizer - 500 KTPA**

* KIPIC's ZOR and LNGI plants was under construction in 2018/2019.

**PIC's production of olefins, aromatics and fertilizer includes production from Joint Ventures inside and outside Kuwait. Only polypropylene production under olefins business (150 kilo ton/year) is fully owned by PIC and located in Kuwait.

Today, KPI employs professionals from all over the world and markets oil through the aviation, direct and lubricant business. KPI has more than 4,000 retail service stations in Europe and four joint venture retail service stations in Vietnam under the brand, IQ8. KPI is also engaged in several joint venture agreements as a partner in three refineries in Italy, Vietnam and Oman. Additionally, KPI owns and operates two lubricant blending plants in Belgium and Italy, as well as, owns a research and development center in the Netherlands known as Kuwait Petroleum Research and Technology center (KPR&T).



Corporate Governance

KPC Group believes it is its responsibility to be transparent, especially in an era where information travels fast. KPC Group is aware of the importance of governance, sustainability and ethical standing, which now sits alongside traditional measures of financial performance as factors that are tied into decision-making.

Good Corporate Governance helps build an environment of trust, transparency and accountability necessary to achieve long term strategic targets, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies. KPC Group understands that effective Corporate Governance framework plays a vital role in the value and success of the organization, and provides Stakeholders transparent understanding of its operations.

The Ministry of Oil through the Supreme Petroleum Council is the ultimate authority responsible for oversight and setting policies for the oil sector in Kuwait. KPC Group's Board of Directors are tasked with governance responsibility of the organization and report to the Council.

Our Corporate Governance framework has been developed by considering international best practices and guidelines such as Organization for Economic Co-operation and Development's (OECD) Corporate Governance Guidelines for State Owned Enterprises and the International Corporate Governance Network's (ICGN) Global Governance Principles (GGP). The framework is cascaded to all activities of the organization. KPC Group Board of Directors oversees the Corporate Governance framework.

An effective Board and Executive Management requires members with varied backgrounds in terms of gender, age, experience and education. Varied backgrounds bring unique perspectives on opportunities and risks that arise in an organization. Within KPC Group, we acknowledge that there is work to be done in this regard and going forward, we aim to increase the diversity in our Board and Executive Management in the upcoming years. We have developed and implemented a policy on diversity, including gender and age in relation to the Board Members and Senior Management. This includes how diversity is achieved through succession planning at the Board and Executive levels.

In 2018-2019, KPC Group's Board comprised of the Chairman (who is also Kuwait's Minister of Oil), the Deputy Chairman (who is also KPC Group's Chief Executive Officer) and 7 other Directors. The Chairman leads the Board and ensures its effectiveness by maintaining a culture of constructive dialogue, openness and expression of views. He sets the Board agenda for each quarterly meeting and provides adequate time for discussions. A total of 16 Board of Directors meetings were held during this period.

The Board of Directors have direct and unrestricted access to Executive Management, may request any information from time to time and receive periodic reports from them.

KPC Group believes it is important for an organization to have a Board that is independent of management in order to bring in wide array of experiences, special knowledge and support in impartial decision making. Accordingly, our Board is comprised of a majority of independent non-Executive Directors. The Chair holds regular independent meetings on an annual

basis with non-executive directors only. The non-Executive Directors also meet annually without the Chair present.

To enable better and more focused attention on the affairs of the organization, the Board has delegated particular matters to specific Board Committees. The Board Committees review items under its mandate in great detail before it is placed before the Board for its consideration. These Committees prepare the groundwork for decision making and report at the subsequent Board meeting.

The Board Audit Committee is responsible for assisting the Board of Directors in its oversight of integrity of the Company's financial statements, qualifications and the Company's Internal Audit function, compliance with legal and regulatory requirements, and adequacy of internal controls over financial reporting.

In order to ensure organizational independence, KPC Group Internal Audit function report functionally to the Board Audit Committee and administratively to the CEO. The external auditors report directly to Board Audit Committee.

Board of Directors Responsibilities



Guiding, approving and reviewing KPC's Mission, Vision, Values, Strategic Direction and Financial planning.



Monitoring effectiveness of governance, environmental and social policies.



Adopting high ethics standards and overseeing implementation of the KPC Code of Conduct as part of its corporate culture.



Managing potential conflicts of interest.



Overseeing integrity of KPC's accounting and reporting systems, compliance with international standards, effectiveness of internal controls and independence of external audits.



Effectively implementing risk management framework and reviewing related approach and policies annually.



Maintaining a formal, transparent and fair nomination, election and evaluation process of its own Directors.



Appointing the CEO of KPC Group and developing his/her succession plan.



Aligning KPC Group CEO and Senior Management remuneration against KPIs that support successful implementation of KPC Group's long-term Strategic Direction.



Objectively conducting a Board evaluation regularly to enhance effectiveness.



Provide Senior Management with necessary support to conduct KPC Group's business and resolve any critical issues.

Periodic financial statements are reviewed by the Board Audit Committee before being submitted to the Board.

The Board Audit Committee comprises of 4 Directors during 2018-2019, a total number of 12 Board Audit Committee meetings were held.





The Board Nomination and Remuneration Committee is responsible for assisting the Board of Directors in matters related to the nomination and remuneration of directors and Executive Management. Its responsibilities include nomination of the Board of Directors and Executive Management, skills assessment of the Board and Executive Management in consideration of the strategic objectives, recommending training programs, developing succession plans for the organization's Executive Management to ensure continuity of operations in the event of unexpected vacancies, annual performance evaluation of Executive Management, and approving guidelines for remuneration.

The Board Nomination and Remuneration Committee comprises of 5 Directors during 2018-2019, a total number of 17 Board Nomination and Remuneration Committee meetings were held.



The Board of Directors have entrusted Executive Management headed by the Deputy Chairman & Chief Executive Officer to manage day to day operations of the Organization including;

- Manage the Company's core business operations as a whole by planning processes, principles and practices
- Implement the company's Vision, Mission and Values
- Plan how to achieve the goals and targets by communicating effectively with all employees
- Create Executive Committees for important topics
- Elect Senior Managers and uphold Code of Conduct

KPC Top Management

		Background	Date of Appointment
	Hashem Hashem Deputy Chairman of the Board, KPC CEO	Bachelor's Degree in Chemical Engineering	25 December 2018
	Abdulnasser Al-Fulaij MD International Marketing	Bachelor's Degree in Petroleum Engineering , Master's Degree in Petroleum Engineering	3 February 2019
	Wafaa Al-Zaabi MD Planning & Finance	Bachelor's Degree in Chemical Engineering, Master's Degree in Chemical Engineering	18 January 2016
	Ahmad Al-Hamad MD Human Resources (Acting)	Bachelor's Degree in Science	1 January 2020

Oil Sector Top Management

	Emad Sultan CEO KOC	Bachelor's Degree in Petroleum Engineering	3 February 2019
	Waleed Al-Bader CEO KNPC	Bachelor's Degree in Chemical Engineering	3 February 2019
	Hatem Al-Awadhi CEO KIPIC (Acting)	Bachelor's Degree in Industrial Engineering	3 February 2019
	Ali Shehab CEO KOTC (acting)	Bachelor's Degree in Engineering	3 February 2019
	Sheikh Nawaf Al-Sabah CEO KPI & CEO KUFPEC (Acting)	Bachelor's Degree in International Relations, Juris Doctorate in Law	3 February 2019
	Mutlaq Al-Azmi CEO PIC	Bachelor's Degree in Industrial Engineering	3 February 2019
	Abdullah Al-Sumaiti CEO KGOC (Acting)	Bachelor's Degree in Petroleum Engineering	3 February 2019

Supreme Petroleum Council



H.H. Sheikh Sabah Al-Khalid Al-Sabah
Supreme Petroleum Council Chairman

Background

Prime Minister of the State of Kuwait,
Bachelor's Degree in Political Science

Date of Appointment

19 November 2019



Abdulaziz Al-Ibrahim
Supreme Petroleum Council Member

Ex-Minister of Public Works and Minister of
Electricity and Water

15 January 2019



Abdulhadi Al-Awad
Supreme Petroleum Council Member

Ex-KPC Board Member,
Bachelor's Degree in Business
Administration and Commerce

15 January 2019



Abdulmohsen Al-Hunaif
Supreme Petroleum Council Member

Ex-Chairman and Managing Director of the
Industrial Bank,
Bachelor's Degree in Commerce

15 January 2019



Mariam Al-Aqeel
Supreme Petroleum Council Member

Minister of economic affairs,
Bachelor Degree in Accounting

31 December 2019



Anas Al-Saleh
Supreme Petroleum Council Member

Deputy Prime Minister and Minister of
Interior
Bachelor degree in business administration

31 December 2019



Dr. Mohammed Al-Hashel
Supreme Petroleum Council Member

Governor of the Central Bank of Kuwait
Doctorate of Philosophy in Finance

31 December 2019

Board of Directors



Dr. Khaled Al-Fadel
Chairman of the Board

Background

Ex-KPC Board Member, Bachelor's Degree
in Business Administration and Commerce

Date of Appointment

24 December 2018



Hashem Hashem
Deputy Chairman of the Board

Ex-CEO of KOC and KIPIC, Bachelor's
Degree in Chemical Engineering.

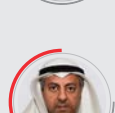
25 December 2018



Sami Al-Rushaid
Board Member

Ex-MD and President of KOC, Bachelor's
Degree in Industrial Engineering

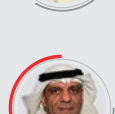
25 December 2018



Advisor Wael Al-Asousi
Board Member

Acting Secretary General for Cabinet
Affairs, Bachelor's Degree in Law

23 December 2015



Abdulgaffar Al-Awadhi
Board Member

Assistant Undersecretary for Public
Budget Affairs at Ministry of Finance,
Bachelor's Degree in Accountancy

27 December 2015

Supreme Petroleum Council



Essam Al-Marzouq
Supreme Petroleum Council Member

Ex-Minister of Oil & Minister of Electricity and Water, Bachelor's Degree in Mechanical Engineering

15 January 2019



Essam Al-Bahar
Supreme Petroleum Council Member

Board member Kuwait Chamber of Commerce and Industry

15 January 2019



Hind Al-Sabeeh
Supreme Petroleum Council Member

Ex-Minister of Social Affairs and Labor, and Ex-Minister of State For Economic Affairs, Bachelor's Degree in Statistics and Computer Science

15 January 2019



Mustafa Al-Shamali
Supreme Petroleum Council Member

Ex-Finance Minister and Ex-Acting Oil Minister, Bachelor's Degree Business and Management

15 January 2019



Barrak Al-Shitan
Supreme Petroleum Councils Member

Minister of Finance
Bachelor Degree in Business Administration and Commerce

31 December 2019

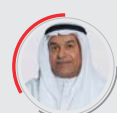


Sheikh Dr. Ahmed Al-Sabah
Supreme Petroleum Council Member

Minister of Foreign Affairs
Doctorate in Politcal Science

31 December 2019

Board of Directors



Jamal Al-Nouri
Board Member

Ex-MD Planning at KPC,
Bachelor's Degree in Industrial Engineering

25 December 2018



Dr. Fadhel Safar
Board Member

Ex- Minister Of Public Works And Minister Of State For Planning And Development Affairs, Ph.D. in Chemical Engineering (Petroleum)

25 December 2018



Dr. Mohammed Al-Fares
Board Member

Ex-Minster of Education, Ph.D. in Mechanical Engineering

25 December 2018



Abdulaziz Al-Jaber
Board Member

Ex-DMD Admin & Finance of KPC, Bachelor's Degree in Electrical Engineering

30 July 2019

Risk management and internal control

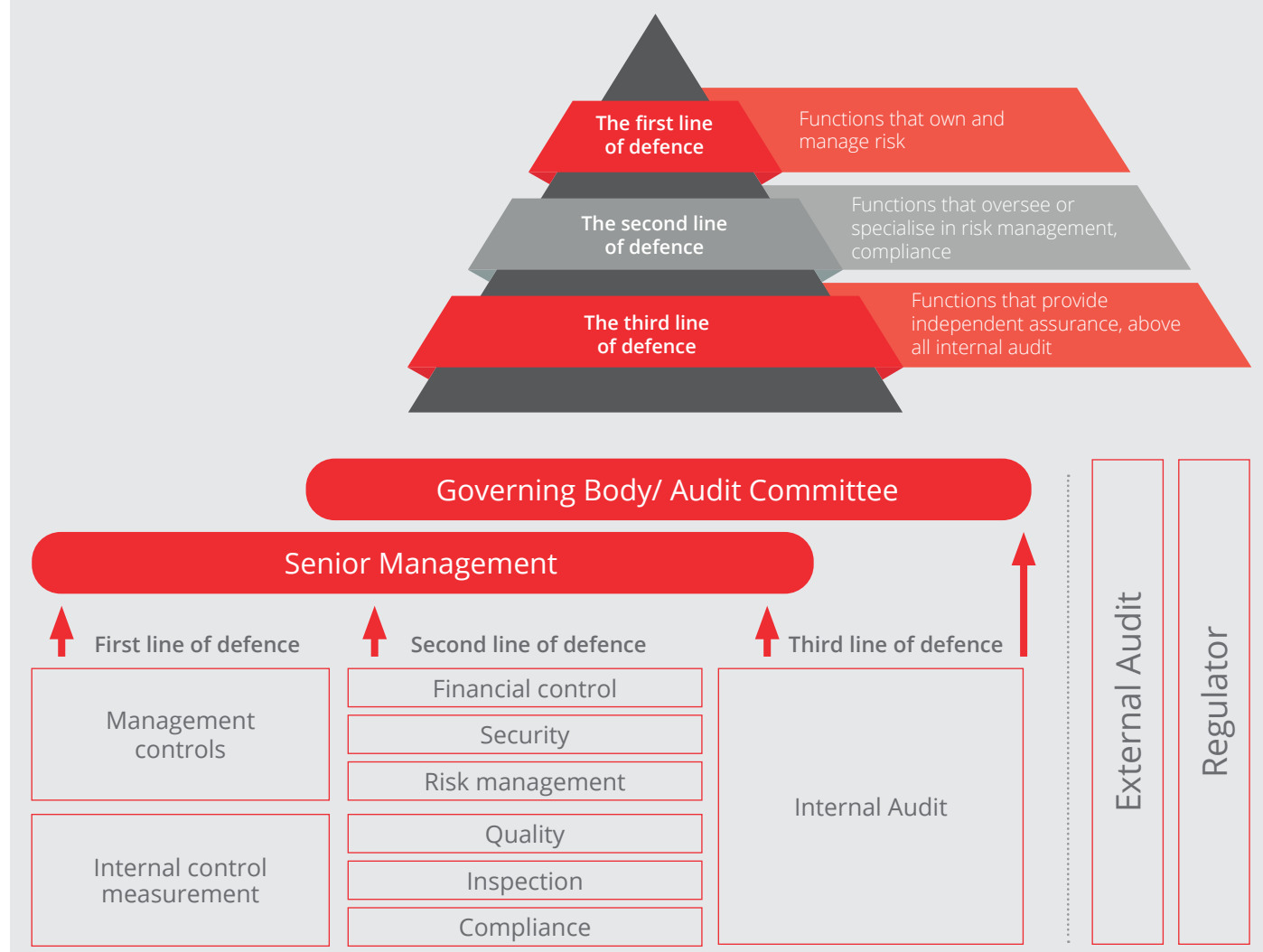
KPC Group's Board of Directors have adopted the three lines of defense model to incorporate Risk Management and Internal Control within the Organization. The CEO and Senior Management are delegated with the primary responsibility of operating risk management and control. Senior Management provides direction to employees in respect of risk management, and to control the organization's overall risk-taking activities in relation to the approved level of risk appetite. Individual business operations are responsible for ensuring that controls are in place and risks are managed in day to day operations.

Risk Management is a systematic and proactive means to analyse and manage the opportunities and threats related to business operations, future projects and the business environment. The Chief Executive Officer has established the Risk Management Committee which is Responsible for developing and Monitoring the Group's risk management framework, policies, risk appetite and tolerance levels, all of which are reviewed and approved by the Board of Directors. We have adopted and continuously enhance our Risk Management Framework in line with the Committee of

Sponsoring Organizations of the Treadway Commission's (COSO) Enterprise Risk Management - Integrated Framework and ISO 31000 - Risk Management guidelines. On a periodic basis, operations of our business and events facing it are assessed to identify potential risks and are rated using an Impact-Likelihood matrix. The impacts are assessed across multiple parameters that include financial, environmental, reputational, technology, safety and others. Based on the assessment, mitigation plans are developed and agreed upon. The Risk Management Committee reports regularly on its activities to the Board of Directors.

Our Internal Audit function assists in achieving our objectives by providing a systematic and disciplined approach to evaluate and improve Risk Management, internal control and governance processes. The function has been established taking into consideration the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The scope of the Internal Audit function covers all Subsidiaries, functions, units and processes of KPC Group. All audits are conducted as per the plan reviewed and approved by the Board Audit Committee.

Risk Management and Control: Three lines of defense



Lastly, Internal Audit function provides observations and recommendations on identified control weaknesses, and best practice opportunities to improve operational efficiency.

Corporate culture

Our board not only embodies KPC's core value of Integrity by acting in a trustworthy manner but also is responsible for supervising the corporate culture at the Group. The KPC Board ensures that its Executive Management implements stringent policies in place for handling unethical or unlawful behavior. These are readily available within the KPC Code of Conduct, which is available for all Stakeholders and interested parties, and covers aspects such as conflict of Interests, prevention of fraud, confidentiality and Individual rights. All Board members and staff are required to undergo annual training and acknowledge of the Code of Conduct. All Contractors and third parties working with KPC Group are also required to sign an acknowledgement to the Code of Conduct before beginning any work or service for KPC Group.

Similarly, the Board ensures that the Company has a whistleblowing policy in place that provides a confidential, independent mechanism that allows an employee, supplier

or stakeholder to raise issues related to the suspected or potential breach of KPC's Code of Conduct. This mechanism allows the whistleblower to avoid any fear of retribution as all issues are raised directly to the Board Secretary. Depending on the nature of the complaint, the Board of Directors may assign the Internal Audit function, legal advisory, an external investigator or an ad-hoc investigation Committee to investigate further.

To avoid conflict of interests, each Member of the Board of Directors and Executive Management are required to disclose any cases that may result in a conflict between their interests and the interests of the organization. The Board shall monitor and ensure that such cases have been dealt with in an appropriate and timely manner. The Board shall also review all proposed transactions with related parties to ensure that no conflict may arise as a result of such transaction. Board Members shall not attend or participate in any discussion or decision-making or voting that involves a topic, transaction or proposed transaction where there is a potential conflict of interest.

KPC Code of Conduct

The KPC Code of Conduct governs all employees of KPC Group, and provides guidelines on how to conduct their professional activities with highest standards of ethics and Values. The Code of Conduct is comprised of five main principles. For the detailed KPC Code of Conduct, please refer to our website www.kpc.com.

Confidentiality

We use modern information technology systems to facilitate our work. In giving employees and authorized contractors access to this technology, we also expect personnel to be responsible in its use. Revealing any type of confidential or sensitive information to unauthorized persons or tampering with or altering KPC Group records and/ or property is a violation of that trust and may result in disciplinary or legal action, including termination of employment.

Ethical business conduct

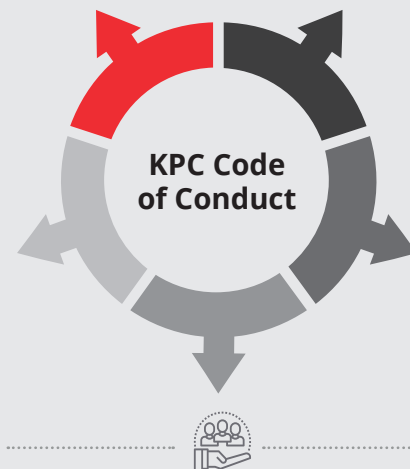
We are committed to conducting our affairs in a uniformly ethical manner and pursuant to a standard of fundamental honesty and fair dealing. We adhere to all laws, regulations and normal ethical practices that apply to our business activities.

Valuing all people

We respect all individuals at KPC Group regardless of their nationality, race, religion or gender and protect all their rights.

Health, Safety and Environment (HSE) policy and commitment

Strict compliance with applicable HSE policies and standards is an ethical and professional value at KPC Group. We aim to conduct our business in a healthy, safe and environmentally acceptable manner.



Good citizenship and social responsibility

Adherence to all local laws and regulations is required. We recognize that we have an important role to play in the welfare of the society and that we have a responsibility to communicate, participate and cooperate with local authorities and with organizations interested in the welfare of society.

Compliance

We firmly believe that it is our responsibility to ensure compliance with applicable national and international socio-economic and environmental regulations, as well as, industry standards on these aspects. Non-compliance with laws, regulations and standards can weigh heavily on our group as violations lead to restrictions to our license to operate, sanctions, and substantial fines. We adhere to these regulations not only because it is a legal requirement, but also because we believe in their importance in creating a sustainable society and environment, and in ensuring Stakeholder satisfaction.

As a result, our Group emphasizes on the importance of abiding with regulations through our compliance management framework. The framework helps us identify compliance requirements, set controls and policies, and periodically monitor our compliance performance.

We are proud to state that our Group did not incur any significant fines and non-monitory sanctions for non-compliance with any laws, regulations or standards, nor did we face any cases that were brought through dispute resolution mechanisms.

Remuneration

We consider that the remuneration system is a key element in value creation and ensuring long term performance of our Organization. The Board of Directors, through the Board Nomination and Remuneration Committee is accountable for promoting effective governance and sound practices of our remuneration system. KPC Group's remuneration policy outlines the basis for the remuneration of Board of Directors and the Executive Management.

Snapshot of laws, regulations and standards KPC Group complies with*

Agreements and Regulations	Aim of the Agreement	Sustainability material topic
Kuwait Labor Law	The Kuwait Labor Law ensures that employees and employers are treated fairly	Occupational health and safety, Employment, Market presence, Ethical business practices
Financial Regulations of the Ministry of Finance	Regulations governing the Financial Management of businesses that operate in Kuwait	Economic performance, Indirect economic impacts, market presence
Constitution and Conventions of the International Labor Organization (ILO)	The ILO Conventions cover a wide area of social and labour issues including basic human rights, minimum wages, industrial relations, employment policy, Etc.	Diversity and equal opportunity, occupational health and safety, non-discrimination
United Nation's on Elimination of All Forms of Racial Discrimination	The Convention commits its members to the elimination of racial discrimination and the promotion of understanding among all races	Diversity and equal opportunity, labor practices
United Nation's Convention of All forms of Discrimination Against Women (CEDAW)	The Convention commits its members to the elimination of discrimination against women	Diversity and equal opportunity non-discrimination, labor practices
United Nations Convention on the Rights of Persons with Disabilities (CRPD)	The Convention is intended to protect the rights and dignity of people with disabilities	Diversity and equal opportunity, non-discrimination labor practices
Kyoto Protocol	Kyoto Protocol commits countries to limit their greenhouse gas emissions and reduce the amount of GHG in the atmosphere	Emissions
European Union monitoring, reporting and verification of emission scheme(s) (EU MRV)	The regulation requires ships to monitor and report their CO2 emissions, fuel consumption, transport work and average energy efficiency.	Emissions, energy
Basel Convention	Basel Convention aims to reduce the amount of hazardous waste transferred from developed countries to less developed countries and also aims to minimize the toxicity of the hazardous waste	Effluents and waste
Classification, Labelling and Packaging (CLP) and Globally Harmonized System of Classification and Labelling of Chemicals (GHS)	CLP creates a harmonized system to identify hazardous chemicals and inform users about their hazards through standard symbols and phrases	Customer health and safety
Paris Agreement of the United Nation's Framework Convention on Climate Change (UNFCCC)	Develop a legal instrument applicable to all Parties to cut greenhouse gases (GHG) emissions	Emissions, Energy
UN Convention on Law of the Sea (UNCLOS)	UN Convention on Law of the Sea establishes rules governing all uses of the oceans and their resources	Water and effluents, biodiversity, effluents and waste
MARPOL Annex VI by International Maritime Organization (IMO)	MARPOL is concerned with preventing pollution from shipping	Emissions, water and effluents, effluents and waste
United Nation's Sustainable Development Goals (UN SDG)	UN SDGs call for action by all countries - developed and developing - in a global partnership to support sustainable development in relation to numerous topics and global issues	Energy, Emissions, Water and Effluents, Biodiversity, Effluents and waste , Diversity and equal opportunity, Non-discrimination, Labor practices, Occupational health and safety, Employment, Market presence, Ethical business practices
Kuwait Environmental Public Authority (KEPA) regulations	KEPA sets environmental regulations in Kuwait	Emissions, effluents and waste, water and effluents, biodiversity

*Table includes but not limited to the laws, regulations and standards KPC Group complies with.

The remuneration policy is developed by benchmarking remuneration (in terms of base salary, allowances, fixed and variable pay) provided by top organizations in Kuwait, as well as leading Oil and Gas sector companies in the gulf region. The Executive Compensation Committee is responsible for determining the annual incentive targets, payout and the merit increase for Top Management, whereas the Recruitment and Compensation department is responsible for implementing the remuneration policy for other employees.

Disclosure and Transparency

KPC Group is committed to providing accurate disclosures of all material information, while ensuring fairness and equality of access to such information. The Board of Directors ensures that all disclosures and communications to the external and internal Stakeholders are fair, comprehensive, transparent, clear, accurate and timely, reflecting the nature and extent of the risks inherent to business activities. The process of disclosure and communication is delegated to the Corporate Communication Department. Through our periodic publications such as the Annual Report, we provide a transparent picture of our historical performance, risks, opportunities and future prospects, in addition to our audited financial statements. With the publication of this Report, we have begun reporting our extra-financial performance and intend to continue reporting going forward.

To oversee KPC Group's sustainability activities, the Board of Directors has established the Sustainability Executive Committee (SEC) comprising of various members of the Group's Executive Management. Since formation and up to the date of finalization of this Report, a total number of three meetings were held.

SEC's various responsibilities



Members of Sustainability Executive Committee (SEC)

	Date of Appointment	Committee role
Ahmad Al-Hamad KPC Acting MD HR	4 September 2019	Chairman of the Committee
Sheikh Faisal Al-Jaber Al-Sabah KPC DMD Corporate Relations	4 September 2019	Deputy chairman of the Committee and Head of KPC-stand alone Data Hub
Shaima Al-Ghunaim KPC DMD Corporate Planning	4 September 2019	Head of KPC Group data hub
Bader Al-Munaifi KOC DCEO South & East Kuwait	4 September 2019	Head of Upstream Data Hub
Ghadeer Al-Qadfan KPC DMD International Marketing	4 September 2019	Head of Midstream Data Hub
Abdulaziz Al-Duaij KNPC DCEO Support Services	4 September 2019	Head of Downstream Data Hub
Kholoud Al-Mutairi KNPC Manager Corporate Communication	4 September 2019	Advisory Transition period

Corporate sustainability

Creating long-term value for our Group and Stakeholders, despite the numerous megatrends that can disrupt our operations, is essential to sustaining our business and remain profitable. For more information about megatrends affecting our business, please refer to pages 22.

As a response to the emerging megatrends, our Group's Vision, Mission and Values, as well as, the establishment of the KPC 2040 Strategic Directions were set in place to navigate the global shifts and create a sustainable business poised for any changes.



Our Vision

Excellence and integration are our path to globality



Our Mission

- Being a secure and reliable supplier of hydrocarbons
- Managing our operations with world-class HSSE standards
- Being highly profitable and performance-driven enterprise
- Being an actively integrated organization with corporate thinking approach
- Being an employer of choice
- Being a positive role model for Kuwait society



Our Values

Integrity

Creating a culture where people develop and grow, and are positively motivated to continue to the success of others



One team

Caring for the interests of KPC and ensuring alignment to achieve corporate and state goals



Commitment to HSSE

Respecting the environment and ensuring the safety, security and the promotion of a healthy workplace wherever KPC operates



Innovation

Developing and embracing new ideas, methods and approaches to solving challenges that create value



Partnership

Developing and embracing new ideas, methods and approaches to solving challenges that create value



Caring for People

Creating a culture where people develop and grow, and are positively motivated to continue to the success of others



Pride

Creating employee satisfaction on an individual level and promoting a sense of loyalty and belonging to KPC



Excellence

Encouraging high performance, continuous improvement and a customer focus





Our KPC 2040 Strategic Directions



In addition to the Corporate 2040 Strategic Directions and sectorial plans, the KPC 2040 Strategic Directions for Functional Areas - such as HR and IT which apply to KPC and Subsidiaries

4

Creation of sector-level strategic plans

The sector-level strategic plans were created based on the themes of the KPC 2040 Strategic Directions.

Corporate

- Implement and maintain world-class standards of operational excellence, to achieve a sustainable leadership position in the Oil & Gas industry.
- Continuously optimize the portfolio to capitalize on opportunities and rationalize non-core and unprofitable assets.
- Meet the State of Kuwait's current and future energy demand by providing an economically and environmentally friendly mix of fuels as well as strategic backup.
- Utilize alternative, renewable and other energy sources when it adds value to KPC businesses.
- Develop a digital strategy and implement a digital transformation framework to achieve operational excellence.



Domestic

Upstream

International

- Achieve sustainable crude oil production capacity of 4.00 MMBOPD in the State of Kuwait (including Divided Zone) by 2035 and maintain it until 2040.
- Achieve sustainable non-associated gas production of 2,000 MMSCFD in the State of Kuwait (including Divided Zone) by 2040.

- Improve and optimize current portfolio to ensure operational excellence and maximize financial returns to KPC.
- Pursue selective attractive acquisitions, opportunities and partnership with major oil companies, that increase overall portfolio returns to KPC.
- Support capability development of Domestic Upstream through training/secondment into International Upstream Joint Ventures Operating Companies.



Shipping

Midstream

International Marketing

- Maximize the value of Kuwaiti hydrocarbons through disposal in secure long-term and diverse outlets.
- Develop asset-backed trading business to maximize Kuwaiti hydrocarbons value, while actively managing market/price risks.

- Ensure meeting long term strategic cover and KPC marketing requirements of crude oil, refined products and LPG carriers in-line with KPC's production plans, and via the most economical means.



Domestic

Downstream

International

- Achieve up to 1.6 MMBPD domestic refining capacity by 2025 with maximum conversion capabilities while ensuring maximum offtake of domestic heavy oil and meeting local energy demand.
- Maximize integration of refining and petrochemical operations domestically.
- Explore partnership in domestic refining to enhance operational excellence, efficiency and reliability.
- Participate with private sector in meeting domestic fuel retail demand while fostering competition and enhancing private sector participation.

- Pursue, through partnerships/alliances with international partners, economically viable investment opportunities to build capacity disposing 425 MBPD of Kuwaiti crudes in high-growth promising markets by 2025, and additional volume up to 300 MBPD (when materialized).
- Sustain current European retail portfolio and expand fuel retail business in high-growth promising markets.

Petrochemical

- Expand base petrochemical inside and outside the State of Kuwait via new builds/expansions and Mergers and Acquisitions activities, with suitable international partners (when necessary), to achieve leading position globally, through achieving 14.5 MTPA (represent Equity capacity) in 2040.
- Expand into downstream derivatives linked to base petrochemicals production, inside and outside the State of Kuwait, via new builds/expansions and Mergers and Acquisitions activities, with suitable international partners, through achieving 1.2 MTPA (represent Equity capacity) in 2040, while achieving 15% of total equity capacity additions domestically by 2040.

Sustainability implementation journey

In order to implement the KPC 2040 Strategic Directions, which are aligned to the United Nation's Sustainable Development Goals (UN SDGs), the priorities of the national Vision of a new Kuwait and the pillars and Strategic Directions of the Kuwait National Development Plan (KNDP), we established a KPC Sustainability Reporting Policy that governs our Group including our eight Subsidiaries. Our policy serves as a basis for creating a comprehensive sustainability framework to amalgamate and communicate all the sustainability-related initiatives, activities and projects performed by our Group. By

deploying our policy, we seek to further embed sustainability into our Corporate Strategy and communicate our current Sustainability effort and performance to our wider group of Stakeholders.

With the aim of achieving the commitments of our KPC Group Sustainability Reporting Policy, we established five primary principles: governance and ownership, stakeholder engagement, prioritizing what matters, review and continuous improvement, and transparent communication.

KPC Group Sustainability Reporting Policy



Kuwait Petroleum Corporation and subsidiaries | مؤسسة البترول الكويتية وشركاتها

سياسة الإبلاغ عن الاستدامة لمجموعة شركات مؤسسة البترول الكويتية

This sustainability reporting policy highlights our commitment to ensuring effective management and communication on our performance on economic, social and environmental topics to all our stakeholders. This commitment to sustainability reporting is closely aligned to our corporate vision, mission and values as well as to the strategic directions of our 2040 Corporate Strategy. Through our commitments on sustainability and sustainability reporting, KPC-group seeks to play an important role in meeting the objectives of the conceptualized vision of a New Kuwait.

This policy applies to KPC and each of our subsidiaries in the Upstream, Midstream and Downstream sectors within the State of Kuwait as well as in other areas of our operations. All our subsidiaries, suppliers and joint ventures under our operational control are expected to ensure alignment with this policy and the commitments contained herein.

To accomplish our ambitions, we remain committed to:

- **Contribute to economic growth:** Create both direct and indirect economic growth through development of local content, as the primary contributor to Kuwait's national economy.
- **Minimize operational environmental impacts:** Prevent pollution and the negative impacts on our operations have on the environment by reducing waste, emissions, and using resources efficiently.
- **Promote effective labor practices and decent work:** Adopt labor practices to promote decent work and contribute to the development and wellbeing of our employees as well as contractors.
- **Engage with local communities:** Assess the impacts of our operations on local communities and actively seek opportunities to contribute to community development.
- **Remain responsible for our products:** We are responsible for our products, and therefore produce, market, and distribute innovative and safe products with low environmental impacts.
- **Comply with regulations and standards:** Comply with all socio-economic and environmental regulations and strive to meet international sustainability standards in all geographies that we operate.

تتوزع سياسة الإبلاغ عن الاستدامة هذه التزاماً بضمان الإدارة الفعالة والتواصل الفعال بشأن أدائها في المواضيع الاقتصادية والاجتماعية والبيئية لجميع أصحاب المصلحة لدينا. يرتبط الالتزام بالإبلاغ عن الاستدامة ارتباطاً وثيقاً برؤيتنا ورسالتنا وقيمنا كما يرتبط بالاتجاهات الاستراتيجية لاستراتيجية الشركة لعام 2040. من خلال التزاماتنا بالاستدامة والإبلاغ عنها من خلال تقارير الاستدامة، تسعى مجموعة شركات مؤسسة البترول الكويتية إلى لعب دور مهم في تحقيق أهداف الرؤية الاستراتيجية للشركة الجديدة.

تتطبق هذه السياسة على مؤسسة البترول الكويتية وجميع الشركات التابعة لها في كل من قطاعات مراحل الإنتاج الأولى (Upstream)، ومراحل الإنتاج الوسطى (Midstream)، ومراحل الإنتاج المتقدمة (Downstream) داخل دولة الكويت وفي المناطق الأخرى التي نعمل بها. يتوقع من جميع الشركات التابعة لنا ومن موردينا والمشاريع المشتركة الخاضعة لولايتنا التشغيلية أن تضمن التوافق مع هذه السياسة والالتزامات الواردة فيها كما وردت في هذه الوثيقة.

لتحقيق طموحاتنا، نلتزم بالآتي بما يلي:

- **المساهمة في النمو الاقتصادي:** خلق نمو اقتصادي مباشر وغير مباشر من خلال تطوير المحتوى المحلي، كمساهم رئيسي في الاقتصاد الوطني الكويتي.
- **تقليل آثار العمليات التشغيلية على البيئة:** منع التلوث والآثار السلبية لعملياتنا على البيئة من خلال نظف الهيدر والانبعاثات واستخدام الموارد بشكل فعال وكفؤ.
- **تعزيز ممارسات العمل الفعالة والعمل اللائق:** اعتماد ممارسات العمل التي تُعزز العمل اللائق وتساهم في تطوير موظفينا والمقاولين وتعزيز الصحة العامة لكليهما.
- **التواصل مع المجتمعات المحلية:** تغيير تأثير عملياتنا على المجتمعات المحلية والبحث بنشاط عن فرص للمساهمة في تنمية المجتمع.
- **نمى مسؤولين عن منتجاتنا:** نحن مسؤولون عن منتجاتنا، وبالتالي نقوم بإنتاج وتسويق وتوزيع منتجات مبتكرة وأمنة لها تأثيرات بيئية منخفضة.
- **الامتثال للوائح والمعايير:** الامتثال لجميع اللوائح الاجتماعية والاقتصادية والبيئية والسعي لتلبية معايير الاستدامة الدولية في جميع المناطق الجغرافية التي نعمل بها.

لتحقيق التزاماتنا وطموحاتنا، سنلتزم بالمبادئ الأساسية التالية:

المبدأ 1: مشاركة أصحاب المصلحة

نعتبر أصحاب المصلحة لدينا، بما في ذلك الحكومات والهيئات التنظيمية والموظفين وشركاء الأعمال والموردين والمجتمعات المحلية وغيرها، جزءاً لا يتجزأ من نجاحنا. نسعى إلى خلق قيمة لجميع أصحاب المصلحة لدينا، ونحن ملتزمون بتقييم ردود أفعالهم وتوقعاتهم بشأن أدائنا الاقتصادي والاجتماعي والبيئي، والرد عليها من خلال خططنا الاستراتيجية.

المبدأ 2: الحوكمة والملكية

تشكل هذه السياسة جزءاً من إطار الإبلاغ عن الاستدامة الخاص بنا، وبالتالي ستكون ملزمة ومحمكة من قبل وظيف حوكمة الاستدامة المحددة داخل مجموعة شركات مؤسسة البترول الكويتية ككل وبداخل الشركات التابعة لها بشكل فردي. تقع المسؤولية الشاملة لتنفيذ هذه السياسة على عاتق اللجنة التنفيذية للاستدامة (SEC) بالنيابة عن الرئيس التنفيذي لمؤسسة البترول الكويتية.

سنشدد الوعي ونعزز ثقافة المساءلة، حيث يؤدي جميع موظفينا أعمالهم بما يتماشى مع التزاماتنا تجاه الإبلاغ عن الاستدامة.

المبدأ 3: إعطاء الأولوية لما يهم

سنركز جهودنا على إدارة تلك الموضوعات الاقتصادية والاجتماعية والبيئية التي تتوافق مع إستراتيجيتنا المؤسسية وأهداف خطة التنمية الوطنية الكويتية. تعكس هذه الموضوعات الجوهرية تأثيراتنا الهامة وتؤثر بشكل كبير على تقييمات وقرارات أصحاب المصلحة.

المبدأ 4: المراجعة والتحسين المستمر

سنضع أهدافاً وغايات لمراجعة أداء استدامة مجموعة شركات مؤسسة البترول الكويتية بانتظام وتعزيز ثقافة التحسين المستمر. سنقوم بمراجعة وتحديث التزاماتنا على مر السنين لتلبية احتياجات أصحاب المصلحة لدينا ولمواكاة تطور سياق الاستدامة.

المبدأ 5: التواصل الشفاف

نحن نقر الانفتاح والشفافية تجاه جميع أصحاب المصلحة لدينا. سنقدم تقريراً عن أداء الاستدامة لدينا والقدم المحرز في التزاماتنا وفقاً للمعايير الدولية في الإبلاغ عن الاستدامة بالإضافة إلى تقديم تحديثات منتظمة من خلال قنوات أخرى. سوف تضمن مصداقية تقريرنا من خلال التركيز على جودة وثقة البيانات والمعلومات المبلغ عنها.

Governance and ownership

Through our governance and ownership principle, we adhere to a structure with well-defined roles and responsibilities to create awareness within our organization and promote a culture of accountability. For more information about our sustainability governance, please refer to page 33.

Stakeholder engagement

We comprehend that our Stakeholders are integral to our success. We utilize various channels of communication to ultimately create value for our Stakeholders and engage with them to assess and respond to their feedback and expectations.

Stakeholder concerns and engagement channels

GRI 102-40

GRI 102-42

GRI 102-43

GRI 102-44

GRI 102-46

Stakeholder	Key Concerns	Channels of Engagement
Sustainability Executive Committee (SEC)	<ul style="list-style-type: none"> Sustainability performance 	<ul style="list-style-type: none"> Regular meetings
Employees	<ul style="list-style-type: none"> Professional development Employee retention and acquisition Health and safety Grievance mechanism 	<ul style="list-style-type: none"> Interviews Corporate intranet Suggestions and complaint mailbox Employee surveys Code of conduct Departmental sessions
Suppliers and Contractors	<ul style="list-style-type: none"> Quality of service Timely payments Partnerships 	<ul style="list-style-type: none"> Supplier assessments Contract negotiations Conferences and exhibitions
Local and International Customers	<ul style="list-style-type: none"> Supply of products and pricing Product safety Product innovation 	<ul style="list-style-type: none"> Customer satisfaction surveys Marketing and media Conferences and exhibitions
Governmental Bodies	<ul style="list-style-type: none"> National Vision and plans Kuwaitization Compliance with local regulations 	<ul style="list-style-type: none"> Routine reports Involvement in government initiatives Consolidated Partnership Advisory Council
Labor Unions	<ul style="list-style-type: none"> Employee rights and wages Transparency 	<ul style="list-style-type: none"> Meetings with employee representatives Electronic mails
Media	<ul style="list-style-type: none"> Transparency Health and safety 	<ul style="list-style-type: none"> Reports Press conferences and releases Media monitoring Conferences and exhibitions
Local Communities and Educational Institutions	<ul style="list-style-type: none"> Endorsement of community events and community support Impacts of operations on community Job creation Support to educational institutions 	<ul style="list-style-type: none"> Sponsorships Community events Public reports Meetings with representatives from educational institutions Public exhibitions
Nongovernmental organizations (NGOs)	<ul style="list-style-type: none"> Social and environmental impacts Support of local causes 	<ul style="list-style-type: none"> Press conferences and press releases Sponsorships Public reports
JV partners	<ul style="list-style-type: none"> Corporate Governance Economic performance Partnerships and cooperation 	<ul style="list-style-type: none"> Top management meetings Contract negotiations Joint social initiatives Annual reports Conferences
Financial Institutions	<ul style="list-style-type: none"> Compliance with terms and conditions Timely payment of funds environmental regulations 	<ul style="list-style-type: none"> Payments Regular reports Meetings
International and Regional Organizations	<ul style="list-style-type: none"> Leading business practices 	<ul style="list-style-type: none"> Conferences

Prioritizing what matters

GRI 102-40

GRI 102-42

GRI 102-43

The materiality principle is at the center of KPC Group Sustainability Reporting Policy, as our group faces a wide range

of topics on which we can report. The principle emphasizes the need for our group to focus our reporting on topics that reflect economic, environmental and social impacts on the basis of a dialogue with our Stakeholders. A three-step approach was followed to identify KPC Group's sustainability material topics: (1) Identification; (2) Prioritization; and (3) Validation.

1



Identifying preliminary list of topics

A combination of internal and external factors were considered to identify a preliminary list of relevant topics, including factors such as KPC 2040 Strategic Directions, broader local expectations, future trends, KPC Group's interest from Upstream to Downstream

sectors, and topics disclosed by similar Holding companies.

This step also took into account the basic expectations expressed in international standards (i.e. GRI Standards and IPIECA), as well as, international, national and sector-based regulations, strategies and goals.

3



Validating the list of material topics

The list of material topics identified for inclusion in the Report during Step 2, were approved by the relevant internal Senior decision-makers at the KPC Group. Validation is undertaken with the aim of

ensuring the KPC Group Report provides a reasonable and balanced representation of the organization's sustainability performance, including both its positive and negative impacts.

Material topics and impact boundaries

GRI 102-44

GRI 102-47

Material Topic	Impact Boundary	Link to GRI Standards	Page Reference
Common Material Topics			
Learning and Education	Employees	GRI 404	94-98
Economic Performance	Employees, suppliers, contractors, government, JV partners, and NGO	GRI 103, GRI 201	46-53
Water	Local communities, government, and KEPA	GRI 103, GRI 303	64-67
Energy	Local communities, government, and KEPA	GRI 103, GRI 302	58-63
Emissions	Local communities, government, and KEPA	GRI 103, GRI 305	58-63
Innovation	Suppliers and contractors, customers, and JV partners	N/A	83-84
Occupational Health and Safety	Employees and contractors	GRI 103, GRI 403	104-110
Stable Supply of Hydrocarbons	Employees, contractors and customers	GRI 102-7, GRI 103 OG1	49
Downstream Material Topics			
Effluents and Waste	Local communities, government, and KEPA	GRI 103 GRI 306	72-77
Employment	Employees, local communities, educational institutions and labor unions	GRI 102-8, GRI 103 GRI 401	89-93
Upstream Material Topics			
Customer Health and Safety	Customers, local communities	GRI 103, GRI 416	81-82
Compliance	Government, KEPA	GRI 103, GRI 307 GRI 419	32
Market Presence Including Local Content	Local communities, employees, suppliers and contractors	GRI 103, GRI 202	50-53
Additional Topics Disclosed			
Biodiversity	Local communities, government, and KEPA	GRI 304	68-70
Local Communities	Local communities	GRI 413	112-119
Diversity and Equal Opportunity	Employees, local communities	GRI 405	99-101

2

Prioritizing the list of topics

After identifying an initial broad list of relevant topics, KPC Group internal and external Stakeholders were invited to evaluate the importance of those relevant topics for reflecting significant economic, environmental and social impacts, or Stakeholder decision making. A virtual collaborative platform, Think Tank tool, was used to facilitate engagement with internal and external Stakeholders and rank the relevant topics to arrive at a prioritized list of material topics for defining the contents of the KPC Group Sustainability Report.

A total of three Think Tank sessions were conducted with internal - KPC and Subsidiaries Managers- and external Stakeholders as follows:

- One session with internal Stakeholders from the Downstream sector
- One session with internal Stakeholders from the Upstream/Midstream sector
- One session with external Stakeholders

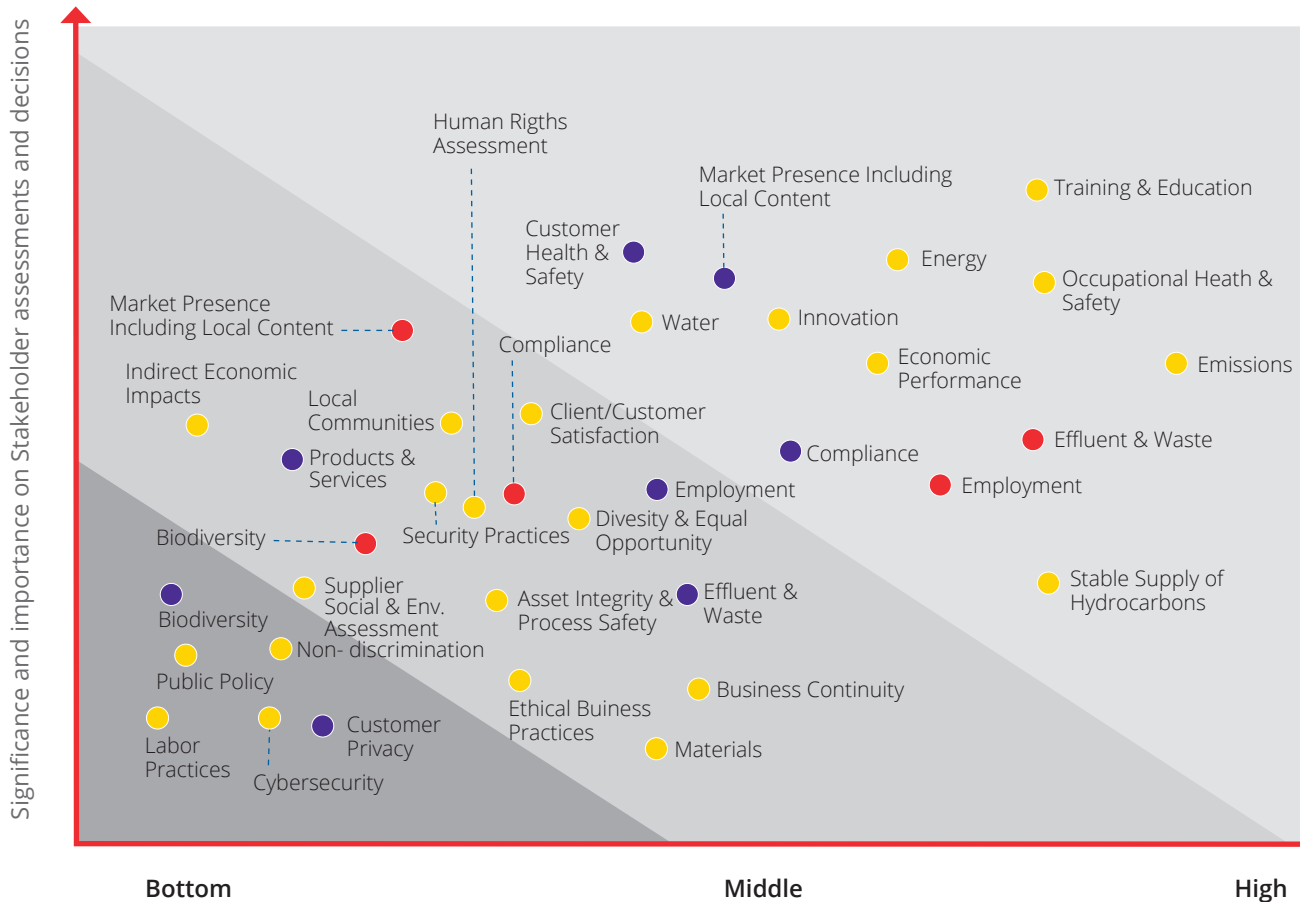
Following the three aforementioned sessions, a total of two additional Think Tank sessions with the D-CEOS -Upstream Midstream and Downstream- were conducted to consolidate the sustainability topics identified during the three sessions conducted with the sector Manager level and external Stakeholders.



Materiality Results

GRI 102-44

GRI 102-47



Review and continuous improvement

At KPC Group, we realize that an important characteristic of any successful Sustainability Reporting program is the continuous review of performance as well as the reVision of existing processes to match changes in the internal and external context of our Group. Therefore, we seek to continually evaluate our Sustainability Reporting Policy-related processes including Sustainability Reporting governance, approach, performance, internal controls and communication.

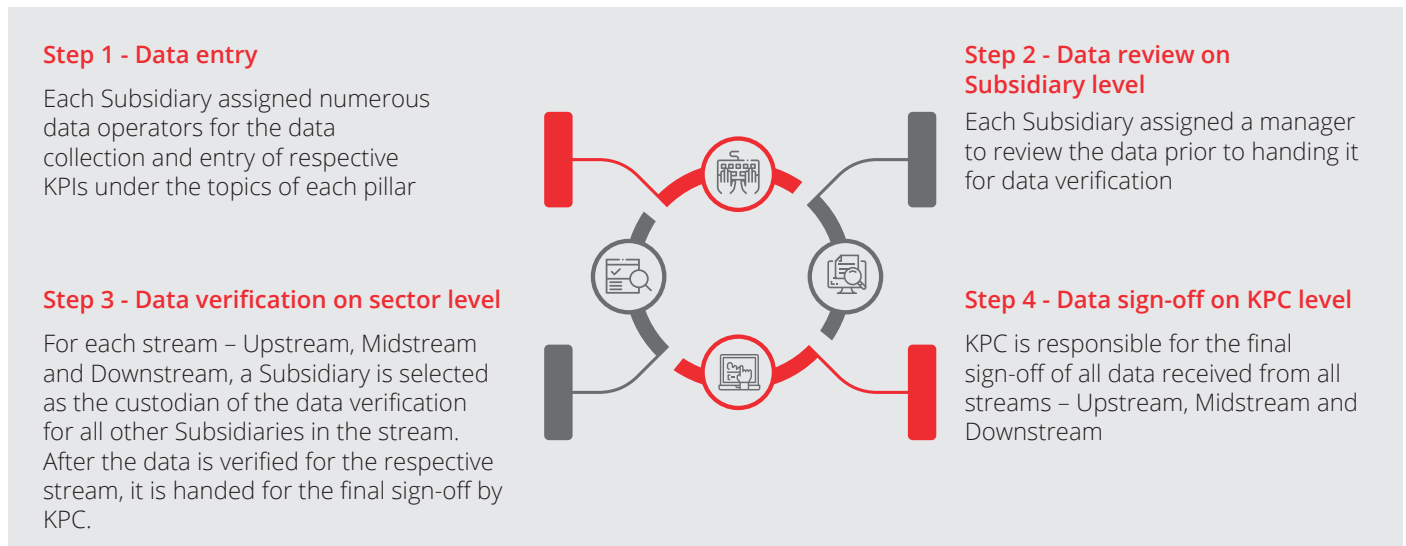
Furthermore, in our efforts to ensure effectiveness of our performance in meeting strategic targets and commitments, we established a sustainability data collection tool which has defined key performance indicators (KPIs) for each of our material sustainability topics -all our KPIs were set and defined in accordance with the GRI Standards.

Proposed roadmap for implementing sustainability at KPC Group



To ease monitoring our sustainability performance, our tool splits the sustainability topics into five pillars– environmental, economic, society, product responsibility, and labor practices and decent work. We follow a four-step process for reporting data in the data collection tool to guarantee accurate data is collected and ensure that subsequent target-setting is based on correct analysis.

Data reporting process for the KPC Group Data Collection Tool



Transparent Communication

With the aim of materializing the results of implementing the first four principles of our Sustainability Reporting Policy, we established the fifth and last principle of our Sustainability Reporting Policy; report on our sustainability performance and progress on our commitments with quality and accuracy in accordance with international standards. We, at KPC Group, understand that transparent communication with our wider group of Stakeholders builds more trust with them and retains their loyalty.

We are proud to publish this Report – our first Group Sustainability Report –as it is a testimony that we are committed to our Sustainability Reporting Policy and to creating a sustainable business and economy.

Our subsequent sub-sections under our sustainability performance section are aligned with the five pillars of our data collection tool: Economic advancement (economic pillar), Environmental stewardship (Environmental pillar), Community engagement (Society pillar), Product responsibility and People commitment (Labor practices and decent work).





03 ECONOMIC ADVANCEMENT



- Generating economic value
- Establishing market presence

"We measure our success not just in terms of financial profitability but also in how we impact the economies and people of countries where we operate, especially Kuwait."

Wafaa Yousef Al Zaabi

Managing Director Planning and Finance, KPC











The Oil & Gas sector accounts for more than half of Kuwait's GDP, 92% of export revenues and 90% of government income.¹ Oil production in Kuwait accounts for seven percent of the world's oil production.² Owing to these factors, we understand KPC Group plays a pivotal role in driving socio-economic development in Kuwait and in the communities in our value chain by generating direct and indirect jobs, and investing in the long-term social and economic success of the communities in which we operate. We also contribute to economic growth by helping meet current and future energy needs and enabling research on innovative technologies.

KPC Group continued its contributions to sustainable development of the society and economy in Kuwait during the fiscal year 2018/2019 despite the various challenges the sector faced such as the drop in global oil prices, increasing

global competition, digital disruption of the industry, potential increased costs of operations due to climate change impacts and reduction in global demand. We overcame these challenges due to our ability to rapidly respond to uncertainties through continuous analysis of current and emerging industry trends/risks, scenario planning for multiple outcomes, training and development of personnel, investment in technology and improving our business resilience framework.

'Contribute to economic growth' and 'Remain responsible for our products' are two of the six key strategic goals of KPC Group. Accordingly, all our economic strategies and targets are developed based on seven Strategic Directions to meet current and emerging global sustainable megatrends.

Material topic alignment to sustainability context

Topic	GRI	UN SDGs	New Kuwait 2035	KPC 2040 Strategic Directions
Economic Performance	GRI 201	     	 	<ul style="list-style-type: none"> Implement and maintain world-class standards of operational excellence to achieve a sustainable leadership position in the Oil and Gas industry. Continuously optimize the portfolio to capitalize on opportunities and rationalize non-core and unprofitable assets. Meet Kuwait's current and future energy demand by providing an economically and environmentally friendly mix of fuels as well as strategic backup. Develop corporate finance capabilities and tools to best manage financing requirements and capital allocations. Leverage refining and petrochemical businesses to deliver Downstream manufacturing opportunities to the private sector inside the State of Kuwait. Increase local private sector share in KPC spending and achieve a minimum of 30% for Local Suppliers and Contractors contributions in Capital Projects spending. Enhance private sector participation in KPC existing and future activities/ investments. Build and maintain research and technology (R&T) skills, capabilities and infrastructure aligned with business needs through a physical R&T center and collaborations with strategic partners. Proactively adopt and develop new technologies that align to business needs.
Market Presence	GRI 202	  		
Procurement Practices	GRI 204			
Socio-economic Compliance	GRI 419			
Innovation	-			

¹ <https://www.cia.gov/library/publications/resources/the-world-factbook/geos/ku.html>

² <https://www.worldatlas.com/articles/what-are-the-biggest-industries-in-kuwait.html>

Generating economic value

The Oil and Gas sector continues to face a number of economic disruptions owing to several factors, including sustainability-related risks. However, climate-change and resource-availability related risks have been emerging as one of the top risks being faced by the sector - with increasing financial and cost implications on the business operations. Examples of such risks and their impacts include:

- Extreme weather events to infrastructure damage, supply chain and operational disruptions, and construction and decommissioning delays.
- Shortage of raw materials and changing regulatory environment in the markets we operate in, leading to higher costs of supplies, transportation and marketing of products and services.
- Significant costs in Research and Technology (R&T) to identify alternative technology and innovative products.
- Write-off of existing technology and infrastructure.
- Potential risk of significant fines or penalties in case of any possible non-compliance with rapidly evolving regulatory requirements in the geographies we operate in.
- Significant increase in costs and investment requirements to meet the global market demand of transitioning from conventional products and services to those with more sustainable and renewable energy-use focus.

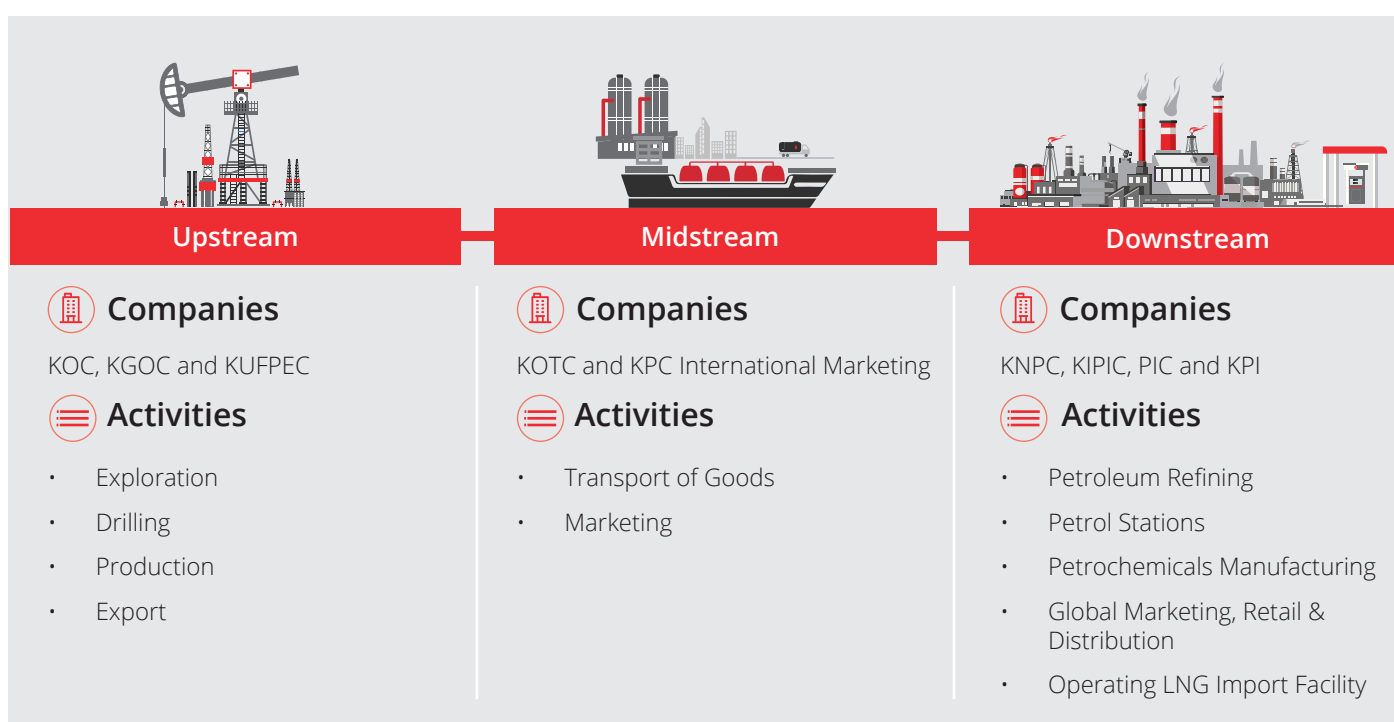
At KPC Group, we believe it is imperative to be resilient to these rapid disruptions by continuously identifying and improving our processes and technology infrastructure to remain profitable in the market and to meet stakeholder expectations.

Some of the initiatives we have taken recently include:

1. Enhancing energy efficiency and environmental protection by upgrading our existing facilities (example: KNPC Clean Fuels Project).
2. Commissioning the development of Kuwait's largest Solar Power plant (Dibdibah project) worth more than 1.2 billion. The project is expected to replace equivalent of 5.2 million barrels of oil per year and produce 15% of the local power requirements using renewable energy by 2030.
3. Setting up the Q8 Research and Technology Centre in the Netherlands to develop new product formulations for lubricating oils, prime products, aerosol propellant and bitumen.
4. Establishing Kuwait International Petroleum Research Center (KIPRC) facility to develop internal capabilities to solve challenges and achieve growth targets.
5. Identifying multiple sources for procuring raw materials, to avoid delays in meeting customer demands in case of any unexpected disruptions with our supplier countries or businesses.
6. Updating our existing policies and procedures by taking into consideration changing environmental, health and safety aspects.

Even with these financial implications, we strive to continuously create and distribute economic value in our value chain as it is an important indicator of our organizational performance and signifies our economic sustainability, potential for growth and impact on the socio-economic environment in which we operate.

How we generate and distribute economic value

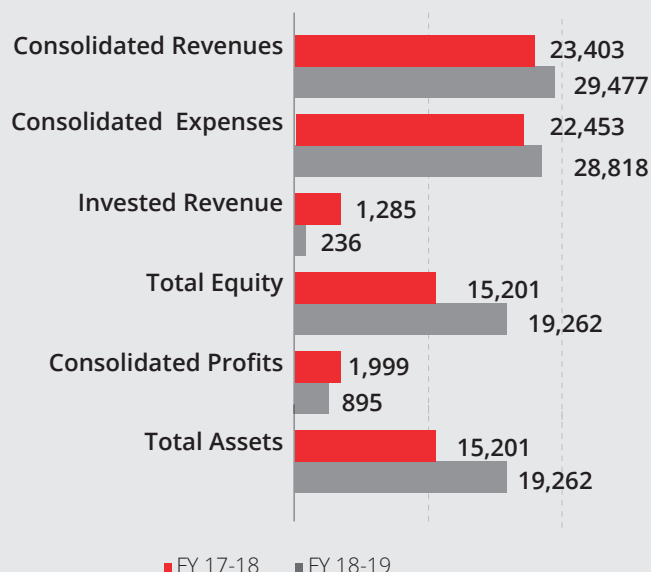


GRI 102-45

During the year 2018-2019, we have seen an increase of 26% in our consolidated revenues, compared to our previous fiscal year. The majority of our revenues continue to be generated through our Upstream and Midstream operations.

To achieve sustained growth, yearly budgets and targets are developed by each Subsidiary, which are then reviewed by Top Management and approved by the Board of Directors. Growth, annual budgets and business targets are developed by each Subsidiary, which are then reviewed by the top management and approved deviations in budgets are discussed and analyzed to identify measures to balance them or obtain further approvals, as may be required. Furthermore, quarterly meetings are conducted with the Board of Directors to present the actual performance results achieved in comparison to the budget and targets set. KPC Group's Board of Directors are responsible for overseeing the financial reporting processes undertaken by Management. They have ultimate responsibility for ensuring transparency and providing accurate information to our Stakeholders. Our Finance and Accounting policies and procedures have been developed based on guidelines set by the International Accounting Standards Board (IASB), regulatory requirements and international best practices.

Summary of financial performance for the Fiscal Year Ending 31 March 2019 (KWD million)



Total direct economic value generated and distributed (KWD)

	KOC	KGOC	KUFPEC	KNPC	KIPIC	KPI	PIC	KOTC
Total Direct Economic Value Generated	163,168	-	-	9,264,590,611	-	5,013,673,529	191,773,716	129,866,000
Net Sales	-	-	-	9,237,637,451	-	5,014,449,487	(34,472,305)	129,883,000
Revenues from financial investments	163,168	-	-	26,953,160	-	-	226,162,508	-
Revenues from sale of assets	-	-	-	-	-	(775,958)	83,513	17000
Total Direct Economic Value Distributed	11,394,829	144,773,423	29,151,814	1,416,809,205	93,948,346	404,037,970	297,413,354	70,239,018
Operating Costs	1,051,368	29,324,533	-	817,942,397	22,306,668	311,999,446	77,831,376	23,936,492
Payments to providers of Capital	9,448,334	-	16,646,035	64,159,976	9,448,334	-	172,596,344	1,479,000
Employee wages and benefits	895,127	114,629,120	12,505,779	534,170,000	62,193,344	87,277,804	46,907,482	44,823,526
Payments to government and taxes	-	-	-	371,784	-	4,760,720	-	-
Community donations and investments	-	819,770	-	165,048	-	-	78,152	-

*For this Sustainability Report, financial performance figures for KPI includes data from its office in Kuwait and its international operations. This is due to the difficulty in separating financial performance figures for the Kuwait office. We intend to disclose financial performance figures separately for future reports. ** Total Direct Economic Value Generated for KUFPEC is not disclosed as the organization's revenue generating activities are located outside the boundary of this report.

Within the KPC Group, all financial control and reporting aspects are overseen by the KPC Managing Director -Planning and Finance, who is responsible for receiving and reviewing all financial performance information from all Subsidiaries. Our internal financial control framework is developed in accordance with leading practices (such as the Internal Control Framework developed by the Committee of Sponsoring Organizations of the Treadway ComMission) that ensure adequate controls are in place and promote effectiveness in all levels of activities within the Finance functions.

KPC Group prepares and reports its financial performance in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). To ensure increased transparency and accuracy of our financial performance figures and enable increased stakeholder trust, our annual financial statements are independently assured by external auditors. All external and internal auditors are directly appointed by and report independently to the Board of Directors.

KPC Group continues to improve our performance in carrying out its oil and gas exploration and production activities through our Upstream companies. We believe it is top priority considering the highly competitive global oil market and in order to ensure continued economic success in Kuwait.

During 2018-2019, our crude oil production was 2.855 million barrels per day.

Our Downstream companies produce various products catered to the needs of our customers. These range from everyday consumer products to complex industrial products.

Total amount of goods produced (‘000 ton/year) (FY18-19)



KNPC

7,530

Naptha / Gasoline

8,750

Gas oil / Diesel

6,899

Aviation Fuel /
Turbine / Kerosene

8,371

Fuel Oil/Residue

3,098

Others (LPG, Sulfur,
Bitumen, Coke)



PIC

150

Polypropylene

* Amount of goods produced by KPI has not been included since the organization's production facilities are located outside the State of Kuwait, and hence outside the boundary of this report.

** Amount of goods produced by KIPIC has not been included since the organization's refineries were not operational during the scope of this report.

KOC Hydrocarbons Production Volumes (FY18-19)



KOC

2.855

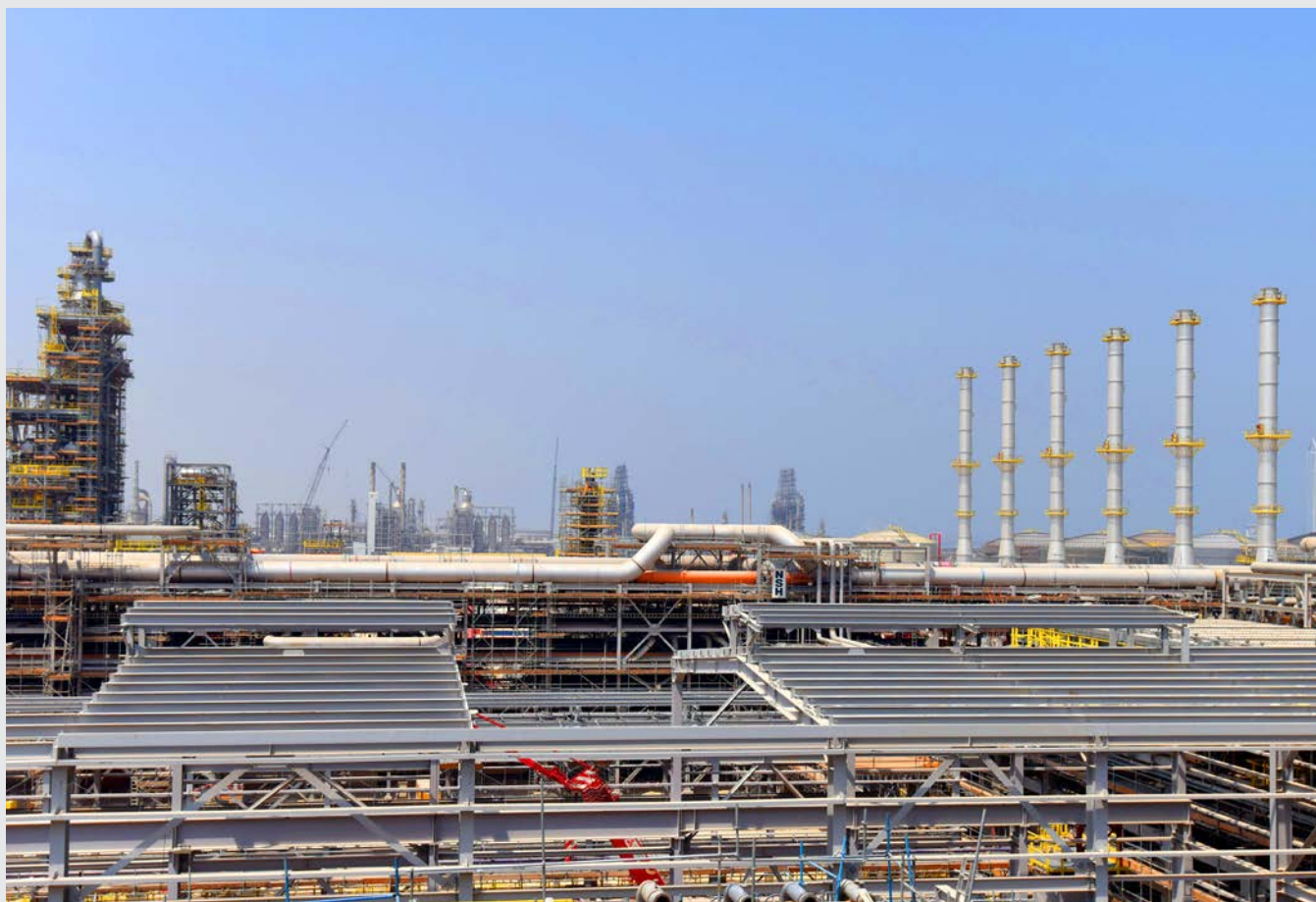
MBOPD
Crude Oil

1454

MMCSFD
Associated Gas

444

MMCSFD
Non-associated Gas



Establishing market presence

Organizations around the world are implementing policies and practices to increasingly support local content (i.e. local industries and local employment). As an organization with significant influence on the economy of Kuwait and the economies across our value chain, we believe it is our responsibility to support local content. KPC Group aims to be a role model in creating competitive and sustainable local value across the oil sector in collaboration with government and industry Stakeholders.

KPC Group seeks to leverage its position and impact on the local economy in Kuwait by developing a competitive private sector that contributes to growth of a highly-skilled Kuwaiti workforce in the sector and long-term sustainable economic development for the country.

Local content is the extent of contribution of local capabilities to add value to the national economy and income diversity in Kuwait. This is primarily assessed on the basis of several metrics such as:

- Recruiting of Kuwaiti workforce by local suppliers.
- Supply of domestic goods and services from local companies.
- Utilization of oil and gas sector products and by-products to create further Downstream manufacturing opportunities.
- Engagement of local private sector in various sectoral activities and development opportunities, among others.

Generating economic opportunities for local employment and local businesses also helps us increase our financial performance. Indirectly, it encourages foreign companies to participate more actively in the local economy, train and hire workers, and build local supplier networks for goods and services.

In support of Kuwait's Vision to improve opportunities for employment of Kuwaitis and support local businesses, KPC Group developed its '2040 Local Content Strategy' which outlines the following objectives:

- Expand the sustainable development of linked Downstream manufacturing industries and engage private sector to build a new industry that depends on utilizing oil and gas sector products and by-products.
- Maximize the efficiency of procurement procedures to increase involvement of local goods and services suppliers.
- Increase participation of the private sector across the oil sector value chain.
- Increase effective participation of Kuwaitis with relevant skills and capabilities in the supplier workforce.
- Engage with different Stakeholders and advocate promotion of government policies and legislation on local content.
- Strengthen local and internal capabilities to reduce increased level of dependency on foreign skills, products and services.

Local Content - Twelve Strategic Initiatives

1 Execute identified industrial opportunities

Assist private sector organizations in executing short-term opportunities identified related to increased involvement of local content in procuring goods and services, linking of new Downstream industries and increasing local small and medium enterprises.

2 Streamline procurement process and establish commercial implementation framework with Local Content components

Establish and roll-out a commercial implementation framework that includes local content requirements for all of KPC's business partners, including defined roles and responsibilities, incentives and penalties.

3 Develop and roll out Local Content opportunity ideation-to-execution process

Unify process to assist the private sector in identification, selection and implementation of local content opportunities in goods and services, linked Downstream industries and private sector participation.

4 Complete work required to develop the Petroleum Industrial Park and drive the development of the Park

Support the expansion of local industry and facilitate execution of goods and services, Downstream industrialization and private sector participation opportunities.

5 Address skill gap in Kuwaitizable jobs

Improve contractor workforce readiness to meet job requirements by launching programs that bridge the skill gap of Kuwaiti employees in contracts, conducting pre-job training program in collaboration with local and/or international partners. KPC Group aims to set the industry competency standards and specifications by establishing a skills advisory and certification entity.

6 Strengthen Kuwaitization recruitment process for contractor workforce

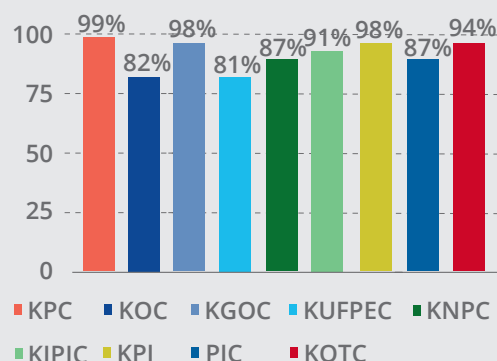
Improve supplier workforce recruitment process effectiveness by increasing pre-job awareness in target academic/vocational institutions, and developing targeted job advertisement campaigns to effectively source candidates by job type.

KPC Supreme Petroleum Council approved KPC Strategic Directions for Local Content up to 2040. Then and based on KPC Strategic Directions, Local Content Strategic Plan up to 2040 has been developed and approved by the Local Content Higher Steering Committee. The approved Local Content Strategic Plan has been cascaded down to relevant Departments under each Subsidiary company. Policies and procedures have been updated to include requirements of the local content Strategy. Relevant Departments in coordination with Top Management set out operational plans and targets for achieving these objectives. For example, the procurement Department develops targets and plans to identify viable local businesses for various types of services and products, the Human Resources Department develops targets and recruitment strategies to hire and upskill local employees in Kuwaitization contracts, etc. The results against set plans are reviewed and discussed by the Local Content Higher Steering Committee, Top Management and the Board of Directors on a periodic basis.

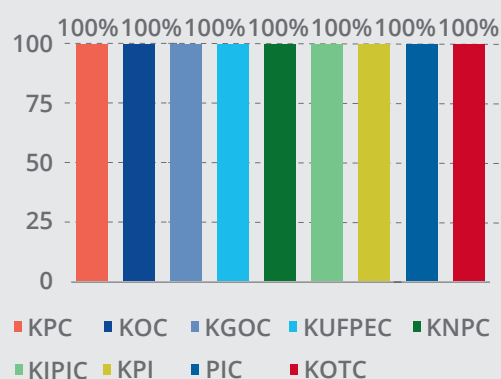
Hiring from the local community helps enhance human capital, increases economic benefit to the local communities in which we operate and increases our understanding of local needs. As an Organization, we also benefit from higher retention rates, increased Stakeholder loyalty and reduced time requirements for recruitment processes.

Over the years, all KPC Group companies have aggressively sought to increase its Kuwaitization ratios. Several companies have exceeded the required target of 85%. This was done through activities such as; participating in local job fairs, exhibitions and recruitment activities at Colleges and Universities, exclusively hiring Kuwaiti graduates for entry-level positions, implementing replacement plans for non-Kuwaiti workers, and training and upskilling of existing Kuwaiti employees.

Kuwaitization rate of employees (%)



Kuwaitization rate of Senior Management (%)



7 Establish competency-based development framework

Enable the professional development of Kuwaitis in the supplier workforce along the career path by strengthening competencies through targeted training. This initiative will also define career progression and competency matrix for each job type.

8 Coordinate and support external entities

Leverage KPC Group's position in Kuwait as a policy influencer to provide recommendations on improving the regulatory environment around local content development and its implementation by all players across the sector. This will include development of robust Stakeholder Mapping plans and defining effective communication channels for engagement.

9 Complete preparatory work and implement measures to reinforce Consolidated Partnership Advisory Council's contribution to Local Content enablement

Enhance the role of Consolidated Partnership Advisory Council in promoting increased involvement of local sector players and small and medium enterprises (SMEs). The Advisory Council is a Board established in 2008, involved in

bringing together different Stakeholder groups from the oil and gas sector, including the private and government entities, to enhance cooperation and communication among the Groups for the development of the sector.

10 Strengthen Local Content Operating Model

Improve KPC Group Local Content Operating Model by increasing accountability and resource efficiency while maintaining alignment with KPC Group Strategic Directions.

11 Develop increased digital awareness and improve engagement platforms for local content

Increase awareness about KPC Group's local content program and initiatives among the Group's business partners. The aim is to design, develop and publish a dedicated portal to advertise new business development opportunities and provide updates on accomplished ones.

12 Design and set up uniform Local Content monitoring and measurement system

Develop a mechanism to measure, monitor and track the execution of Local Content related activities and initiatives, thereby aiming to increase the accountability of the units and entities responsible for the implementation across the oil sector.

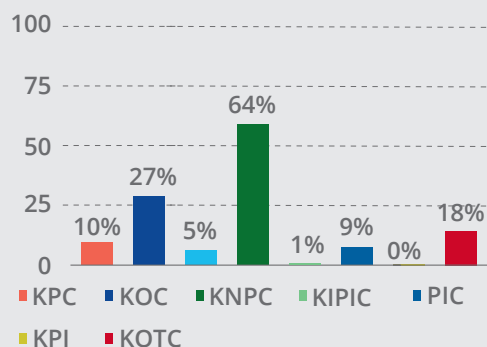
To build local capacity and further contribute to economic growth of Kuwait, our 2040 Local Content Strategy has set a target to increase total budget on local supplier spend, across all operations. As a Group, we spent over KWD 1,587 million in procuring goods and services from local suppliers in 2018-2019.

All suppliers are required to undergo a prequalification and selection process in which they are evaluated for various criteria such as technical qualifications, commercial value and sustainability indicators. Any new supplier who wishes to get prequalified or participate in tenders must register on the eSourcing portals: Kuwait Oil Company for Upstream operations and Kuwait National Petroleum Company for Downstream operations.

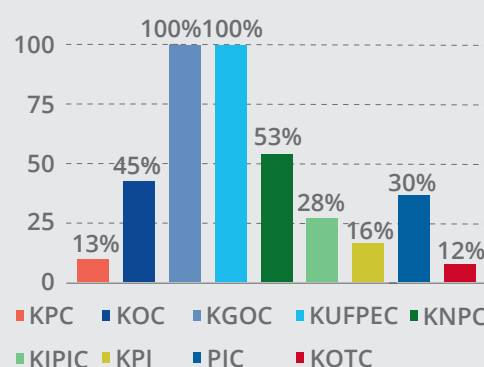
Sustainable procurement involves making purchasing decisions based on factors beyond the initial cost of procurement, such as life cycle of goods and services, associated costs, and environmental and social risks/benefits. The practice also provides us with more value through opportunities to improve productivity, encourage innovation, assess performance and improve communications between Stakeholders.

Over the years, we have progressively implemented sustainable procurement practices across our various companies through initiatives such as policy setting, obtaining certifications, training and comprehensive vendor assessments. We will continue to work towards constant improvement of our procurement practices, develop further initiatives and establish a Group-wide sustainable procurement Strategy moving forward.

Kuwaitization rate of contractors (%)



Percentage spent on local suppliers (%)



*KGOC's on field operations were suspended during the reporting period; hence data is not applicable.

*The contractor numbers for KIPIC include LNGI operations and main contractors for ZOR refinery (does not include sub-contractors).



PIC sustainable procurement

Details of the case study

Petrochemical Industries Company (PIC) defines sustainable procurement to be a process whereby the Corporation meets its needs for goods, services, works and utilities in a way that achieves value for money on a holistic basis in terms of generating benefits not only to the Corporation, but also to society and the economy, whilst minimizing damage to the environment.

PPIC, through its Commercial Department, is committed to incorporate sustainability into its procurement process. Sustainable procurement decisions take into consideration the environmental and social impacts of procuring goods and services and ensures alignment with PIC's commitment related to effective, efficient, ethical and economical use of money and resources.

The process thus looks beyond the up-front cost of a product or service and makes purchasing decisions based on the entire life cycle of goods and services; taking into account associated costs, including the broader environmental and social risks, benefits and overall implications.

Outcomes

Expected positive impacts:

- Reduce or eliminate unplanned & repetitive material requests through use of Economic Quantity Orders (EQO).
- Reduce time and effort required to complete procurement processes.
- Minimize shipping activities which would further lead to less traffic congestions on roads, less repetitive deliveries, and thereby less pollution resulting from reduced emissions due to reduction in fuel / energy consumption.
- Reduce the inputs of natural resources, energy and water in the manufacture, use and disposal of goods.
- Increase focus on the life-cycle costs of all procured materials and not just on the initial costs of procurement.

Contribution towards defined benefit plan obligations and others retirement plans

 KPC	9,164,909 6,267,372	 KUFPEC	969,297 1,778,471	 KIPIC	834,263 7,666,307	 KOTC	2,351,375 3,340,672
 KGOC	15,600,342 9,180,300	 KNPC	34,039,573 48,215,170	 KOC	34,277,355 84,435,185	<ul style="list-style-type: none"> ■ End of service indemnities ■ Pension funds 	

*Data on end of service benefits is not available for KPI, KOC, KOTC and PIC.

KPC Group provides generous end of service benefits to all of our employees in the form of end of service indemnities, as well contributions to various pension funds. These

contributions enable our people to experience high quality of life and pursue other ventures post retirement or separation.



KNPC green procurement strategy

Details of the case study

The KNPC Green Procurement Strategy was developed as a part of its continuous efforts to reduce the negative environmental impacts and overall carbon footprint resulting from various procurement and contracting activities. The key objectives of the Strategy are:

1. To Endorse local value creation and thereby promote contribution to local economic development.
2. Encourage suppliers and contractors to adhere to KNPC's HSE goals.
3. Identify suppliers with sustainable practices to aid the Commercial Department's aim of sustainable procurement.
4. Work with suppliers who share KNPC's core Values of HSE, Business Excellence and Quality.

Outcomes

Various Green Procurement Strategy milestones were achieved internally and externally:

Internal:

1. Green procurement Values charter signed by CEO.
2. Distribution of Green Procurement policy and Values charter to KNPC Departments.
3. Green Procurement Strategy awareness event for KNPC suppliers and contractors was initiated.
4. Green procurement quizzes / awareness messages were shared through KNPC webpage.
5. Introduction of Green Procurement Policy in:
 - a. Tendering process (Introduction of new clause of Green Procurement in the purchase order general terms & RFQ conditions & instructions to bidders, contracts as per HSE guidelines, suppliers compliance to HSE).

- b. Improving warehouse activities (Packing, labelling, handling & storing of hazardous substances and MSDS availability).
- c. Pre-Qualification process (compliance to Environment Public Authority EPA Kuwait).
- d. Utilization of e-sourcing portal (Optimizing staff productivity, reducing paper usage).
- e. Development of the HSE Section in the Commercial Department Webpage and uploading all Green Procurement Documents.

External:

1. HSE / Environment sustainability performance survey for KNPC contractors & vendors.
2. Supplier engagement through Green Procurement strategy awareness event in KNPC Auditorium.
3. Green Procurement Strategy presentation during the fourth KNPC Contractors' HSE Day event.



04 ENVIRONMENTAL STEWARDSHIP



- Managing energy use and greenhouse gas emissions
- Managing water consumption
- Preserving biodiversity
- Managing waste and effluents

"It is our responsibility to protect the environment and preserve the biodiversity of Kuwait. Our HSSE 2040 Strategic Directions guide our activities to increased environmental stewardship. We are fully committed to adhering to local environmental regulations and fostering initiatives on environmental sustainability to mitigate our impacts on the ecology of Kuwait."

Shaima Al-Ghunaim





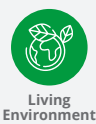






















Deputy Managing Director Corporate Planning, KPC

The oil and gas demand is projected to steadily increase until 2025 with the growing population and development around the world.¹ However, global concerns on climate change and the call for sustainable development are leading the oil and gas sector to shift its position on energy consumption. With the sector contributing to 56.6% to global energy consumption and our group operating across the oil and gas value chain², we comprehend that our operations can have adverse impacts on the ecological footprint, and therefore we proactively manage the environmental aspects related to our business through the implementation of our KPC Health Safety Security and Environment (HSSE) Mission and HSSE 2040 Strategic Directions. At KPC Group, we are fully committed to achieving world class HSSE performance by applying our KPC HSSE standards and regulations and imbedding an HSSE driven culture. Our Environmental Management System - ISO14001- governs our environmental practices and assists us in complying with national and international regulations.

As one of the leading oil and gas organization, we are committed to aligning our group to the national and international Visions and agendas to mitigate our environmental footprint. Our group is aligned with the United Nations Sustainable Development Goals (UNSDGs) following the commitment of the State of Kuwait as a subscriber to the Paris Agreement within the United Nation's Framework Convention on Climate Change (UNFCCC). Moreover, KPC Group is dedicated to impelling Kuwait achieve the New Kuwait Vision 2035 and Kuwait National Development Plan towards achieving a prosperous and sustainable future. Through our KPC 2040 Strategic Directions, we corroborate our obligation in aligning our group to national and international Visions and agendas.

The following section presents our environmental performance on the topics that have been identified as the most material for KPC Group based on the influence on Stakeholders' opinions and our group's impact on the environment- energy, emissions, water, biodiversity, waste and effluents.

Material topic alignment to sustainability context

Topic	GRI	UN SDGs	New Kuwait 2035	KPC 2040 Strategic Direction
Energy	GRI 302	   		<ul style="list-style-type: none"> Utilize alternative, renewable and other energy sources when it adds value to KPC businesses. Fulfil KPC's share of Kuwait's Greenhouse Gas Management commitments. Meet Kuwait's current and future energy demand by providing an economically and environmentally friendly mix of fuels as well as strategic backup. Proactively adopt and develop new technologies that align to business needs. Achieve world class HSSE performance by applying the most stringent HSSE standards and regulations wherever KPC operates. Embed and enforce an HSSE driven culture in KPC and its Subsidiaries.
Emissions	GRI 305	    		
Water	GRI 303	  		
Biodiversity	GRI 304	  		
Waste and Effluents	GRI 306	     		
Environmental Compliance	GRI 307	    		

1 International Energy Agency. (n.d.). World Energy Outlook 2019. Retrieved from <https://www.iea.org/reports/world-energy-outlook-2019/oil#abstract>
2 BP, 2014. BP Statistical Review of World Energy 2014, BP.



Managing energy use and greenhouse gas emissions

KPC derives its electricity from the country's electricity grid operated by the Ministry of Electricity and Water.

In our Upstream operations - represented by KOC, KGOB and KUFPEC, over 70% of the total energy consumption is derived from thermal energy — mainly fuel gas and diesel. Whereas electrical energy constitutes the remaining energy consumption.



KPC

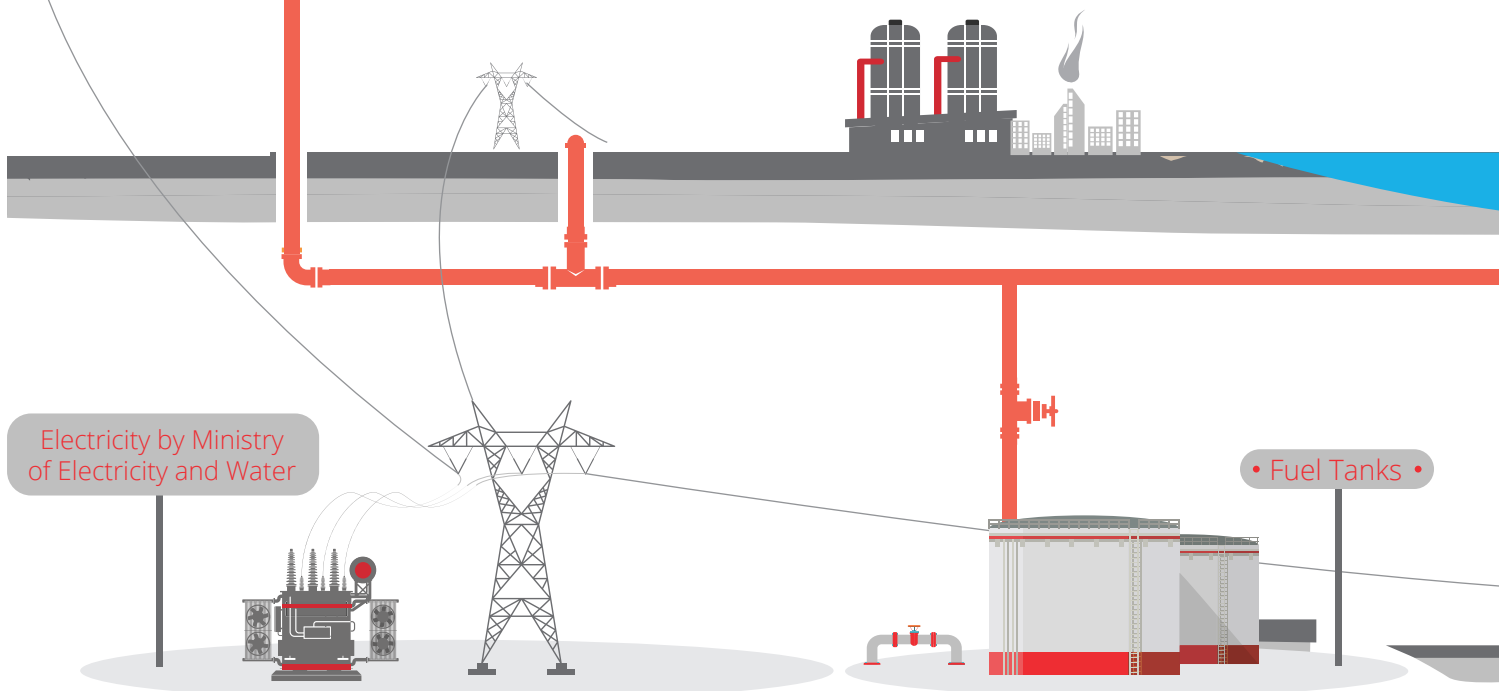


KOC



KGOB

Fuel consumption (GJ)	0	80,408,120	50
Direct greenhouse gas emissions (Ton CO ₂ e)	0	5,752,917	*
Electricity consumption (GJ)	49	11,765,969	114,688
Indirect greenhouse gas emissions (Ton CO ₂ e)	9	2,222,461	78
Renewable energy (GJ)	N/A	56,320	N/A



For our Midstream operations — denoted by KOTC, most of our energy consumption is derived from thermal sources as we operate our Fleets for shipping and use generators at some of our Gas Filling Branches to generate electricity. We use some electricity to power our KOTC head- office and some parts of our Gas Filling Branches.

Our Downstream operations — comprising of KIPIC, KNPC, KPI and PIC follow a similar scenario to our Upstream operations with most of the energy consumption originating from thermal energy — largely fuel gas and imported steam— and sparingly from electricity.



KUFPEC



KNPC



KIPIC



KPI



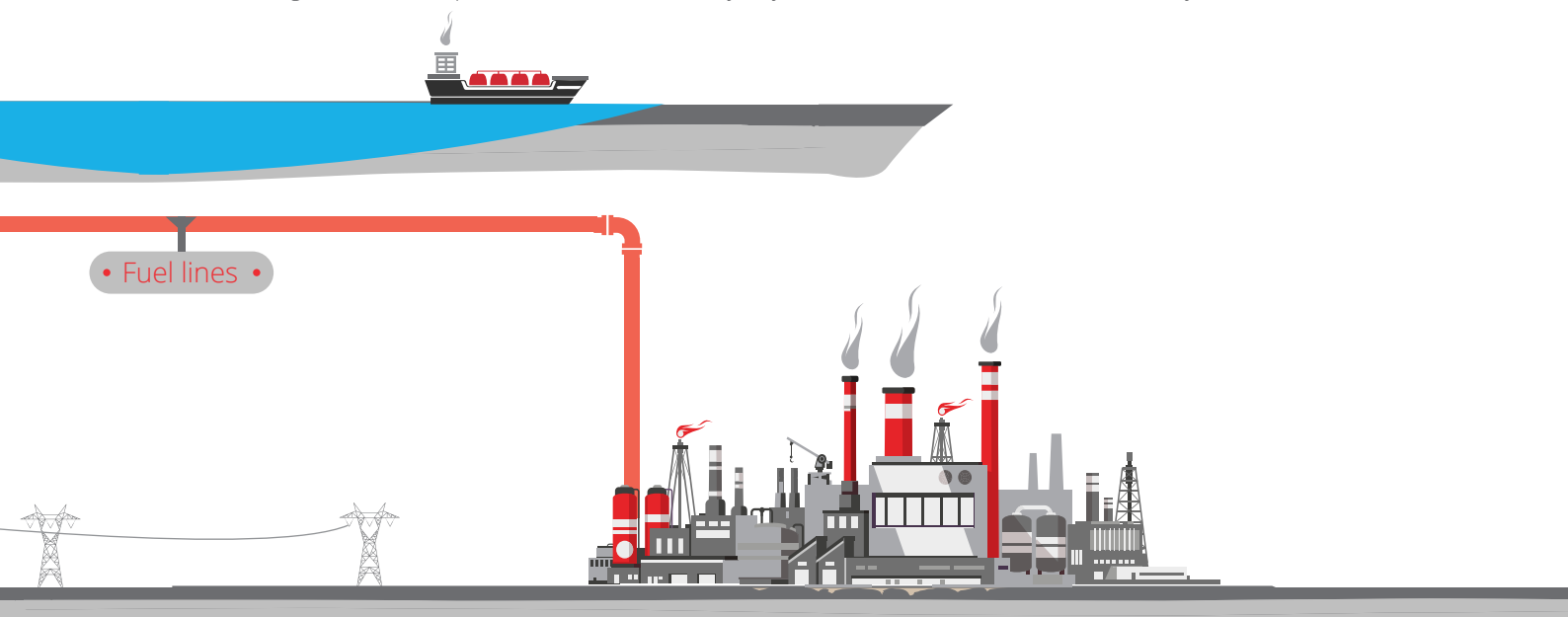
PIC



KOTC

N/A	94,805,951	247,965	****	N/A***	14,739,940
N/A	7,292,816	*	14,751	N/A	1,177,228**
1,595	7,437,444	N/A	****	205,200	48,530**
301	1,611,878	47,058	28,995	39,184	9,210
N/A	720	N/A	13,385,880	2,503	N/A

* Data is not available. **Direct GHG emissions for KOTC exclude the gas filling branches as the data is not available. ***PIC does not generate energy from fuel, instead, it imports steam from another provider.****KPI data present consumption and emissions from international fully owned Subsidiaries. Joint Venture data, fuel consumption and electricity consumption are not available. It should be noted that KPI data is outside of the reporting boundary of the KPC Sustainability Report. However, available data was disclosed for representational completeness. ***** All figures for KIPIC represent data from LNG facility only and does not include data from ZOR facility.



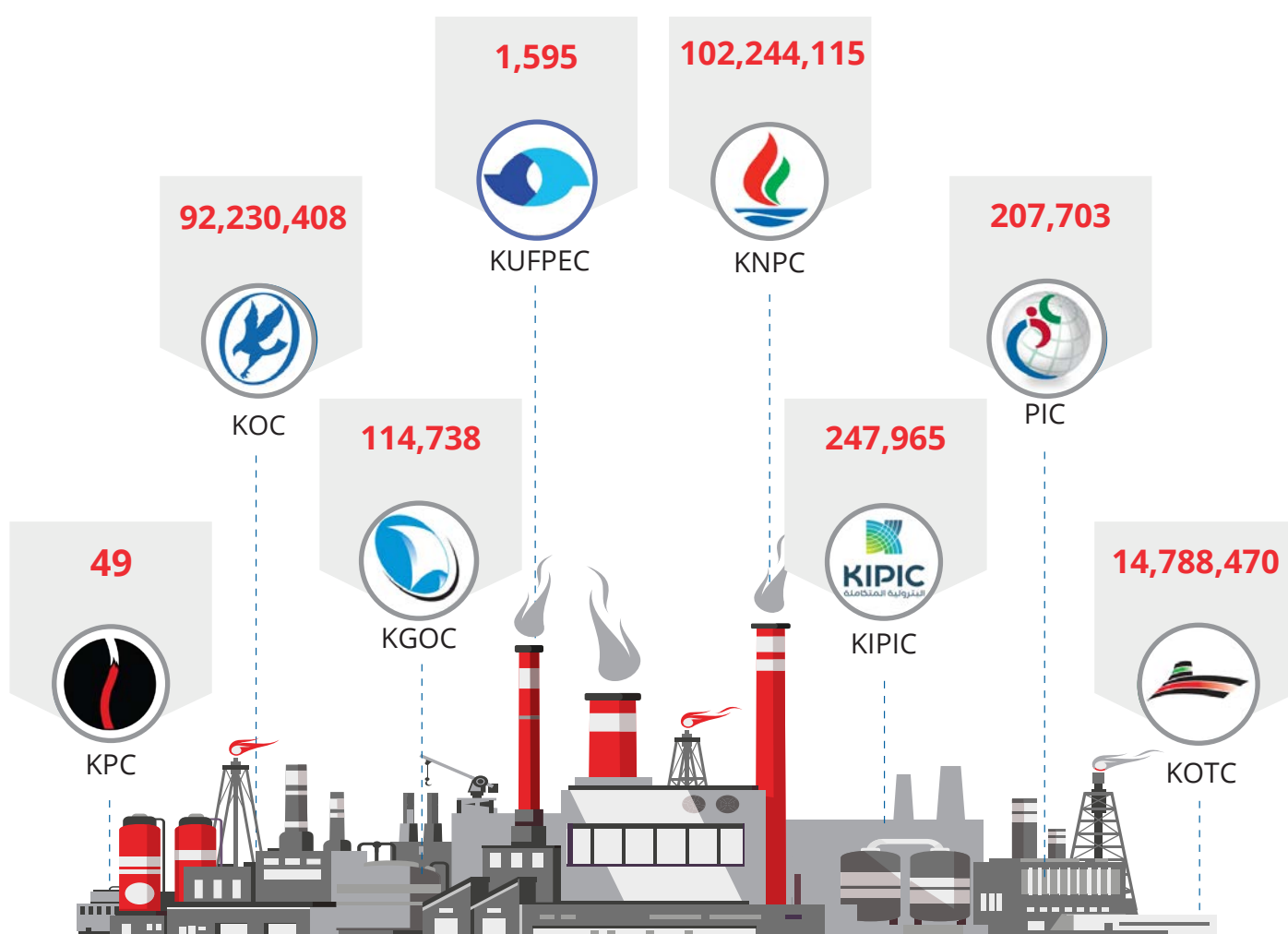
As a Group operating in one of the most energy intensive sectors, we have a responsibility to manage our energy consumption to subsequently minimize our greenhouse gas (GHG) emissions and environmental footprint. Our energy consumption primarily arises from thermal and electrical energy but varies in amount per the industry we are operating – Upstream, Midstream and Downstream. Based on the energy consumption sources, we emit either direct greenhouse gas emissions (Scope1) or indirect greenhouse gas emissions (Scope2). Our direct greenhouse gas emissions come from sources that are owned or controlled by our group, whereas, indirect greenhouse gas emissions come from the generation of purchased or acquired electricity and steam by our Group.

With the significant energy that our sector requires to operate and the profuse amounts of GHG emissions we release, international organizations are calling the oil and gas sector's leading organizations for action to become energy efficient, reduce their carbon footprint, advance towards the usage of more renewables, and mitigate climate impacts. Countries are rolling out Visions and strategies for a more sustainable

future and propelling local environmental agencies to impose regulations to drive the change. In Kuwait, the New Kuwait Vision 2035 and the Kuwait National Development Plan are setting the scene in Kuwait for more environmentally sound resources and tactics with a target to attain 15 percent of energy consumption from renewable sources by 2035.

At KPC Group, we recognize that reducing our energy consumption directly affects our carbon footprint. Thus, our Group, and as part of our 2040 Strategic Directions, is setting out to diminish GHG emissions through various initiatives. KPC is currently establishing an energy policy, energy management standards and detailed energy management system implementation roadmaps for our Group. Our energy management policy is set to govern our Group's energy management practices and our energy management standards are expected to establish guidelines for our Group on the implementation of an energy management system.

Total energy consumption (GJ, 2018-2019)



* Consumption for KNPC is considered based on design value.

** Total energy consumption at KPI is not applicable as it is outside of the reporting boundary of Kuwait.

*** All figures for KIPIC represent data from LNG facility only and does not include data from ZOR facility.

Elements of KPC energy management standards



Leadership and Commitment

Provide visible leadership and commitment to energy management as a prime value that is not compromised and to deliver world class energy management performance.



Energy Planning Reporting and Performance Management

To ensure that a planned, systematic, measurable and achievable approach to energy planning and performance management is adopted across KPC and Subsidiaries.



Compliance Management

To comply with applicable energy laws, regulations, standards, codes, statutory licenses and other requirements.



Energy Risk Management

To promote a risk-based culture in KPC and Subsidiaries, where decisions are based on clear understanding and management of energy risks and opportunities to achieve continual improvement of the energy performance.



Retrofit, Design and New Construction

To ensure that projects (new construction, retrofitting and renovation) in KPC and Subsidiaries incorporate energy performance considerations during the design, procurement and construction.



Energy Management in Operations and Maintenance

To ensure that energy management improvement opportunities for operational and maintenance activities are implemented in a planned and systematic approach.



Communication and Awareness

To ensure that all aspects of the KPC Energy Management System are properly and effectively documented and communicated to all concerned personnel and interested parties.



Training and Competence

To ensure that a well-trained and competent workforce is developed and a strong energy management culture is established in KPC and Subsidiaries.



Internal Audit

To ensure the effective monitoring of KPC and Subsidiaries' implementation of the KPC Energy Management System by means of internal audits and inspections.



Management Review

To ensure that KPC and Subsidiaries' Management regularly review the suitability and effectiveness of the Energy Management System and in parallel work proactively to improve energy performance.



Management of Change

To ensure that all changes are identified and managed effectively such that energy performance of KPC and Subsidiaries is not compromised.

We have seen over the years our Subsidiaries taking initiatives to manage energy consumption. For instance, one of our Subsidiaries, KOC, conducted a pilot study on some of its sites to implement an energy management system. In addition, most recently, KOTC Fleet Operations and PIC Head Office implemented an energy management system in place in accordance with ISO 50001, which guides them with responsible consumption of energy, and identifying significant energy uses and energy performance indicators. Both of the Subsidiaries also perform energy management audits to identify energy reduction opportunities and ensure continuous evaluation and maintenance of their system.

Moreover, our Subsidiary, KNPC, has shown its commitment to energy management and GHG mitigation in the areas of green building. KNPC successfully adopted pilot studies of implementing the Global Sustainability Assessment System (GSAS) in two operational building categories. KNPC Head Office is certified as “Gold” level rating and Mina Abdullah Admin Building is certified as a “Silver” level rating from Gulf Organization for Research and Development (GORD). The Implementation of Green Buildings Master Plan has been development and is under execution for the existing and new buildings categories in KNPC premises.

In addition, as part of our 2040 Strategic Directions, our Group instigated the utilization of alternative, renewable and other energy sources when it adds value to KPC businesses and to Kuwait. At KOC, we generate 10 MW of electrical power solely from our photovoltaic solar plant in West Kuwait – as part of our Sidrah 500 project. Our Sidrah 500 solar plant is registered as a Clean Development Mechanism under the United Nations Framework Convention for Climate Change. KNPC is planning the installation of solar energy at the upcoming KNPC Petrol Filling Stations in phased manner till 2023.

At our Subsidiary PIC, a Solar Photovoltaic (PV) System with a capacity of 820 kW was installed in Head Office and integrated with MEW Power Grid. This allows excess power generated to be fed back to MEW Grid. Our PV system contributes to around 30% of the total Head Office load.

Furthermore, many of our Subsidiaries are implementing several initiatives and programs at their sites to promote clean energy and reduce GHG emissions in line with the New Kuwait Vision 2035. Our Subsidiary, KNPC, initiated a strategic project to expand and upgrade Mina Abdullah (MAB) and Mina Al-Ahmadi (MAA) refineries to be an integrated refining complex

with a total capacity of 800,000 barrels per day. In addition to advanced conversion capabilities, MAA and MAB operational excellence, reliability and safety performance will be greatly upgraded. Energy efficiency and environment protection will also be greatly enhanced, and clean products will conform to Euro-4 specifications, a European eMission standard for vehicles, to greatly reduce KNPC's environmental impacts.

KIPIC's products will also conform to Euro-4 specifications. Its LNGI project is the first of its kind in the State of Kuwait and has been established to meet Kuwait's growing needs for cleanest fuel (natural gas) to generate electricity, as well as the needs of other natural gas consumers such as oil refineries and petrochemical industries.

Along with our Subsidiaries' initiatives on energy management and utilization of renewable and clean energy, which aim to minimize energy consumption and reduce emissions, some of our Subsidiaries implemented initiatives focused on the reduction of emissions. For example, KNPC adopted Environment Health and Safety (EHS) information management, which assists KNPC in accurate tracking of GHG emissions, enabling better executive decision making with faster access to GHG emissions data and dashboards.

Besides KNPC's initiative, KOC conducted a study that examined various methods to reduce GHG emissions, including carbon capture and sequestration technologies, and a strategy was recommended to KOC for the implementation of these technologies in order to meet international and national requirements to address the global challenges of GHG emissions. Some of the technologies used at KOC to mitigate emissions are sulfur recovery units, acid gas recovery plants, gas reinjection plant and, gas sweetening facility. KOC also mitigates emissions in line with our Management of Air Emissions Procedure.

At KGOC, our Wafra Joint Operations implemented an energy management procedure as part of our efforts to promote environmental protection.

As for our Fleet Operations at KOTC, EnergoProfin was installed on four of our very large crude carriers. The Wärtsilä EnergoProFin is an energy saving propeller cap with fins that rotate together with the propeller. Installing the EnergoProFin helps to reduce energy losses, increase overall propulsion efficiency and ultimately improve energy efficiency design index and reduce fuel consumption.





KPC solar photovoltaic systems

Details of the case study

KPC is installing Solar PV systems in its parking facility to generate electricity using solar energy. The project aims to reduce the load on the electrical network at peak times and preserve oil resources, as well as help in reducing the negative environmental impacts of harmful greenhouse gas emissions. The project will start electrical energy production by June 2021.

Outcomes

- Potential electrical Energy Production from the project is about 1.2 MWhr, which is equivalent to 9-11% of KPC total electrical consumption.
- Potential yearly electrical consumption savings from PV project is about KWD 38,000 per year.



Installation of Eco-Insight and Navigator-Insight software for our KOTC Fleet

Details of the case study

ECO Insight and Navigator Insight systems were installed at KOTC Fleet to help KOTC ensure data quality for unique fleet performance analysis. The system provides an onBoard module for structured and harmonized data reporting with intelligent validation that instantaneously alerts officers of potential reporting errors or implausible data. The event-based reports are logged on the onshore server for further evaluation. All required data can be sent automatically to various Stakeholders, such as the Operation Department, technical and fleet management or third parties such as agents, charterers, etc.

In addition, ECO Insight is our Fleet Performance Solution providing all the intelligence and analytics information based on vessels data and baselines and enriched with industry data, such as satellite weather, automatic identification system or fuel sampling data. Hence, vessel comparisons, fleet benchmarking and market benchmarking are built-in providing KOTC with a current state performance evaluation of the fleet and giving decision support and improvement levers along the relevant performance areas:

1. Voyage Performance
2. Hull & Propeller Performance
3. Engine & Systems Performance
4. Fuel Quality Performance
5. Environmental Performance

High quality voyage data management is also essential for all required reporting to charterers, cargo owners, and for the EU's monitoring, reporting and verification of eMission scheme(s) (EU MRV), as well as, the upcoming International Maritime Organization data collection system for fuel oil consumption of ships (IMO DCS).

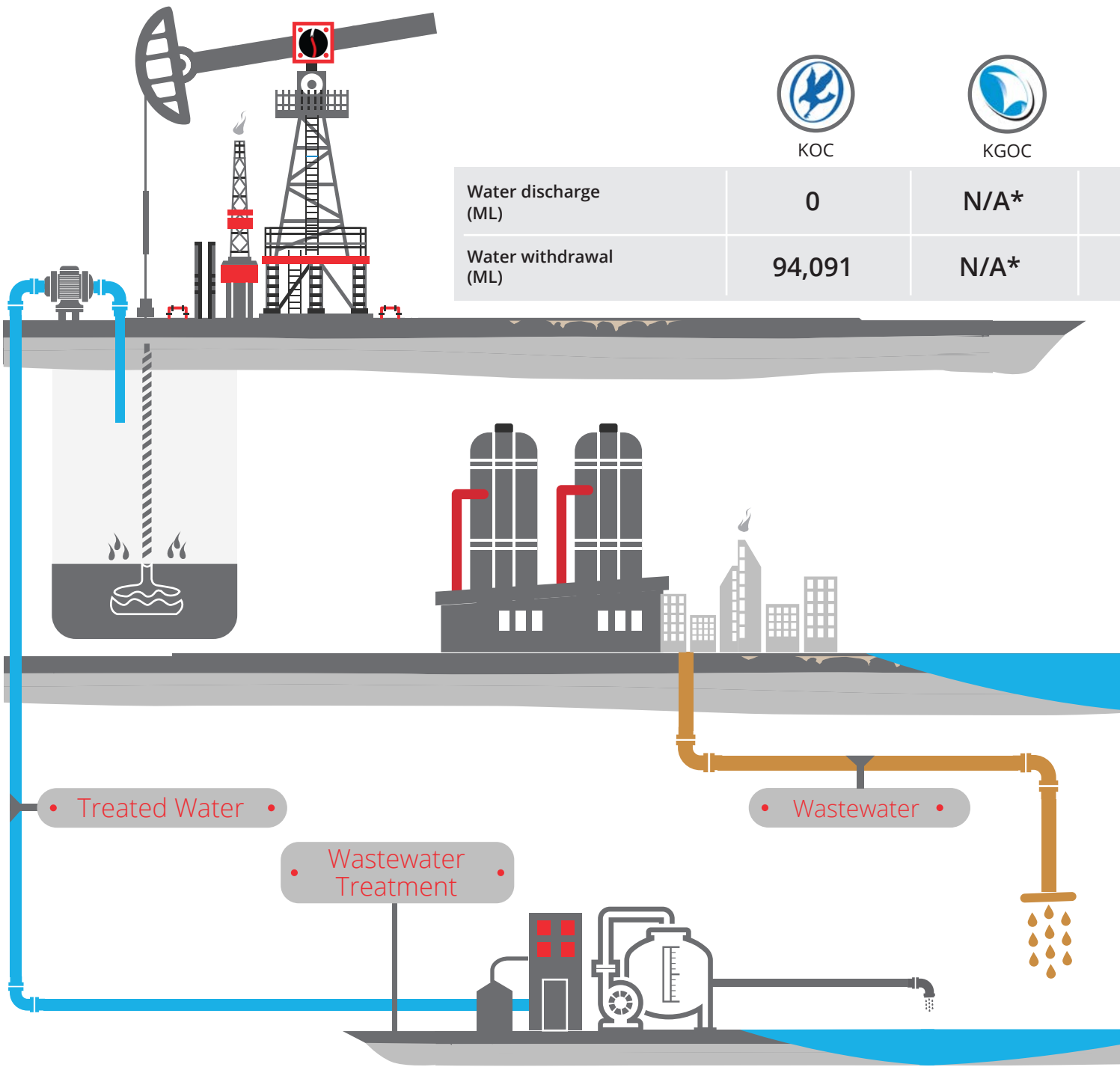
Outcomes

- Fuel consumption and emissions performance improvement
- Harmonized data reporting with intelligent validation
- Fleet benchmarking and market benchmarking
- Enhanced decision making

Managing water consumption

Subsequent to the withdrawal and usage of water in all our operations. Wastewater is generated and treated in wastewater treatment plants before reusing or discharging water to the sea.

For our Upstream operations, industrial water is used for hydraulic fracturing, exploration, drilling, machine washing, dust control, water flooding in enhanced oil recovery, and pipeline testing.



In our Midstream operations, our shipping practice does not consume industrial water but can have a direct impact on water through discharges or spill incidents.

As for our Downstream operations, profuse amounts of industrial water are used during processing and cooling activities.



KUFPEC



KNPC



KIPIC



KPI



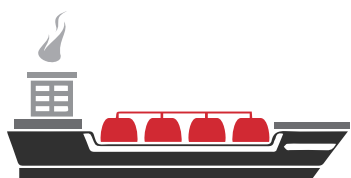
PIC



KOTC

N/A**	1,421,298	515	**	2.60	241***
N/A**	2,379,743	****	**	17,329	268

* This is not applicable to KGOC because all KGOC industrial sites were not operational in 2018/2019. ** This is not applicable to KUFPEC and KPI as all the operations are outside the reporting boundary of Kuwait. *** This includes data for Umm Al Aish gas filling branch and fleet operations. The rest of the data is not available. **** This data is not available. ***** All figures for KIPIC represent data from LNG facility only and does not include data ZOR facility. *****This is not applicable for KPC because it does not have any industrial operations. For potable water, data is not available.



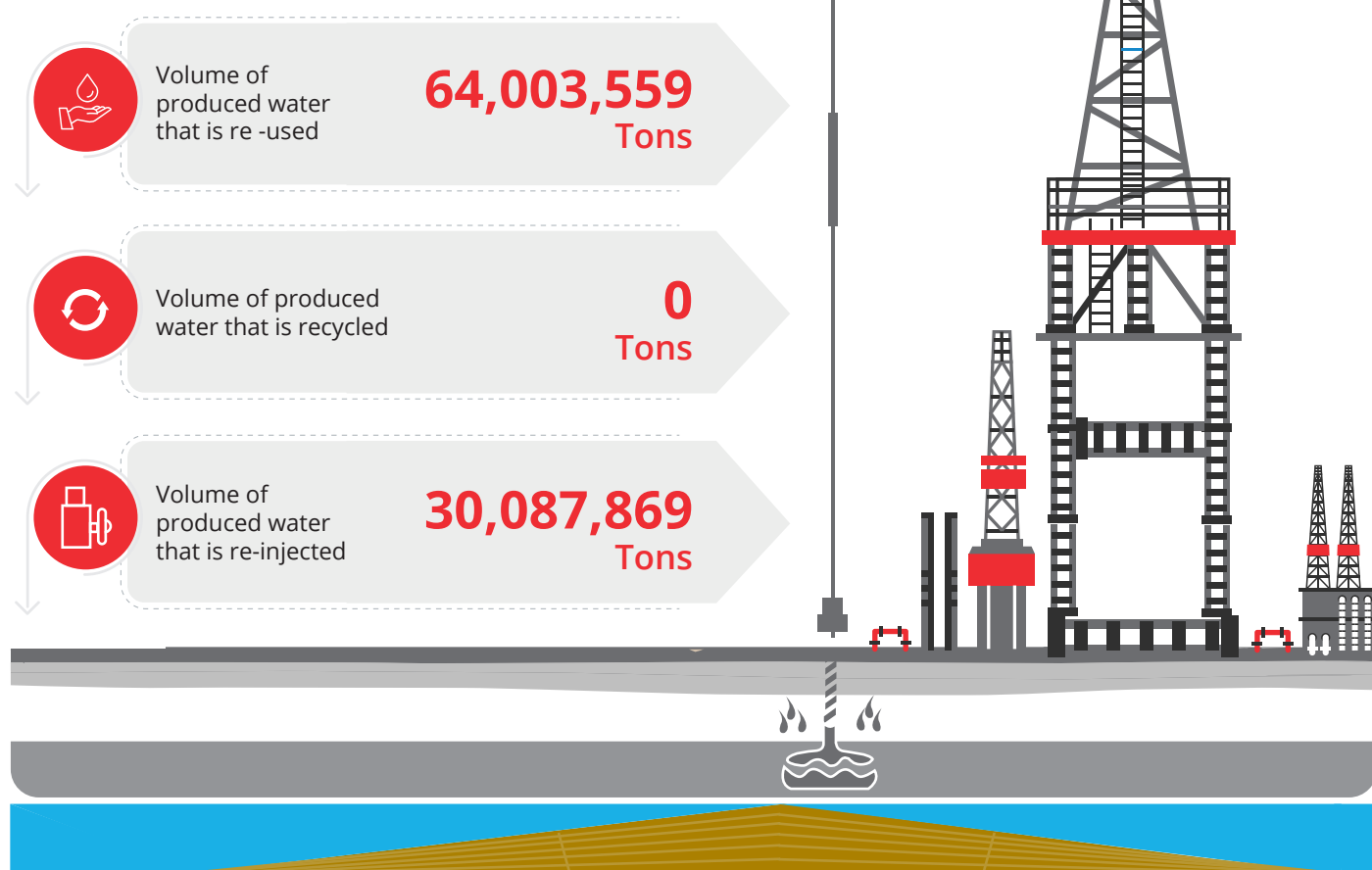
The oil and gas industry in Kuwait consumes abundant amounts of water to run its operations and ejects wastewater in abundance as a result of its operated assets. Two types of water are available at our Group: potable water and industrial water. All our Subsidiaries require potable water at all facilities, which is supplied by the Ministry of Electricity and Water. However, the primary type of water consumed at our operations is industrial water and the source of most of our industrial water is surface water – seawater from the Arabian Gulf- and we sporadically use ground water in our Upstream industry.

With the high demand for water by our operations, significant water scarcity challenges arise as Kuwait is situated in one of the most water-stressed regions in the world³. Water stress occurs when the demand for water surpasses the available amount during a certain period or when poor quality restricts its use. On the other end, the significant water consumption by our Group results in increased water discharges which have pronounced consequences on water quality and life under water. Our Group is taking measures for responsible consumption and management of water as a response to the pressing water-related concerns and matters raised by international agendas and frameworks such as the United Nation's Paris Agreement. The Agreement promotes countries to enhance their water management practices and exhorts

corporations to become more accountable of their water uses and releases with the aspiration of increasing climate resilience, improving ecosystem health and mitigating climate calamities.

At our Upstream operations, all of the water withdrawn is reused, recycled or reinjected into our reservoirs and we do not discharge to any surface bodies. All our water discharges originate from our Downstream operations, where wastewater is produced. Thus, an essential portion of managing water in our Downstream operations – primarily KNPC, PIC and KIPIC is linked to the high standards we follow for the treatment of wastewater to ensure the highest quality of water is discharged to surface water in accordance with water quality limitations imposed by Kuwait Environment Public Authority to subsequently mitigate our water impacts including eutrophication. KIPIC's LNGI facility utilizes sea water to heat up and vaporize liquified natural gas before sending to local grid for consumers including power stations. As a result, utilized sea water will cool down and shall be returned to sea causing a drop in water temperature from an average of 30 degrees Celsius to 22.5 degrees. This will have a positive impact on marine life in the plant vicinity. During the reporting period, our group withdrew approximately 2.49 million mega liters of water and discharged approximately 1.42 million mega liters.

Amount of Upstream produced water by disposal method (ton)



3 Maddocks, A., Young, R., & Reig, P. (2015, August 26). Retrieved from <https://www.wri.org/blog/2015/08/ranking-world-s-most-water-stressed-countries-2040>



Water conservation at KPC

Details of the case study

KPC's maintenance Department is highly driven by the LEED Green Building practices and the Six Sigma methodology. Hence, multiple water conservation measures have been implemented at KPC, such as the replacement of conventional water faucets with automatic ones and the instalment of faucet aerators. During 2018/2019, 329 conventional toilet faucets and 107 kitchen faucets have been replaced with efficient faucet aerators. Future project includes the upgrade of the existing business management system into a smart

system that acts proactively, based on the input data it collects. It is also the Department's aim to further reduce water consumption and transform the facility from a Gold LEED Building to Platinum LEED Building.

Outcomes

- Improvement of the efficiency of water faucets.
- Consumption of faucet water has been reduced by 75 percent.
- Cost of water has been reduced by KWD 475 per day.



Zero Liquid Discharge (ZLD) at KIPIC

Details of the case study

In ZOR facility, as part of Water Management Plan, Wastewater Treatment Unit (WWTU) is being set up with emphasis on recycling and reuse. The recovered water from WWTU will be reused as cooling water make up and for demineralized water production to be used in boilers for steam generation. Under normal operating conditions of the refinery, there will be no effluent water leaving the refinery. Process wastewater and accidentally oil contaminated wastewater will be processed through ZLD facilities.

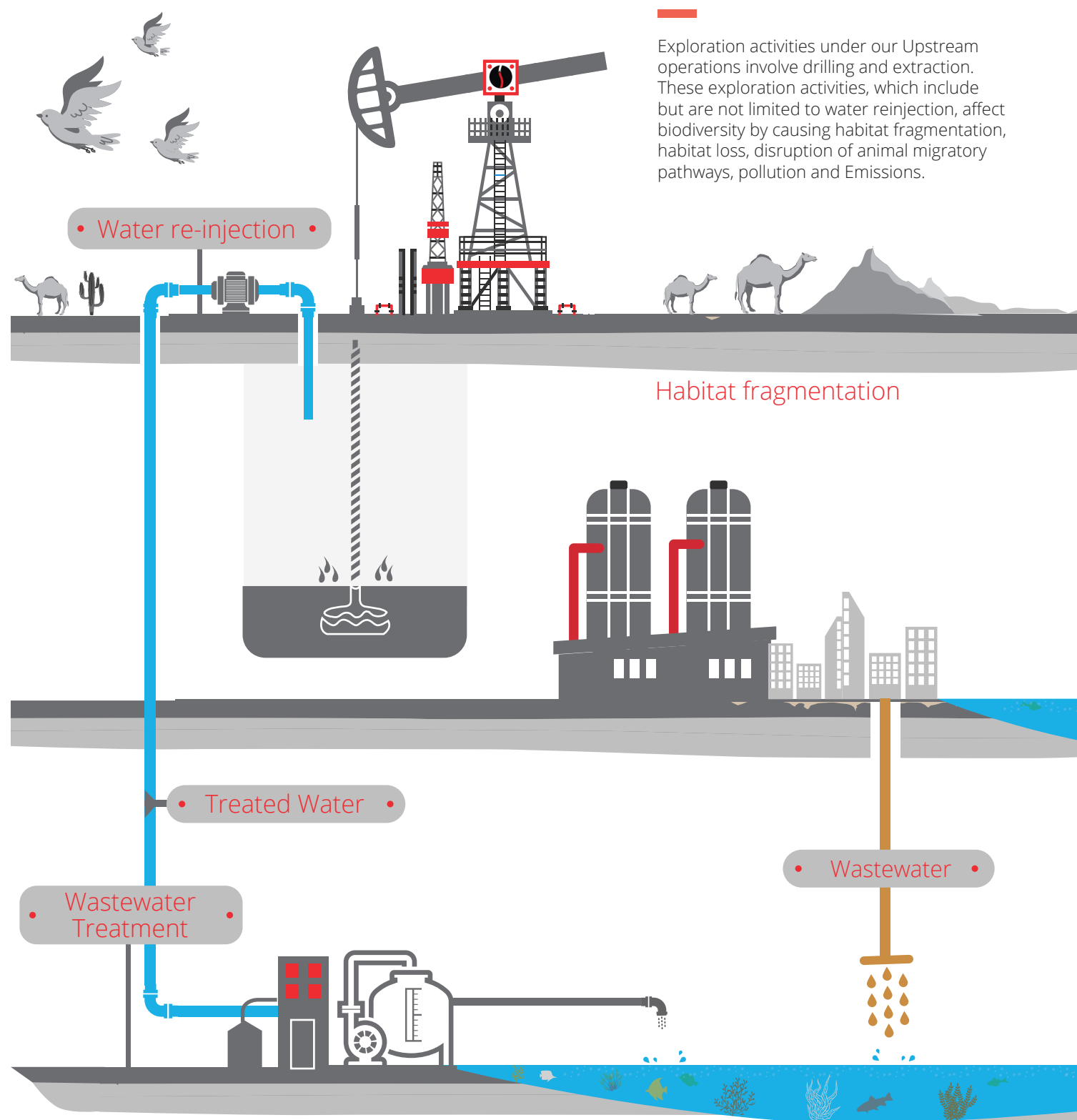
In cases when ZLD facilities are unavailable, the effluent discharged to the sea will be designed to comply with KEPA wastewater discharge specifications.

Outcomes

- Eliminate liquid waste and maximize water usage efficiency.
- Significant saving to KIPIC by reducing fresh water intake by 46 percent.
- Remain committed to minimize operational environmental impacts by reducing waste, emissions and using resources efficiently.

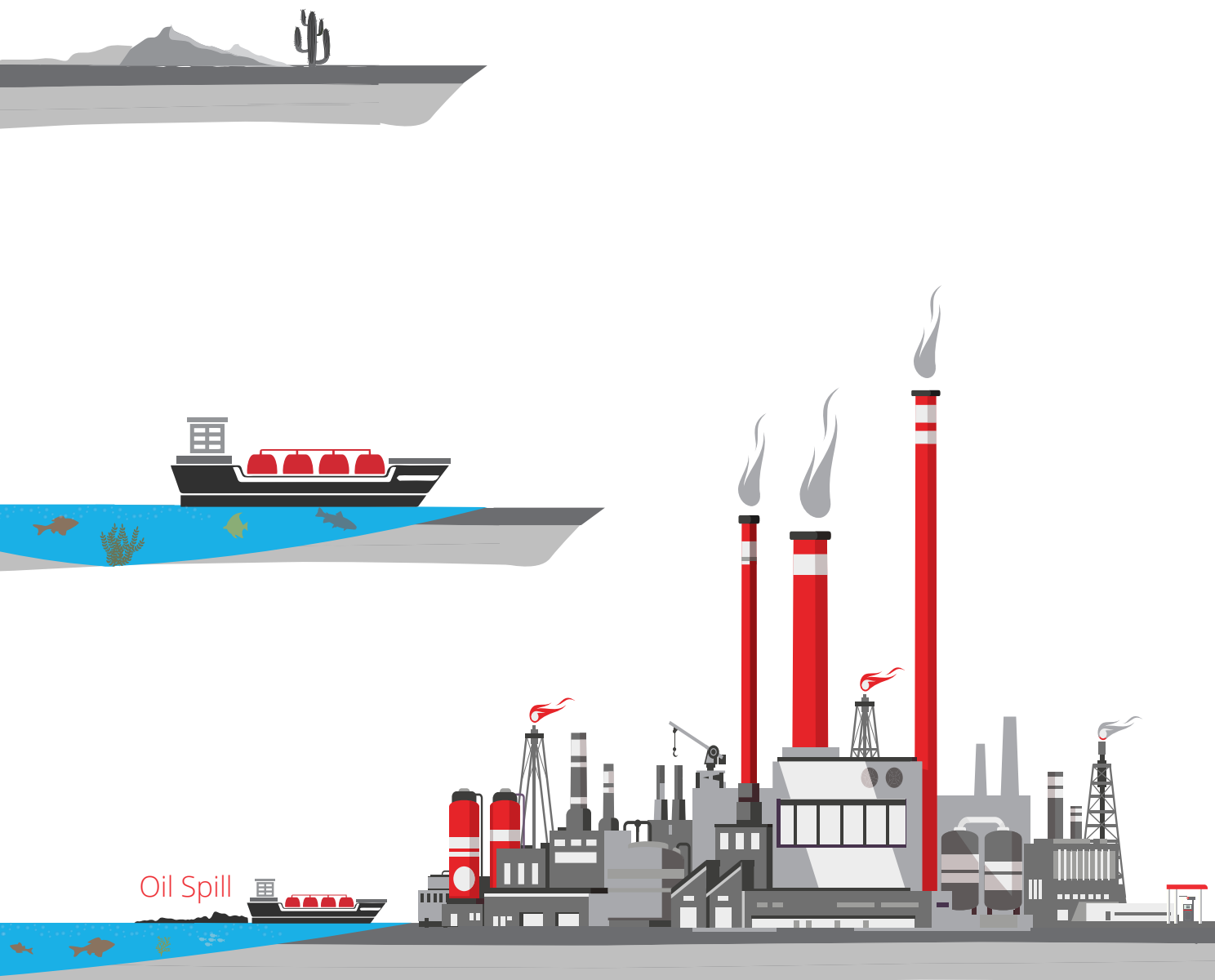
Preserving biodiversity

Our operations across the value chain require immense amounts of energy in various forms such as fuel, electricity and steam. The energy we consume releases greenhouse gas Emissions, as well as, myriad air Emissions like nitrous oxides, sulfur oxides and volatile carbon compounds. These releases to air affect the carbon footprint and impact the biodiversity of surrounding areas.



Our Midstream operations which involve the transportation of our products via land and sea, impose significant risks on marine life mortality due to the possibility of oil spills – which can lead to habitat loss and affect water resources.

In our Downstream operations, our processes emit large amounts of pollutants and release wastewater to surface water. More specifically, some of our petrochemical plants cause eutrophication, which is the enrichment of water by nutrient salts causing structural changes to the ecosystem such as increased production of algae and aquatic plants, depletion of fish species, deterioration of water quality, and other effects that reduce and preclude use.



Kuwait is home to three main ecosystems - desert plains, sand dunes and mangroves – and each of the ecosystems hosts diverse fauna and flora. Numerous species of animals inhabit Kuwait's ecology including desert wolves, gazelles, jerboa, caracal, flamingoes and myriad types of reptiles and invertebrates, as well as various species of fish – like zubaidi and subur – crabs and mudskippers. Kuwait is also the natural habitat to hundreds of different plants such as the bright green Rimth and the red-flowered Al-Awsaj. However, in recent years, a lot of Kuwait's biodiversity has been diminishing as disparate anthropogenic factors like urban encroachment, industrialization and climate change are occurring and eliciting a complex and vulnerable ecosystem and jeopardizing biodiversity.

At KPC Group, our operations across our value chain have a direct link with Kuwait's biodiversity and can have a variety of impacts on the ecosystem. As we comprehend our responsibility to protect the biodiversity of our planet in general and Kuwait in specific, our Subsidiaries continually improve environmental performance and reduce environmental impacts. Our Subsidiary, KNPC, ensured that all sites - operational and planned project site locations - are not located within or near protected areas as a measure to protect biodiversity and minimize ecological footprint.

Our Subsidiary, KGO, has a process in place for existing facilities to inventory, track and permit all Emissions, releases and wastes and to identify natural resources - air, surface water, ground water, soil, geologic resources and biological diversity- impacted by our operations. Moreover, at KGO,

we have a process in place to identify, assess, mitigate and manage potentially significant risks and impacts to human health, the environment and natural resources associated with capital projects, including Emissions, releases and waste.

Along with the aforementioned, our Group is implementing initiatives to integrate biodiversity conservation into our activities. We seek to minimize our impacts on the ecosystem and find opportunities to make positive contribution to the environment and biodiversity. In fact, our Group constructed several nature sanctuaries across Kuwait to help in creating better conditions for wildlife, plants and animals.

At KOC, we conducted a comprehensive study in 2014 of KOC's management of wildlife procedure and develop a detailed program for establishing an effective wildlife habitat management protocol for selected territorial areas of KOC. The programs were developed to be implemented over 5 years and 2018 marks the last year of our action plans for effective implementation of our biodiversity programs. Some of the main initiatives that our programs focused on in the past five years were:

- Developed and updated Wild Habitat (Flora & Fauna) Management Procedure and Programs.
- Established effective wildlife habitat.
- Conducted awareness campaigns on biodiversity protection for employees.
- Conducted wildlife habitat survey to mitigate the key concerns relevant to management of wildlife habitats.



We also embarked on creating awareness on preserving biodiversity in the community through multiple campaigns, initiatives and partnerships with other organizations in Kuwait.

In addition, our petrochemical Subsidiary, PIC, ensures that its wastewater undergoes stringent treatment to minimize

negative impacts - such as eutrophication and affirm the quality of water prior to its discharge. For more information on our water practices, please refer to pages 64-67.



Establishment of an effective wildlife habitat management at KOC

Details of the case study

As part of KOC's efforts to preserve biodiversity and protect the environment, KOC inaugurated several nature sanctuaries across Kuwait such as:

- Spirit of the Desert Reserve, which provides a safe haven for local and migrant birds and wild plants.
- Subaihiya Oasis, which is located at Burgan field and was established with the aim of creating the appropriate environmental conditions to become a home for migrating birds and other wildlife.
- Artificial marine colonies at Kubbar Island in cooperation with Kuwait Institute for Scientific Research (KISR) to help protect coral reefs and increase fisheries.
- Al-Abdaliya Nature Reserve, which is 3 million square meters in area and aims to create better conditions for wildlife, plants and animals through the creation of lakes with surrounding hills.

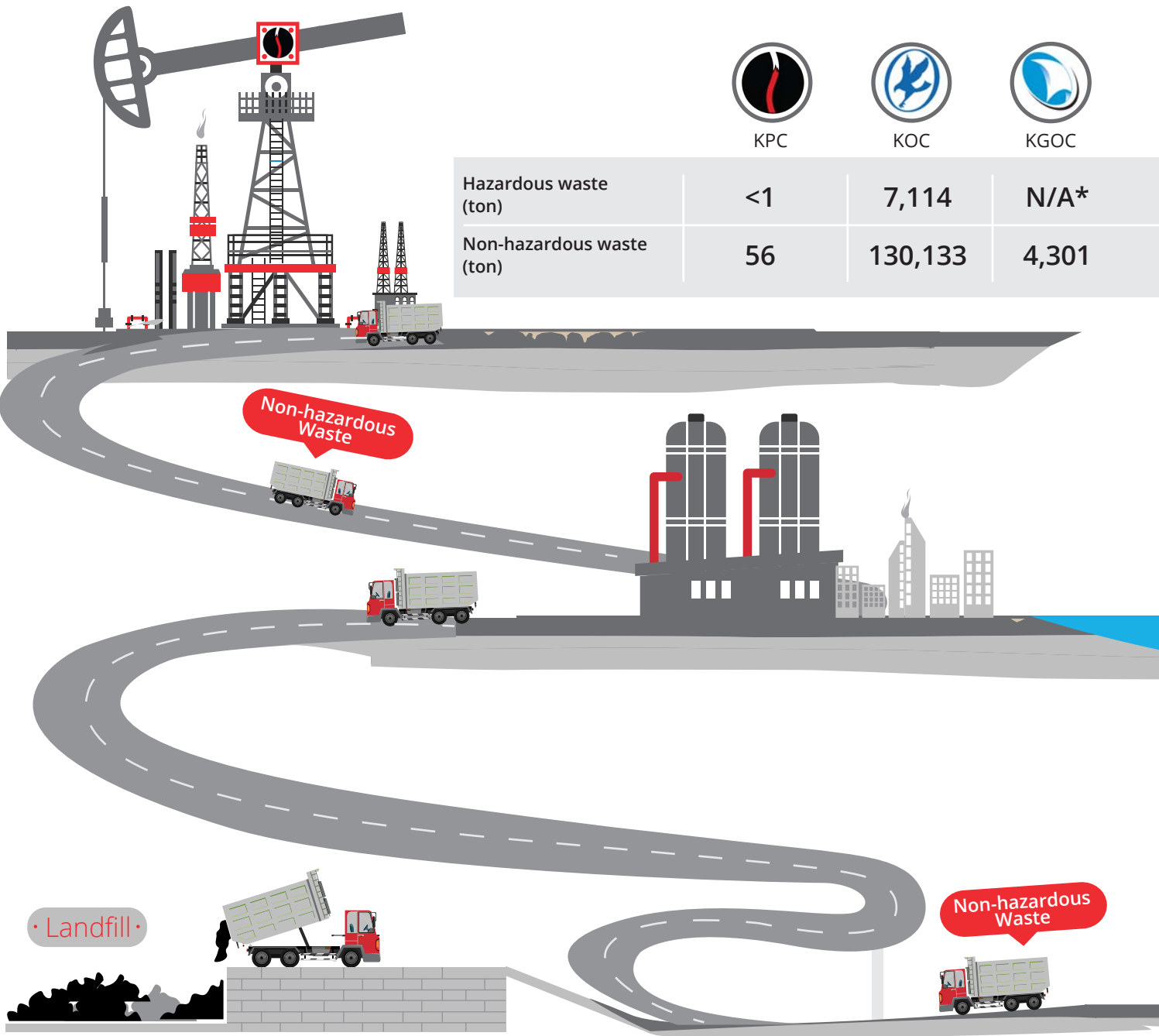
Outcomes

- Spirit of the Desert Reserve resulted in the treatment and rehabilitation of more than 240,000 square meters of land, surrounded by a water shed with an area of 67,614 square meters.
- Subaihiya Oasis has a fish lake and 4000 planted trees.
- Conserve biodiversity and protect Kuwait's ecosystem.

Managing waste and effluents

At KPC, hazardous waste is generated from the use and maintenance of electromechanical systems within the building and its premises. This includes oil, grease, refrigerant gas freon, chemicals used in cleaning. etc. Non-hazardous is generated from employee, building maintenance and equipment replacement activities. These include employee stationeries, spare parts, food and beverages, furniture, computers and many more.

In our Upstream operations, one of the main sources of our waste is due to drilling, where waste takes the forms of drilling fluids, drilling muds, and solid cuttings from the borehole. It should be noted that drilling fluids and muds contain additives to allow better drilling performance; the additives introduce toxic compounds into the fluids and muds and must be considered when managing the waste. Hence, waste specifications are highly considered prior to the treatment and disposal of Upstream wastes.



Our Midstream operations primarily generates operational waste - which is solid waste (including slurries) that is collected on Board during normal maintenance or operations of a ship, or used for cargo stowage and handling. This includes cleaning agents and additives contained in cargo hold and external wash water but not grey water, bilge water, or other similar discharges essential to the operation of a ship, taking into account the guidelines developed by the organization. Moreover, our fleet operations generates incinerator ashes which are often kept separately in certified containers.

For our Downstream operations, sludge is generated from our processes, which requires handling using alternative thickening, stabilization, and dewatering process prior to final disposal. Final disposal practices for various types of sludge might include landfilling, land farming, or incineration of the sludge.



KUFPEC



KNPC



KIPIC



PIC



KOTC

N/A**

32,502

11.44

93.37

231

22

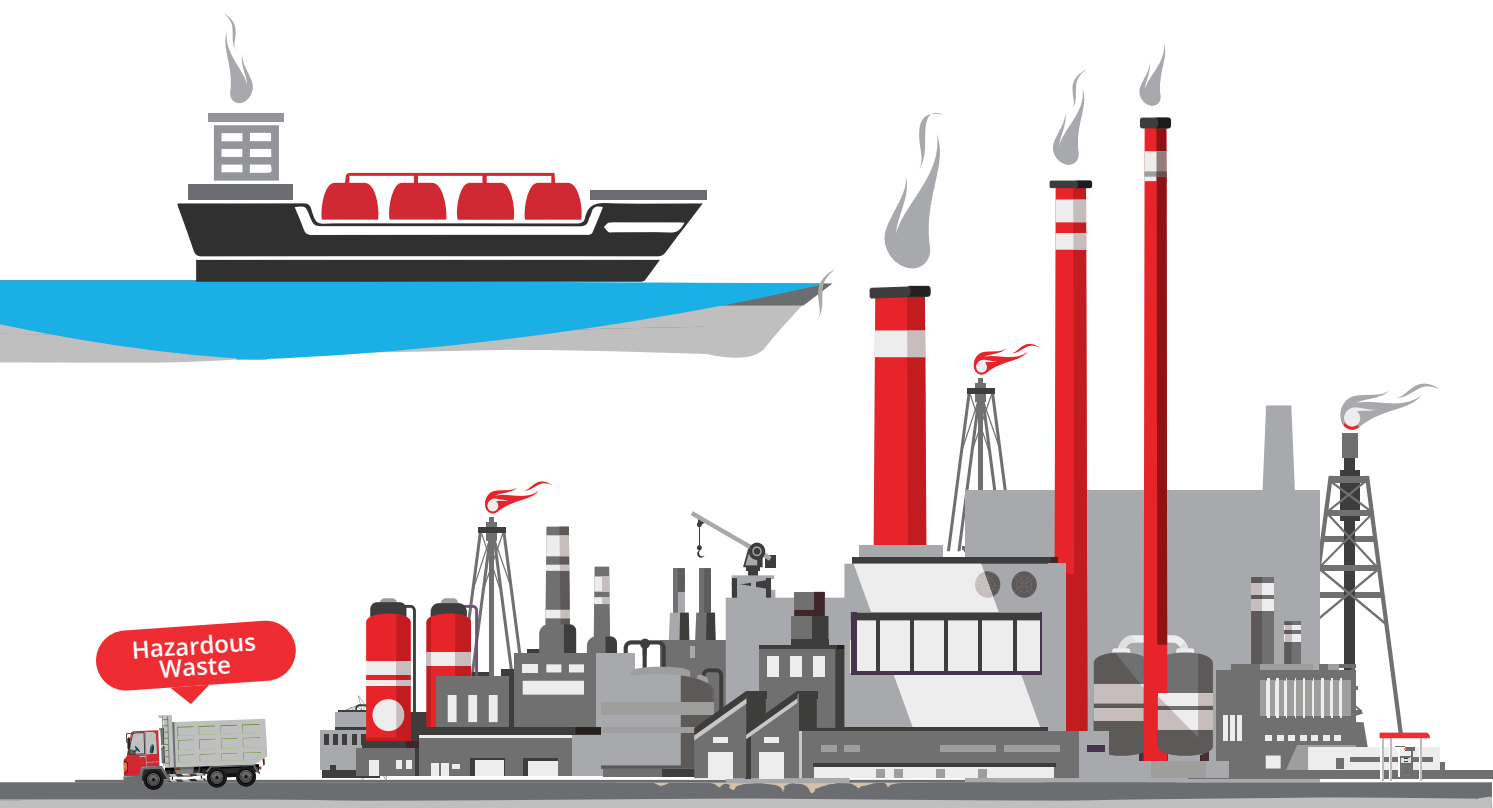
2,936

6,019

243

1,413

* This is not applicable to KGOC as all the industrial operations were not operating during 2018/2019. ** This is not applicable to KUFPEC as all the industrial operations are outside the reporting boundary of Kuwait. *** Data on waste is not applicable to KPI as all the operations are outside the reporting boundary of Kuwait and KPI does not own an office building. ****All figures for KIPIC represent data from LNG facility only and does not include data ZOR Refinery.



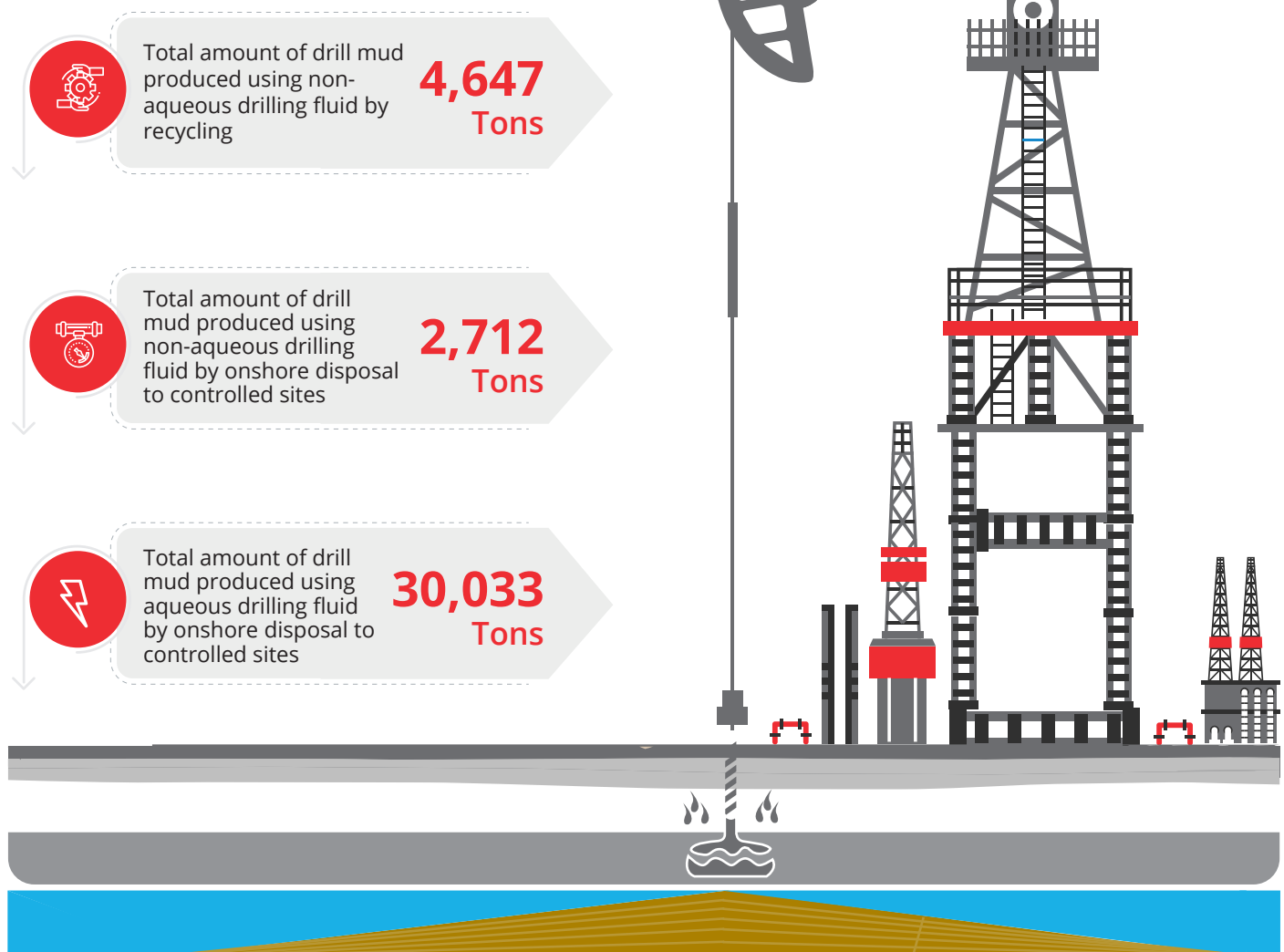
At KPC Group, it is our responsibility to manufacture valuable products to be used by our clients, but the manufacturing and production of these products is associated with the disadvantage of generating waste. There are many types of waste produced in our Group mainly classified as hazardous and non-hazardous waste.

Our non-hazardous waste is mainly generated from our Upstream operations and accounts for 94% of our total waste. As for our hazardous waste – potentially waste that is harmful to human health or the environment – it is predominantly associated with our Downstream operations and accounts for the approximately 82% of our total waste. During the reporting period, our Group generated 39,990 and 166,801 tons of hazardous and non-hazardous waste respectively.

Due to the large amounts of waste generated by our Group, we took steps to manage our waste as we understand our substantial impact on the environment and ecosystem. At KPC Group, we implemented our waste management guidelines as part of our KPC HSSE standards, which govern our practices in

classifying, handling, disposing of and minimizing waste, and reducing the hazards associated with the waste. We follow the resource conservation and waste minimization hierarchy. Moreover, our waste management guidelines encourage our Group to maximize reusing and recycling of both hazardous and non-hazardous waste. We have reused and recycled hazardous and non-hazardous waste during the reporting period, and we aim with our various initiatives on recycling to increase the amount of recycling and reusing in the future. Our Subsidiary, KGOC, partnered with Omniya, a local NGO that aims to drive recycling in Kuwait and reduce plastic waste, and recycled 2,100 kilograms of plastic bottles from KGOC Head Office during the reporting period.

Amount of Upstream drilling waste by type and disposal method



For the remaining waste that is not recycled nor reused, our Group works with a third-party contractor to treat and dispose of the waste in accordance with the regulations and principles of Kuwait Environmental Public Authority on waste management. Most of our non-hazardous waste is landfilled, while the remaining portion is either composted, recycled or reused. For our Downstream Subsidiaries, our hazardous waste with the exception of our spent catalyst is majorly incinerated after treatment or buried in landfills.

In our Downstream operations, catalysts play a major role in enabling the increase of the reaction rate of chemical processes but they unfortunately, lose their effectiveness and activity with time during the reaction – a catalyst becomes spent and needs replacement. Our spent catalyst is either sold through a public auction to local companies in compliance with our HSE guidelines or disposed of through exportation to Vietnam, Taiwan, India and Lithuania. Prior to exporting the spent catalyst, it is packaged in accordance with international and national regulations.

In additional effort by our Subsidiary, KNPC, to enhance waste management, KNPC developed an electronic Waste Manifest and Management System (WMMS), and implemented it across KNPC sites. The WMMS is designed to provide an automated systematic mechanism for information management, generation and printing of the Waste Transport Manifest (WTM) forms and maintenance of workflow of the system. The new

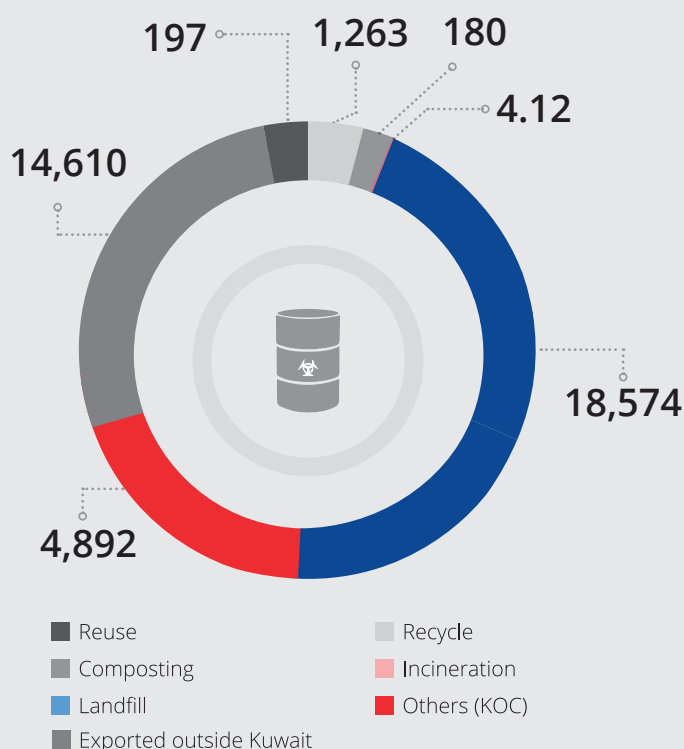
WMMS is allowing authorized KNPC users to fill and print WTMs through web application on KNPC portal. Thus, WMMS has replaced manual filling of paper Waste Transportation Manifest (WTM) forms to eliminate irregularities.

At our Upstream operations, primarily KOC, our hazardous waste is mainly handled in-house at our hazardous waste treatment facility. The remaining hazardous waste is either incinerated or landfilled.

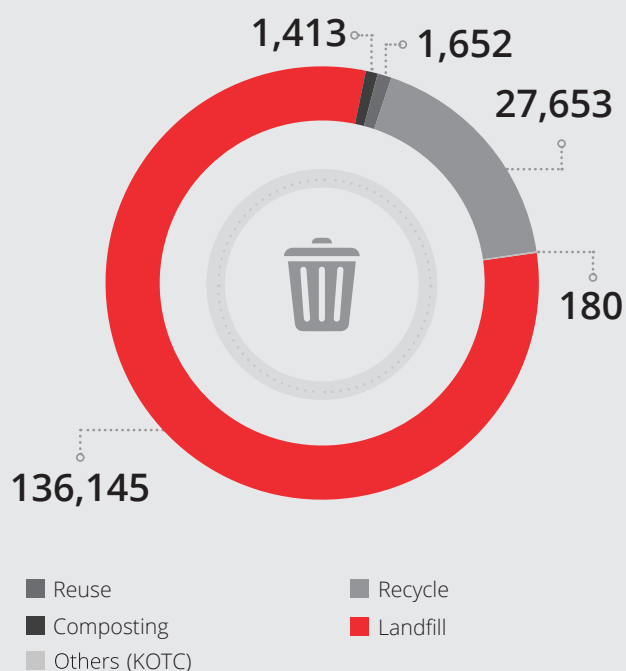
At our fleet operations of KOTC, handling of hazardous waste is performed in accordance with the garbage management procedure. Hazardous waste is often kept separately in certified containers and then landed from ships to the port reception facility. These facilities are government approved facilities at the receptor country.

In addition to liquid and solid waste, our Group flares (burns) some of the hydrocarbons, which releases Emissions and further impacts the environment. As we comprehend the significant negative impacts of flaring, KPC mandated our Group to reduce flared hydrocarbons in recent years leading to a total flaring of approximately 809 million cubic meters of hydrocarbons during the reporting period.

Hazardous waste by disposal method (ton)



Non-hazardous waste by disposal method (ton)*



KNPC non Hazardous waste disposed to Municipality is excluded due to data being not available. The following Subsidiaries are excluded from the hazardous and non-hazardous waste figures due to either unavailability of data or inapplicability: KPI, KOTC

KOC undertook various projects throughout the years that influenced the reduction of flaring quantities. These projects included massive infrastructure setups and modifications to existing facilities aiming to reduce flaring from 17% in 2005/2006 to approximately 1% during this reporting period. Some of the larger capital projects that were conducted as part of our flaring reduction initiative are:

- Gas sweetening facility
- New infrastructure for gas network
- New export transit pipelines
- Gas and condensate telemetry
- Gas re-injection project
- Gas compression project

KNPC on the other hand implemented flare gas recovery units (FGRU) at Mina Al-Ahmadi refinery and Mina Abdullah refinery. Our FGRU recovered 170,410 tonne of CO₂ equivalent of our flared gas, which accounted for 42% of our total flaring. Our FGRU at both Mina Al-Ahmadi and Mina Abdullah refineries are registered under the Clean Development Mechanism (CDM) project under United Nations Framework Convention on Climate Change (UNFCCC).

At KIPIC, our refinery is being designed with a multi-point ground flare system for low noise and smokeless operation. Moreover, we are working on having an integrated flare gas recovery facility that ensures recovery of flared gases to minimize hydrocarbon losses.

Apart from the waste we inevitably generate, our operations can lead to the unfortunate incidents of oil spills, which result in significant damage to the environment and the ecosystem. It is our responsibility as a Group to ensure the prevention of oil spills across our value chain. During the reporting

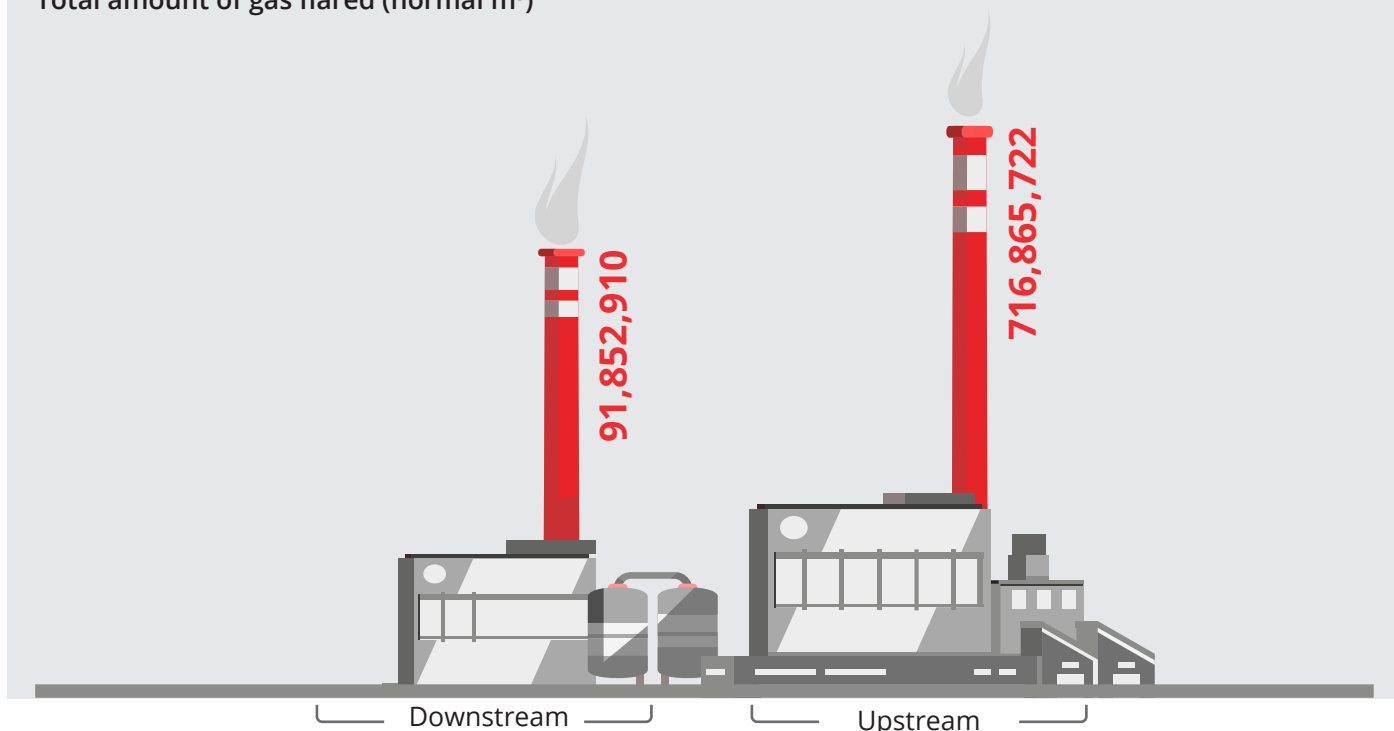
period, a total of 44 minor oil spill incidents occurred. All the hydrocarbon spills we had were on land and we did not have any fuel spills, waste spills or chemical spills. The total quantity of hydrocarbon spill was 485 barrels, however, we were able to recover 167 barrels from the spilled quantity.

At KPC Group, we recognize the significance of having effective emergency plans, policies and standards to minimize spills and handle them effectively. At our Group, we have robust HSSE policies and standards to handle spills.

PIC has a detailed emergency plan and oil spill procedure to ensure preparedness and prevention of oil spills at the polypropylene plant. In addition, KOC has dedicated functions responsible for controlling all leaks and spills and for maintaining onshore and offshore spill response readiness. In-house procedures on Inland Oil Spill Contingency and Offshore Oil Spill Contingency are in place, which amongst others, spell out response frameworks, mechanisms and strategies and specify the construct of the Oil Spill Response. As per KOC HSE Procedure, all leaks or spills are reported, investigated and necessary action is taken to control the incidents. Lessons learnt are also shared to avoid such incidents from occurring in the future. Sufficient number of systems and processes are in place to mitigate and control spills and leaks such as Pipeline Integrity Management System (PIMS) and Facility Integrity Management System (FIMS). KOC also utilizes modern technologies to monitor operations in real time and mitigate risks of leaks. These technologies include high-tech mooring buoys and intelligent early-warning systems.

Our Midstream operations do not flare nor vent any hydrocarbons. For our Downstream Subsidiary, PIC, it does not have a flare as the flare belongs to another entity in the industrial complex. For KIPIC, venting and flaring is not applicable as it was in construction phase in 2018/2019.

Total amount of gas flared (normal m³)





Oil spill response and preparedness at KNPC

Details of the case study

KNPC is responsible for containment, recovery and disposal of any marine and/ or land oil spills originating from KNPC facilities. In case of an oil spill, site Emergency Response Plan (ERP) is activated along with the Oil Spill Response Plan (OSRP). For Land and Shoreline Oil Spill Response, KNPC has a running Integrated Oil Spill Response Contract to provide 24-hour response to land and shoreline oil spills. For Marine Oil Spill Response, KNPC seeks response from the Marine Oil Spill Management Team (MOSMT) of the KOC Marine Operations Group (MOG).

If the spill has potential to develop into a crisis, KNPC-CEO can request to establish KPC Crisis Management Centre (KPC-CMC). KNPC may be required to respond and support other KPC Subsidiaries' facilities and nearby beaches for the oil spills or whenever requested, subject to Management approval on case-to-case basis.

The purpose of categorizing incidents is to ensure that sufficient and appropriate resources are immediately made available to bring the emergency under control as quickly and efficiently as possible. Oil spills are categorized based on response actions required to combat the spill as Incident Category, Minor, Tier-I, Tier-II and Tier-III as per their impact and resources.

In regard to the Integrated Oil Spill Response Contract, we, at KNPC, have an Integrated Oil Spill Response Contract (OSRC) that is in service to provide 24-hour response to

land and shoreline oil spills. The Contractor Personnel are available at Oil Spill Resource Centers (OSRC's) at Mina Al Ahmadi (MAA) and Mina Abdullah (MAB) refineries. As part of our Integrated Oil Spill Response Contract, the following resources are maintained at all sites:

1. **Manpower:** On-Call Personnel, Day Duty at OSRC- MAA, Contract Manager, Environment Engineer, Safety Supervisor, Technical Supervisor and a team of about 14 shift personnel. The team includes shift supervisor, oil spill responders and heavy vehicle duty drivers whom are stationed at the Oil Spill response centers at MAA and MAB refineries.
2. **Equipment and Consumables:** KNPC, through the Integrated Oil Spill Response Contractor maintains adequate oil spill response resources (equipment and consumables) for containment, recovery and disposal of any oil spill up to tier-II level.
3. **Oil Spill Response Vehicle (OSRV):** The OSRV will be equipped with oil spill response equipment and materials. One OSRV is located at each Oil Spill Response Centre at MAA and MAB refineries. It is the responsibility of the contractor to maintain and upkeep the equipment and replenish consumables/spares.

Outcomes

- Ensure preparedness for spills.
- Ensure recovery of hydrocarbon spills.



05 PRODUCT RESPONSIBILITY



- Protecting customer health and safety
- Innovating responsibly

"KPC supplies the world with its vital oil and gas needs through diverse business activities which encompass all aspects of the hydrocarbon industry. We maintain constant focus on providing the best quality products and services. Our business model is based on regional excellence and commitment to customers which ensures we meet the expectations and differing needs of our customers in every market."

Abdulnaser Al-Fulaij

Managing Director International Marketing, KPC

As one of the leading oil and gas organizations with Upstream, Midstream and Downstream operations, our products range from - but are not limited to - crude oil to refined petroleum and petrochemical products. Crude oil and refined petroleum products are essential raw materials that enable numerous aspects of daily life and the economy, whereas, our chemical products are utilized for numerous packaging, household, automotive, medical and industrial applications.

In addition, maintaining the highest quality of these products is vital to long-term value and profitability. The quality of manufacturing products influences customer satisfaction and subsequently our business performance and competitiveness.

Due to the wide range of products and chemicals available globally, numerous regulations were established to classify materials and products such as the Classification, Labelling and Packaging (CLP) regulation which aligns to the European Union system of classification, labelling and packaging of chemical substances and mixtures. These regulations on classification and labelling create a harmonized system to identify hazardous chemicals and inform users about their hazards through standard symbols and phrases.








Thus, we, at KPC Group, realize the significant responsibility on the oil and gas sector in general and our Group in specific to uphold the highest standards of quality, health and safety

to mitigate our product's impacts on customers, materialize the potential risks associated with the handling, storage and transport of our products, and grasp opportunities to retain customers and enhance competitiveness.

Our Group is governed by our Quality Management system – ISO 9001 – which is set to achieve quality objectives including those for our products. Moreover, we established strategic guidelines as part of our KPC 2040 Strategic Directions to warrant the control of handling our products and to drive the adoption of innovative solutions and new technologies to handle our products responsibly across their life-cycle in regard to their quality, health, and safety impacts.

With our Group's international presence and the distribution of our products around the globe, we seek to align ourselves with relevant national and international frameworks, agendas and directions to propel our Group in sustaining leading global presence in the oil and gas industry and bolstering a healthy and safe environment. Some of the national and international guidelines and regulations that we align ourselves - in addition to the product-specific regulations and guidelines, to promote safe handling of products are the New Kuwait Vision 2035, Kuwait National Development Plan and the UN SDGs.

Material topic alignment to sustainability context

Topic	GRI	UN SDGs	New Kuwait	KPC 2040 Strategic Directions
Customer Health and Safety	GRI 416	  	 Living Environment	<ul style="list-style-type: none"> Embed and enforce an HSSE driven culture in KPC & its Subsidiaries. Achieve world class HSSE performance by applying the most stringent HSSE standards and regulations wherever KPC operates. Build and maintain R&T skills, capabilities and infrastructure aligned with business needs through a physical R&T center and collaborations with strategic partners. Proactively adopt and develop new technologies that align to business needs.
Innovation	Not applicable		 Public Administration  International Positioning	

The following section illustrates our Group's approach to protecting the health and safety of customers, enhancing customer satisfaction and adopting innovative solutions to drive product stewardship.

Protecting customer health and safety

In our Upstream operations, after the production of oil, most of the crude oil undergoes a labelling process and is then transported to our Midstream operations – KOTC – for shipping. The remaining crude oil is sent to our Downstream operations – KNPC – for refining. It should be noted that labelling is an important factor in fortifying the health and safety of our customers.

Our Midstream operations – denoted by KOTC – are responsible for the shipping of our crude oil, and refined and petrochemical products. KOTC follows stringent international regulations to guarantee safe handling and transport of products to customers.

For our Downstream operations, the refined petroleum – gasoline and diesel – undergoes several processes to warrant the highest quality products are produced and shared with consumers through our gas stations. As for the remaining refined products and petrochemical products, they are labelled and undertake rigorous quality checks prior to shipping and distribution to customers.

Elements of KPC Group's Material Safety Data Sheet (MSDS)



Hazard identification with label elements



Product composition information



First aid measures



Firefighting measures



Accidental release measures



Transport information



Handling and storage



Stability and reactivity



Toxicological information



Ecological information



Disposal considerations



Regulatory information



Exposure controls/personal protection

With the rising focus on improving public health and consumer safety, as well as mitigating health and safety impacts of products across their life cycle, we have a growing responsibility to handle our products responsibly, especially as international organizations and a growing number of countries are implementing labelling and packaging guidelines and introducing various measures to ensure the responsible handling of products. The United Nations adopted the Globally Harmonized System of Classification and labelling of Chemicals (GHS) and countries around the world are in the process of incorporating its provisions into their regulatory frameworks. At KPC Group, we use the GHS in labelling our products.

Moreover, leading international organizations around the world are calling for respective national regulatory bodies to impose health and safety requirements to enable responsible handling of products, assure customer health and safety and mitigate H&S impacts across products' life cycle.

In our efforts to minimize the health and safety impacts of our products, our Group created a technical annex for chemical handling under the occupational health management standard of the KPC HSSE standards. Our technical annex provides our Group with guidance on the requirements for chemical control, packaging and labelling, storage of chemicals, emergency preparedness and training and documentation. Hence, we espouse the awareness of customers about the potential health and safety impacts of our products and provide all our customers with Material Safety Data Sheets (MSDS) in accordance with the internationally agreed ISO format for an MSDS and GHS labeling guidelines.

Our MSDS also contain contact details including a dedicated hotline for emergency information, as well as several other pieces of information. In addition, we aim to maintain the highest quality of our products to mitigate any of their health and safety impacts. Prior to Distributing our products to customers, our Downstream Subsidiaries ensure that all their respective products undergo a rigorous process of quality check and control. For our petrochemical Subsidiary, PIC, they are governed by their Responsible Care® certification to responsibly handle and distribute their products – Responsible Care is a voluntary commitment by the global chemical industry to endorse continuous improvement and uphold optimal performance of environmental, health, safety and security aspects.

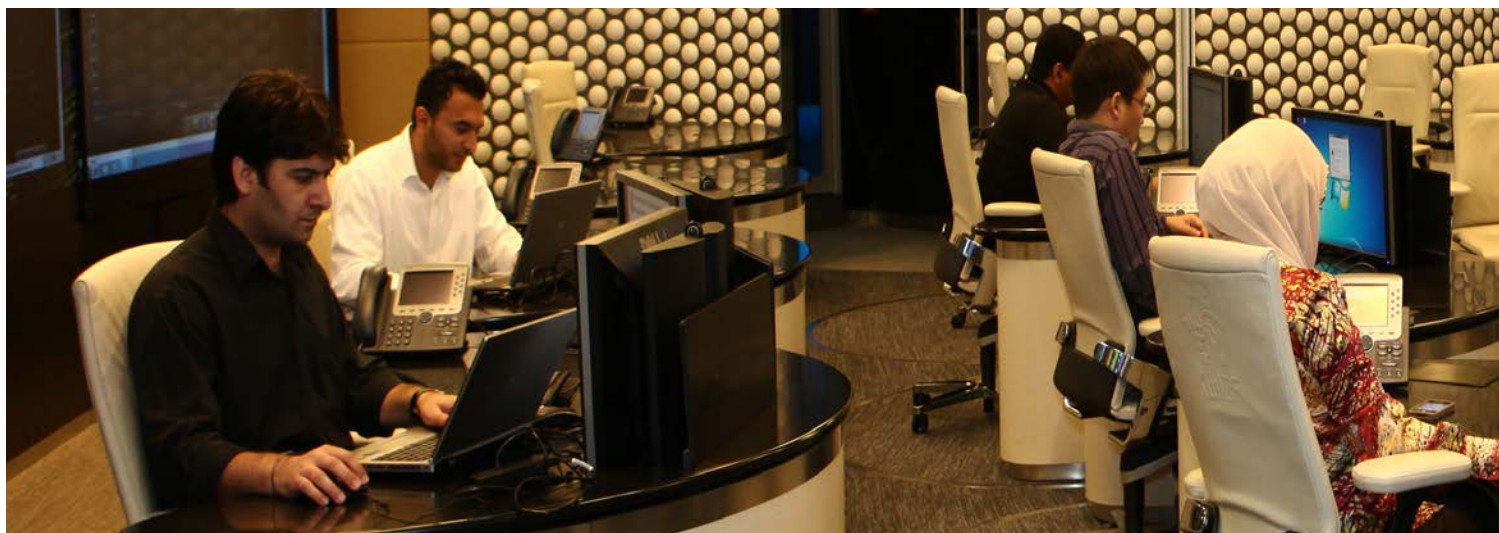
As part of our Group's continuous efforts to uphold the best product stewardship practices, our respective Subsidiaries conduct customer satisfaction surveys annually to cognize how well we are meeting our customers' needs and how we can improve our products and services in relation to quality, health and safety. Our customers are asked to rate their overall satisfaction, as well as, specific aspects such as product quality logistics and customer relations.

As a result of our customer satisfaction surveys, we are proud to mention that we achieved 91% customer satisfaction in 2018/2019 at our PIC Subsidiary. Furthermore, some of our Subsidiaries are taking steps to provide customers – end users and businesses – with health and safety awareness sessions on handling our products responsibly. At KNPC, HSE Department, together with the Local Marketing and Corporate Communication Departments, organized an awareness campaign at KNPC's filling stations, aimed to raise the safety awareness of the customers at these stations, by participating in a questionnaire submitted by the filling stations section to its customers while fueling their cars. Awareness brochures and leaflets were also distributed.

Moreover, our Group conducts health and safety impact assessments on our products as these assessments assist us to focus on safety, the prevention of accidents and the protection of human health.

At KNPC, 34 products and intermediate products are assessed for health and safety impacts as per GHS guidelines and KEPA requirements. The assessments are done once every three years. The assessments indicate which products or intermediate products pose serious, moderate and minor safety and health hazards. Control measures in the form of Engineering, Administrative and personal protective equipment are subsequently implemented.

Due to our constant endeavors on handling our products responsibly, we are proud to state that we did not face any incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products within the reporting period.



Innovating responsibly

The oil and gas industry is now at a pivotal point in its transformation with the upsurge of digitization, advocacy to utilize innovative technologies, and global spur for a reduced health and safety impacts. The oil and gas industry and our Group in specific are facing growing demand to streamline our operations to increase efficiency and minimize our health and safety risks.

As part of our KPC 2040 Strategic Directions, our Group is focusing on innovating our processes and products through multiple research and technology centers – Kuwait Integrated Digital Field (KwIDF), Burgan Collaboration Center and Q8 Research and Technology Center. Each of our centers fulfills a different purpose.

Our KwIDF was launched by KOC using state-of-the-art communications, sensor devices, collaboration centers, and automated engineering workflows. The KwIDF vision is aiming to achieve operational intelligence for the measurement, modelling, and control of oil field assets, where informed decisions are made effectively and consistently in a collaborative work environment for production and reservoir management. It is designed to help asset teams meet these challenges through a new generation of petroleum workflow automation integrating real-time data with asset models, and helping team members to collaborate so that they can analyze data better and fully understand the asset performance for better field development plan, OPEX control and oil production enhancement.

Our Burgan Collaboration Center houses experts across KOC with the aim of using the center to place information, extract and present critical data, allow easier collaboration between teams across KOC operations, and speed up the ability to act.

As for our Q8 Research and Technology Center, its main objective is utilizing applied research where in-depth investigations are carried into future technical requirements of petroleum products in relation to refining processes and customer and legislative demands. The center is also responsible for all new product development, product specifications, safety data sheets, quality control procedures and the specifications of most of the purchased materials.

Along with our research and technology centers, our Group's Subsidiaries have their respective research and development (R&D) Departments which are intended to identify innovative solutions to increase our productivity, reduce resource consumption, mitigate our environmental impacts and reduce capital and operational cost. During the reporting period, our Group identified 205 R&D projects which focus on optimizing and improving the efficiency of our operations and activities.

In addition, our Group is collaborating with local educational and research institutions to promote research on oil and gas and support us in innovating our practices. At KPC, we have a master research collaboration agreement (MRCA) between KPC and Kuwait Institute for Scientific Research (KISR) for cooperation in the oil, gas, petrochemical and energy Industry. The outcome of the collaboration is an annually-updated research agenda that addresses KPC and Subsidiaries' challenges and in alignment with KPC R&T Roadmap.

KPC also has another MRCA with Kuwait Foundation for the Advancement of Sciences (KFAS) for cooperation in the oil, gas, petrochemical and energy Industry. Through this MRCA, several workshops held focusing on carbon capture and hydrogen production in addition to collaboration in addressing KPC 2040 Innovation Excellence strategic initiative.

Additionally, our Subsidiary KOC, had seven contracts with an educational institution in Kuwait to drive research on oil and gas Upstream challenges and improvements. We also endorse programs that support and work with start-ups and businesses on unproven early-stage ideas with the potential to impact the future of the oil and gas sector. KOC, endorsed 97 start-ups and businesses with this potential.

Furthermore, our Group implemented various initiatives to drive innovation and research across. Our Subsidiary, KNPC, set up an Innovation Team which aims to embrace the ideas and insights presented by the Company's employees and study the feasibility of their application in order to enhance the efficiency of production processes and the development of the work atmosphere in general so as to be more flexible and better able to meet various challenges.

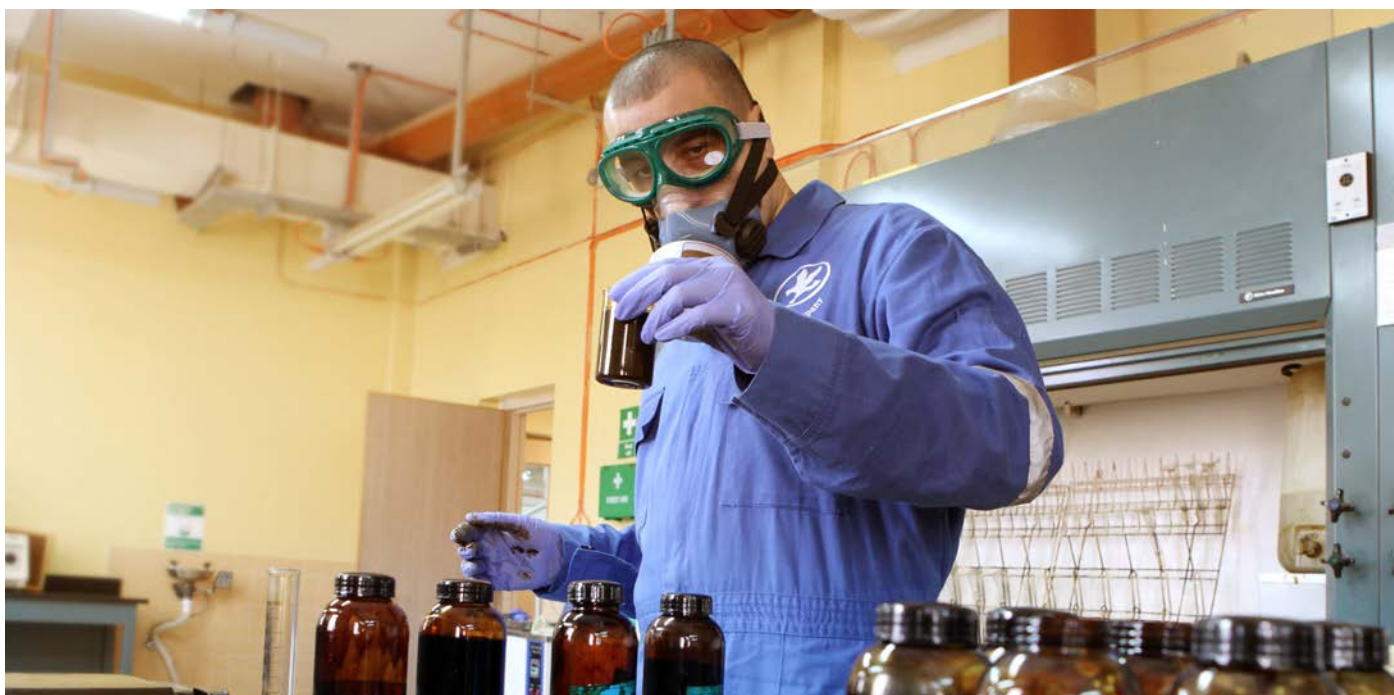


Our Subsidiary KOC, launched LifeIDEA, which is an innovation and idea management platform that collects the intelligent ideas of employees and enables industry leaders to find the best ideas and make the right decisions. The platform helps KOC to gather ideas from all employees, evaluate them and bring them to life faster. It also focuses on all employees' creative efforts around specific organizational goals and objectives and encourages to capture all of their ideas. By placing ideas in a shared repository, LifeIDEA promotes greater transparency to share best practices.

We also have a Center of Excellence (CoE) which was conceptualized to leverage Upstream collective expertise in addressing technical challenges currently faced by KPC Group.

The CoE was initially implemented in 2013 and continues working till date.

Our Subsidiary, KGOC, launched an initiative titled "Ebtikar" to encourage our employees to suggest new creative ideas that add value. A Committee headed by HR group was set up to coordinate the activities of this initiative. Under the guidance of this Committee, widespread publicity and regular communication was conducted with the employees through the KGOC Postmaster for subMission of their ideas. In 2018-2019, the Ebtikar Committee held a number of meetings to review and study the innovative ideas submitted by the employees through presentations.



KOC technologies to drive efficiency

Details of the case study

At KOC, we used numerous new technologies to drive efficiency. Some of the main efficiency programs at during the reporting period:

1. Multi-stage Fracturing Stimulation Completion in HPHT wells at KOC

KOC implemented a unique technology that contributes to reaching a new horizon of producing the light oil and associated gas which plays a major role in increasing the production of light oil and associated gas to the maximum limit. Multi-stage Fracturing Stimulation Completion technology was piloted in three wells and

the added value gained was significant. The technology is now in full scale implementation.

2. Advanced Mobile Laboratory

The pilot project was developed by KOC in-house resources and capabilities to handle all needed advanced tests utilizing a high-tech apparatus. The project ensures high quality results and products as per requirements.

Outcomes

- The projects contribute in cost optimization activities through achieving savings of over USD five million per year.





06 PEOPLE COMMITMENT



- Managing employment
- Promoting learning and development
- Embracing diversity and equal opportunity
- Ensuring occupational health and safety

“KPC leaders have strived for generations to build and qualify national personnel of first and second-line Managers to be capable of facing challenges, and put Kuwait on the global oil industry’s map strongly and steadily. ”

Sheikh Faisal Jaber Al-Ahmad Al-Sabah
Deputy Managing Director of Corporate Relations, KPC











People are one of the most important assets of any modern organization. Our employees drive our companies to success through their strength, commitment and dedication. Each individual brings in unique set of skills, knowledge, perspectives and experience which combined together help us achieve our vision and goals.

We take pride in being one of the leading employers in Kuwait and continue to be an employer of choice by recruiting great talent, promoting nationalization and gender diversity, and continuously developing our people.

Furthermore, we realise that our employees, contractors and secondees are faced with high safety risks and hazards due to the nature of our activities across the value chain. Therefore, we strive to implement stringent occupational health and safety practices to protect our people and ensure their safety.

‘Promote effective labor practices and decent work’ is one of the pillars of the KPC 2040 Strategic Directions and is aligned to our material topics, UN SDGs and Kuwait National Vision. Additionally, we have developed a dedicated Group wide Human Resources Strategic Directions and HSSE Strategic Directions with specific targets and KPIs.

Material topic alignment to sustainability context

Topic	GRI	UN SDGs	New Kuwait 2035	KPC 2040 Strategic Directions
Occupational Health and Safety	GRI 403	 	 CREATIVE HUMAN CAPITAL	<ul style="list-style-type: none"> Embed KPC Mission, Vision and Values in HR processes to encourage the development of an engaged and performance driven culture. Embed and enforce an HSSE driven culture in KPC and its Subsidiaries.
Employment	GRI 401	 		
Training and Education	GRI 404	  		
Diversity and Equal Opportunity	GRI 405	 		



Managing employment

GRI 102-41



Number of turnover	30	275	24	15	237	19	11	147	25
Number of new hires	19	353	4	13	387	199	18	16	26
Total number of employees	704	11,078	780	222	6,319	1,001	165	379	661
Total contractors	473	**	12	77	**	6,449	43	**	160
Total secondees	3	15	9	N/A	*	567	1	11	0
Total number of employees covered by collective bargaining agreements	N/A	0	783	222	0	580	0	0	**

*Secondee data at KNPC is confidential. **This information is not available at the Subsidiaries.



The most important element in the success of any organization are the employees. Employers are realizing the profound consequences of maintaining employee performance to remain competitive and are recognizing the influence of organizational health on employee performance. In fact, around 80% of companies that took concrete actions on enhancing organizational health saw an improvement in financial returns – as organizational health enhances employee health and satisfaction and subsequently employee performance.⁴ Furthermore, international agencies such as the United Nations and the International Labor Organization are emphasizing the importance of treating employees fairly and respectfully to drive sustainable businesses, maximize talent acquisition and minimize turnover rates of employees. Many organizations are utilizing new and innovative technologies to incentivize and help in enhancing employee morale and subsequently augment employment and retention of the best talent.

At KPC Group, we strongly believe that our employees are our greatest asset and align our human capital practices with two of our core Values of caring for our people and instilling pride. We also govern our Group's employee practices by the principles of our KPC Code of Conduct and our KPC HR 2040 Strategic Directions as part of our KPC 2040 Strategic Directions to create a culture of continuous human capital development, global mobility, enhanced recruiting and retention and HR digital transformation.

At KPC Group, as one of the largest oil and gas conglomerate, we employ 21,306 direct employees across our Corporate, Upstream, Midstream and Downstream operations, and thousands of contractors and secondees. Employees have direct contracts of employment with KPC Group to work

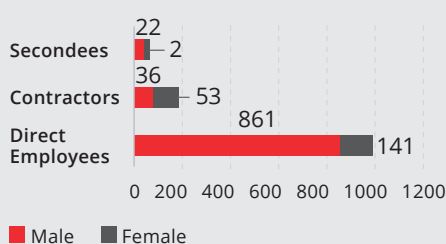
regularly and are guaranteed a fixed salary per month. Our contractors are workers that sign an agreement with our Group to perform specific tasks. Contractors are not entitled to any medical, insurance and other employee benefits from our Group and are only paid the agreed fixed fees, as well as, any disbursements.* KPC Group only controls the results and deadline of the work performed by the contractor. Our secondees are workers that work at our Group but are legally employees of another company. Our Group signs an agreement with the company – that is legally the employer of the secondees - and reimburses the respective employer for the cost of the secondees/s.

Our Upstream operations employ 57 percent of our Group's total direct employees, as they require workforce across different locations and numerous specialties. Our Midstream and Downstream operations employ three percent and 37 percent of our employees respectively. The remaining three percent are employed at our corporate KPC Head Office.

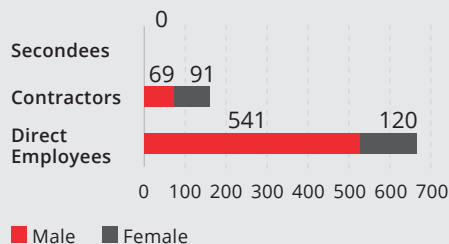
On the other hand, our Group hires contractors across our operations on a need basis. Most of our contractors are males between the ages of 30-50 years old. For most of our Subsidiaries, these contractors are hired to support for periods of time on specific projects when additional workforce is needed temporarily. For KGOC, production shutdown since 2014 have consequently affected the recruitment process and lead to shortage of direct employees due to manpower turnover. As a result, KGOC hired experienced male contractors to meet operational requirements.

Breakdown of KPC Group workforce by gender category

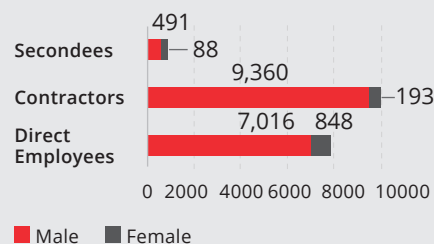
Upstream (KOC, KGOC, KUFPEC)***



Midstream (KOTC)

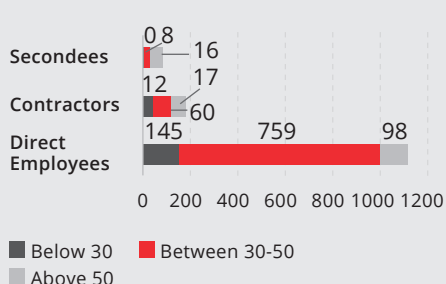


Downstream (KNPC, PIC, KIPIC, KPI) **

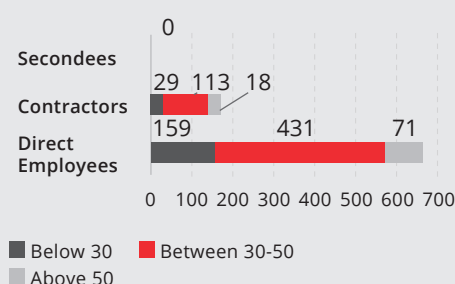


Breakdown of KPC Group workforce by age group

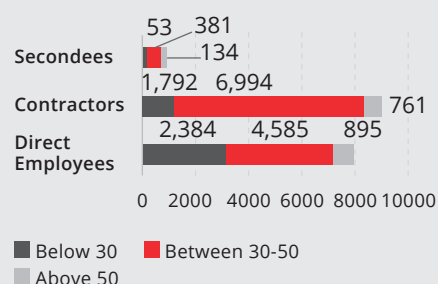
Upstream (KOC, KGOC, KUFPEC)***



Midstream (KOTC)



Downstream (KNPC, PIC, KIPIC, KPI) **



* KUFPEC offers contractors medical insurance, and some benefits. ** The figures exclude KOC, KNPC and PIC contractors because information is unavailable, and KNPC secondees because of confidentiality. ***The figures exclude KOC secondees because the data is not available.
6 Gagnon, C., John, E., & Theunissen, R. (2017). Organizational health: A fast track to performance improvement. Retrieved 24 March 2020, from <https://www.mckinsey.com/business-functions/organization/our-insights/organizational-health-a-fast-track-to-performance-improvement>.

In our efforts to ensure that our people are happy and motivated and to retain our best talent, our Group follows defined Group-wide, as well as, Subsidiary-based policies, procedures and internal controls on human resources administration, payroll, performance management, recruitment, and training and development, which guide all our practices with our employees.

Along with our set policies, procedures and controls, we introduced our KPC Group employee engagement survey, which aims to establish a culture of engagement, strengthen relationships, and create a new atmosphere geared towards participation and integration in the work environment. Our survey is conducted every four years and provides our Group with insights on employees' perspectives on our culture and working with us. In essence, the survey gives employees the opportunity to evaluate their experience against 15 dimensions: well-being, supervision, work tasks, rewards and recognition, empowerment, performance management, collaboration, Senior leadership, learning and development, communication, enabling infrastructure, career opportunities, culture, HR services and innovation. Based on the results of our survey, we continuously seek to improve our culture and introduce multiple initiatives to drive change.

In 2019, it was decided that four initiatives are to be implemented by KPC and Subsidiaries in addition to each company's own unique action items. The four initiatives are:

1. Increase HR awareness through workshops and email messages
2. Establish HR Help-desk
3. Conduct mid and end of year performance review meetings with employees

4. Establish an Innovation Committee

As for our Subsidiaries' respective employee engagement action plans 2018/2019, each Subsidiary implemented various activities to enhance employee engagement.

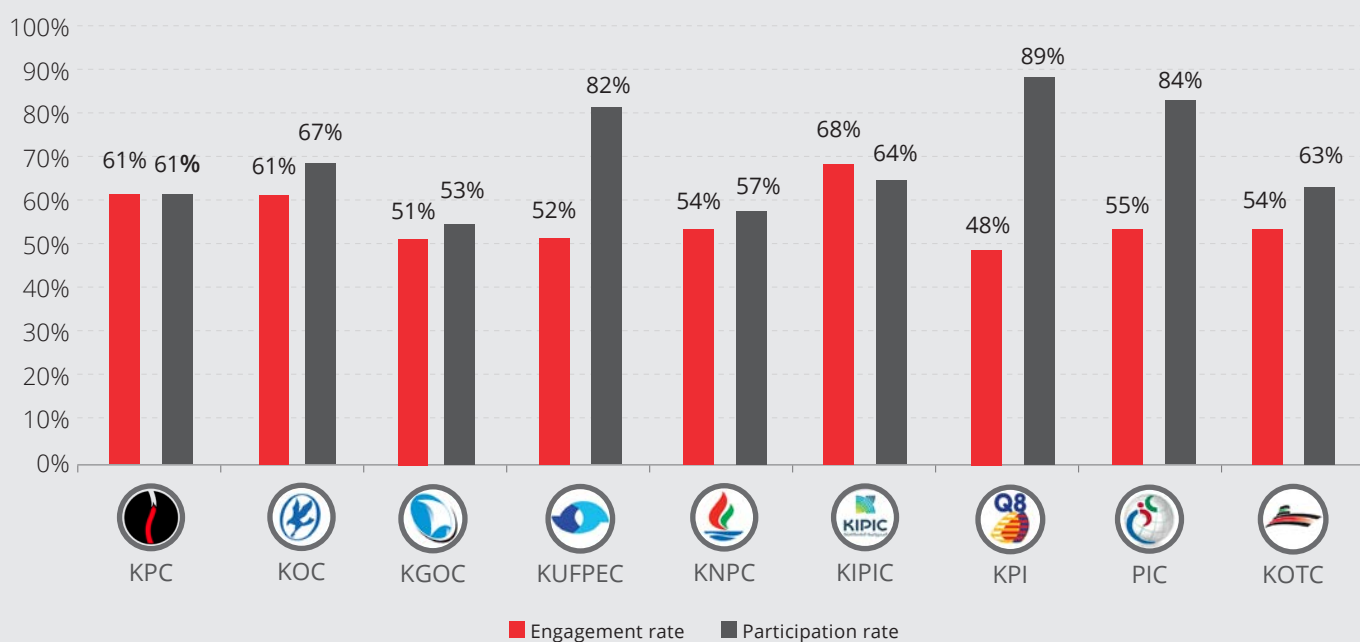
KNPC and KIPIC carried out a few activities including our Department Day Out, which entails that each Department Manager takes all his/her employees for an out of work activity such as bowling or movies at least once a year. Moreover, KNPC and KIPIC organized Departmental activities in which every Department Manager conducts an internal activity within the department for all levels of employees to enhance the culture and communication. KNPC and KIPIC also instigated an HR policy "Did You Know" email campaign that publishes at least three email messages per quarter about HR policy.

KIPIC also conducted numerous other activities to engage with our employees including team briefings, town-hall open day, CEO Social Media Interaction, and CEO End of Year Message.

In addition to the activities, the Subsidiaries' action plans included other actions. For example, at KNPC, we formed an Employee Engagement Working Team and conducted focus groups across all our locations with employees of all levels in order to understand factors affecting employee engagement at KNPC and introduce recommendations to be included in the employee engagement activities for the next fiscal year.

Furthermore, to ensure employee well-being, at KNPC, we created a Worker Welfare Committee with over 50 members from different disciplines such as HSE, Legal, HR, Projects and Medical. This team oversees all worker rights from national and international regulations in terms of the salary payments, working hours, living conditions and others.

KPC Employee engagement survey results



KNPC has also hired an Industrial Psychologist focusing on worker mental well-being. Several mental well-being sessions and awareness trainings were conducted to all contractors in KNPC. Psychological surveys are also conducted annually assessing workers mental conditions on site and in accommodations. Individual counselling sessions are also provided to employees who are in need.

KNPC also launched several new programs such as worker welfare audits which are conducted as per International Finance Corporation Performance Standard 2. This includes comprehensive audits of all contractors regarding employment contracts, as well as worker hours, overtime premiums being paid as per Kuwait Labor Law, living conditions, and many other aspects of national and international legislations concerning employees. A grievance hotline has also been established to accept toll-free calls and communicated heavily to all contractors to ensure all their complaints are heard and investigated.

'Know your rights' campaign launched in 2018, is a widely communicated campaign throughout all operations of KNPC, where all contractors rights as per national regulations are

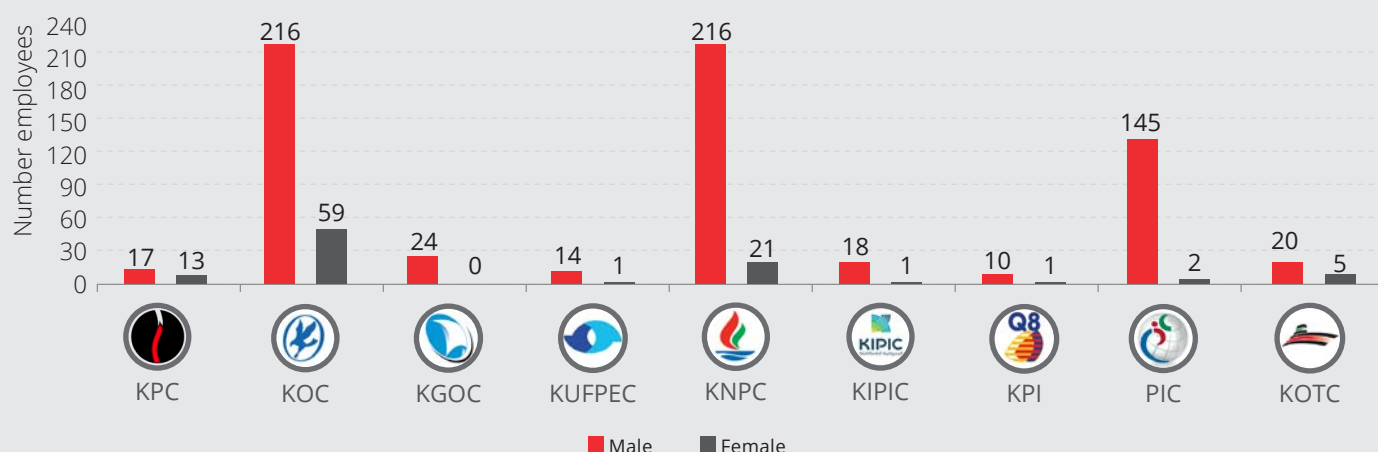
printed in 9 different languages across all sites and worker accommodations.

Furthermore, at KPC Group, 70 percent of our Group's employees belong to trade unions - most prominently the KOC Workers Trade Union and the Oil and Petrochemicals Union in Kuwait.

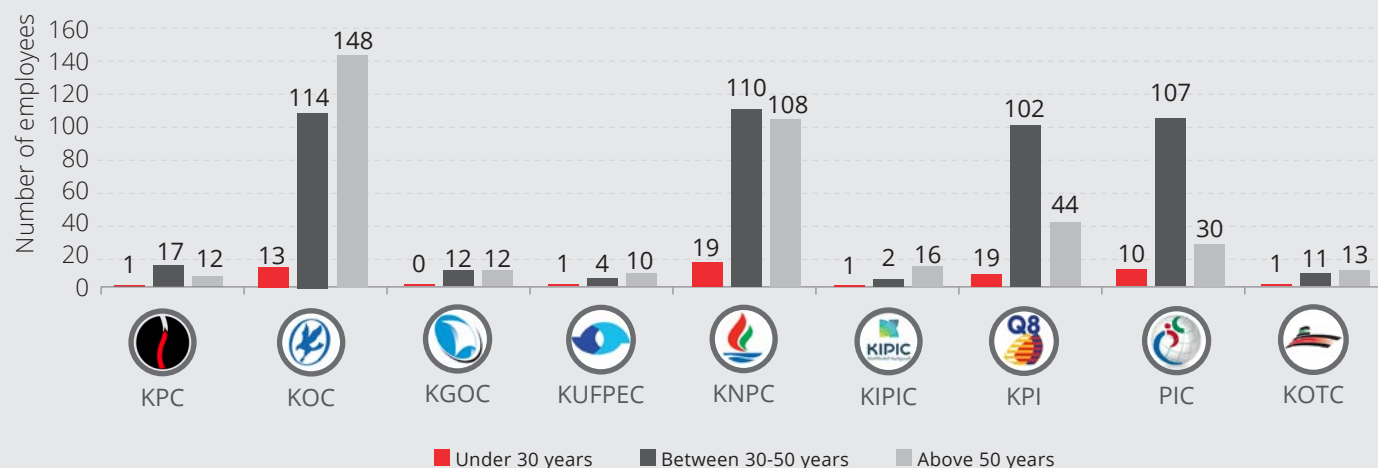
Due to our Group's various initiatives and practices on human resources as part of our KPC 2040 Strategic Directions, our Group maintained high retention rates across Upstream, Midstream and Downstream operations. During the reporting period, we had a retention rate of 97 percent, 99 percent and 94 percent in our Upstream, Midstream and Downstream operations respectively. Most of the employees that left our organization were males and between the ages of 30-50 years old as they seek other opportunities or early retirement.

In particular, we are proud of maintaining low turnover among our female employees as it is a testament to our continuous efforts of female inclusiveness. We are fully supportive of women in the workplace and remain sensitive to their needs and our culture. All female employees at our Group are eligible for a paid maternity leave of 70 days and an additional

Turnover of employees broken down by gender category



Turnover of employees broken down by age group



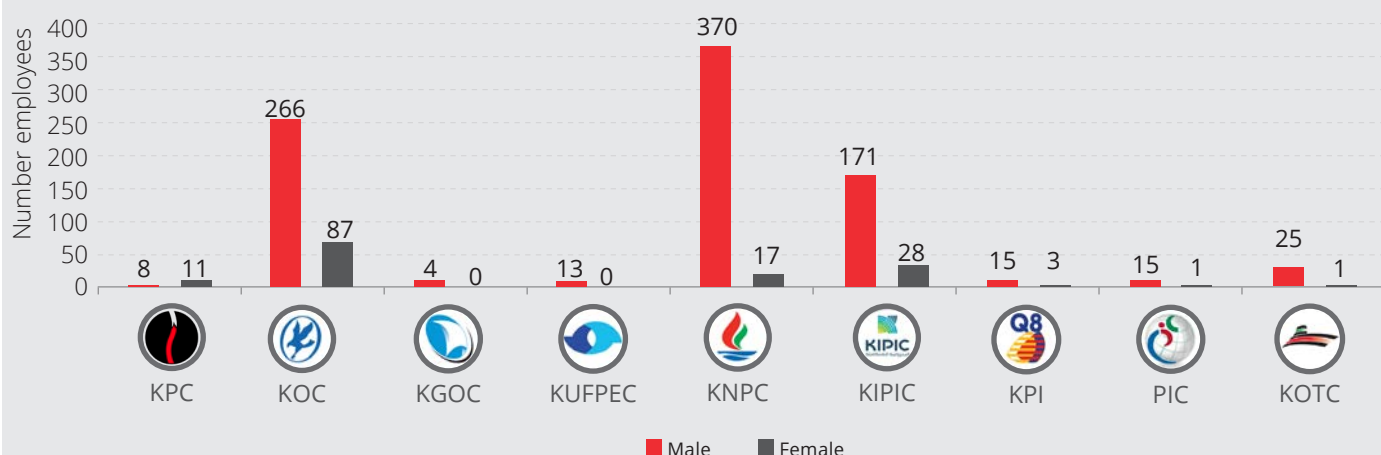
motherhood care leave - directly following maternity leave - at half wage and varies in length from one Subsidiary to another from 60 days up-to 120 days. A female employee may not report to work after this period for a leave without pay for 100 consecutive days or not-consecutive days because of a disease provided that a medical certificate is provided to prove that sickness was due to pregnancy and delivery. During the reporting period, 239 female employees in our Group took maternity leave and 208 females took motherhood care leave. All mothers returned to work after their leaves. For more details about our diversity and equal opportunity practices, please refer to page 99-102.

On the other hand, we strive to hire the best talent from the pool of candidates to uphold the highest standards of performance. We govern our recruitment practices by our Group-wide and Subsidiary-based recruitment procedures, as well as, local legislations on hiring national manpower. At KPC Group, our target is to create 3,392 jobs during the period between 2020-2025 and giving priority to hiring Kuwaitis and fresh graduates across our Upstream, Midstream and Downstream operations.

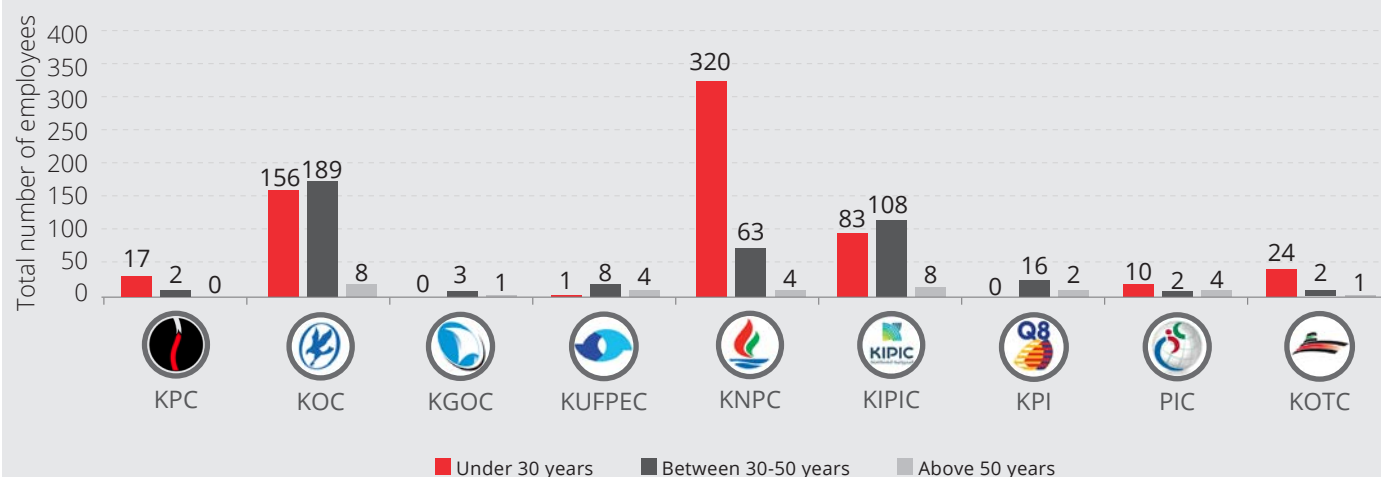
During the reporting period, we hired a total of 1,009 new employees across our Group with 51% of the hires in Downstream Subsidiaries - mainly KNPC and KIPIC. 85% of our new hires were males, with more male hires across our operations. In regards to age, our hires were predominantly below 30 years old as we seek to have our employees grow in our organizations and we recognize the importance of having young employees to support our operations.

In an endeavor to acquire employees who can contribute in building a sustainable corporate system, KIPIC initiated a new hiring process that focuses on having fresh graduates join the organization. In 2018/2019, KIPIC hired 199 fresh graduates through many recruitment channels such as internal, local and external advertisement. Through our new hiring process, we also aim to boost productivity, meet Kuwaitization targets as a social responsibility toward Kuwaiti society and boost Kuwait's economy.

Employee new hires broken down by gender category



Employee new hires broken down by age category



Promoting learning and development



Total hours of training	90,825	213,598	28,800	12,312	370,973	45,575	4,548	53,032	72,900
Average hours of training per employee	124	19	37	56	95	56	27.5	140	110
Employees receiving regular formal performance evaluation (%)	96%	98%	99%	100%	100%	100%	100%	98%	97%



Learning and development is a crucial component for modern organizations to remain successful and competitive in the marketplace. The benefits of providing continuous learning and development opportunities include better employee performance, enhanced job satisfaction and morale, reduced employee turnover, improved innovation and increased organizational reputation.


At KPC Group, we take pride in our reputation as an organization that provides ample opportunities for development within our workforce. 'Embed KPC Mission, Vision and Values in HR processes to encourage the development of an engaged and performance driven culture' is one of our 2040 Strategic Directions.

The 'KPC Unified General Competency Framework' defines our existing employee development approach through

periodic performance evaluation and providing ample training opportunities, both formally and informally. Under the framework, employees are evaluated against six competencies and four levels of proficiencies. Multiple training programs have been developed for each competency and proficiency level.

The annual performance evaluation process helps us identify employee strengths and weaknesses, provide constructive feedback, provide fair rewards, and identify training needs. All permanent employees regardless of age, gender are eligible for annual performance evaluation upon completion of at least 3 months of employment during the evaluation period. Performance evaluation of employees across all levels are conducted by their direct supervisors based on the KPC Unified General Competency Framework.

KPC Unified General Competency Framework (UGCF) - Competency and proficiency levels

Competency	Proficiency	Proficiency	Proficiency	Proficiency
 <ol style="list-style-type: none"> 1. HSSE and Sustainability 2. Performance Drive 3. Ownership 4. Adaptability and Learning 5. Team Work 6. Communication 	1 <ul style="list-style-type: none"> • Applies the competency at a basic and predictable level • Requires significant supervision and guidance 	2 <ul style="list-style-type: none"> • Applies the competency at an intermediate level across a range of contexts • Requires minimum supervision to ensure effectiveness and efficiency 	3 <ul style="list-style-type: none"> • Applies the competency in a skilled manner without supervision across a wide range of complex contexts • Advises others on the correct application of competencies • Actively role models the competency 	4 <ul style="list-style-type: none"> • Embodies the competency over a sustained period and across different situations • Leads and develops others to enhance their competency level

Examples of Training Programs Provided to Employees

1. HSSE and Sustainability	Sustainability and Environmental Awareness Fundamentals	CSR and Sustainability Principles – Basic	The Business Guide to Sustainability	CSR and Sustainability Principles – Advanced
2. Performance Drive	Business Process Improvement Techniques Awareness	Project Management Skills	Mastering Innovation and Design Thinking	Strategy Formulation Program - Advanced
3. Teamwork	Teamwork Fundamentals	How to Operate in Global, Diverse and Virtual Teams	Orchestrating Team Performance – Fundamentals	Promoting Transparency in the Workplace
4. Communication	Introduction to Communication	Building Communication and Interpersonal Skills	Mastering Communication and Interpersonal Skills	Developing Effective Partnerships
5. Ownership	Code of Conduct	Promoting KPC Group Values	Business Finance Fundamentals	Mastering Project Management
6. Adaptability and Learning	Introduction to Adaptability and Learning	Developing Self Capabilities	Effective Role Modeling	Leading the Development of Others

Based on the results of individual performance appraisals, employees are recommended to undergo selected technical training courses, as well as generic trainings that have been developed based for each competency and proficiency level. These training programs encourage employee learning through a variety of channels, including internal and external classroom trainings, online courses and networking opportunities.

Upon completion of the annual performance cycle, recommended training programs are consolidated to develop an Annual Training Plan and Budget. The plan and budget are approved by Top Management and communicated to employees. Line Managers are requested to follow up and encourage their teams to attend or complete planned training programs. The KPC Unified Learning Management System helps the Human Resources Department administer the annual training plan, as well as help employees track progress against their set plans.

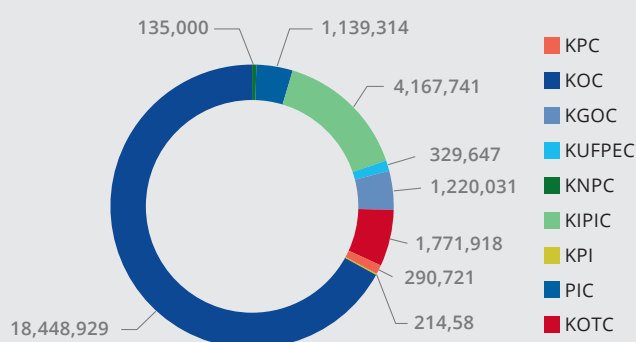
As part of KPC Group's commitment to provide world class training opportunities, the Organization built and established the KPC Petroleum Training Centre to conduct regular training and career development programs. The Centre serves all Subsidiaries and contains training rooms, including laboratories and computer rooms, offices for employees, cafeterias, a library and an amphitheater.

In 2018-2019, KPC Group spent over KWD 27 million in providing formal training programs to our employees.

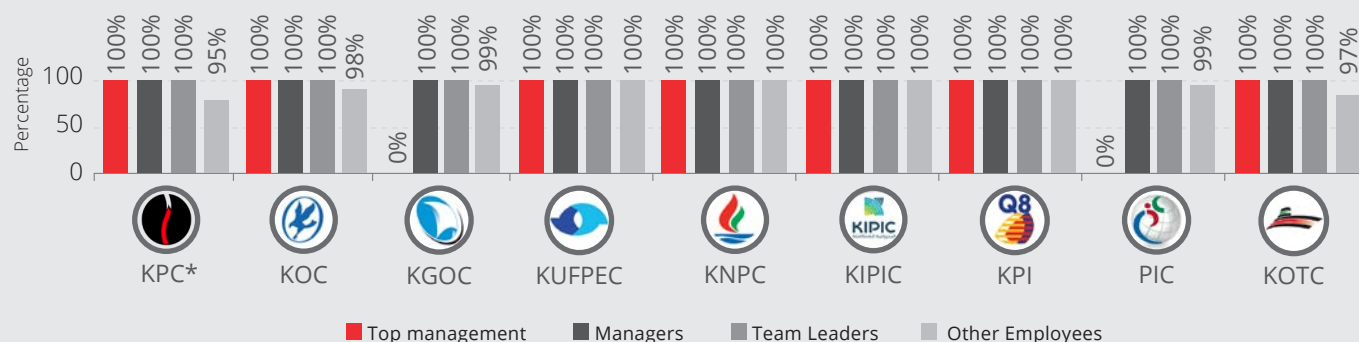
In addition to formal training programs, KPC Group encourages an environment of continuous learning through on-the-job training, mentorship, job rotation opportunities and financial support for self-study programs.

In order to assess the effectiveness and identify areas of improvement, Training attendees are requested to complete a training evaluation form upon successful completion of their program. This enables us to ensure that we continue to only provide quality training programs to our employees.

Total cost of training for the year (KWD)

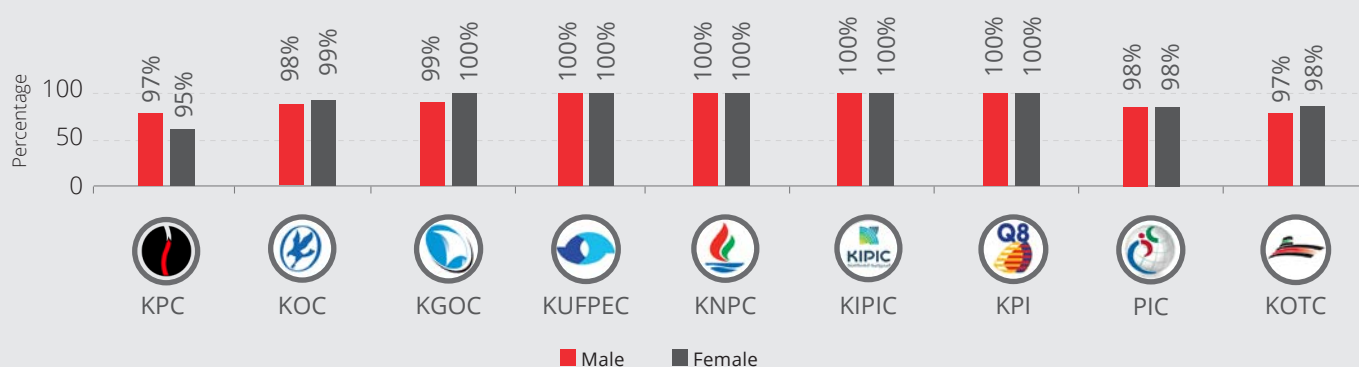


Employees receiving regular formal performance evaluation by employment category (%)



* Average hours of training by employment category and gender are not available for KPC.

Employees receiving regular formal performance evaluation by gender (%)



KPC Group places a strong strategic emphasis on training and development of Kuwaitis, including employees and contract workers employed by our vendors, as well as school-going children. We have developed dedicated programs for this purpose and believe these will not only benefit the individuals, but also provide KPC Group with positive long-term returns by providing access to a greater talent pool. Our scholarship programs not only cater to Kuwaiti students in schools and universities, but also to our current Kuwaiti employees who wish to pursue higher education.

Generous scholarship/study leave is provided for all employees pursuing bachelor's, master's or doctorate degrees that are related to the nature of their current work or the job that they will occupy in the future.

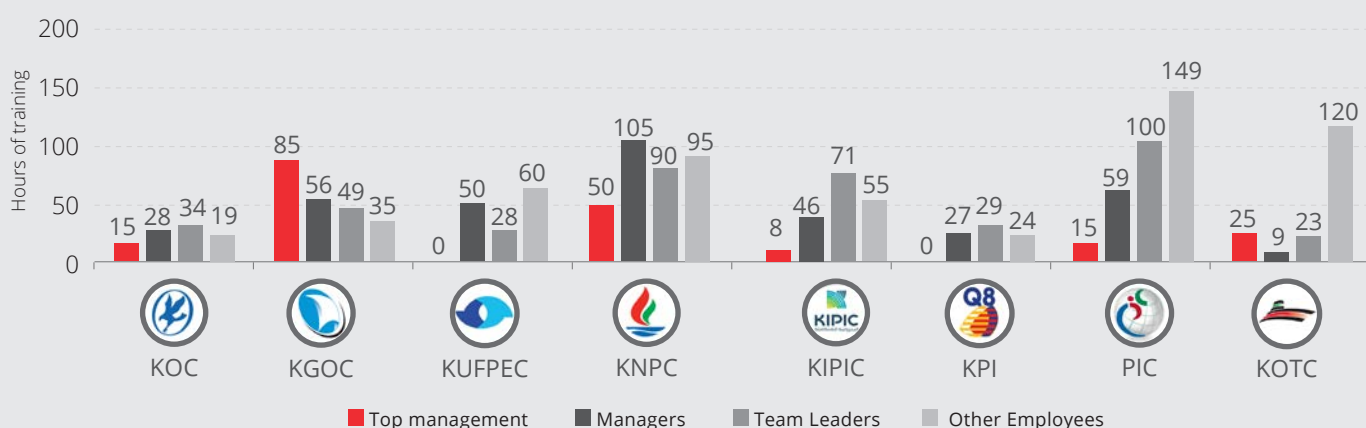
Examples of our scholarship programs include the KNPC Konn Riyadiyan Program and the KOTC Marine Technology scholarship. The Konn Riyadiyan Program launched by KNPC in cooperation with "Injaz Al-Kuwait" Society sponsors training of 1,800 students at the Public Authority for Applied Education and Training (PAAET). The KOTC scholarship program provides Kuwaiti students opportunities to pursue quality education in

Nautical Science (Marine Engineering or Deck Officers in the Merchant Navy) and aims to have around 120 Kuwaiti officers in our fleet by 2022.

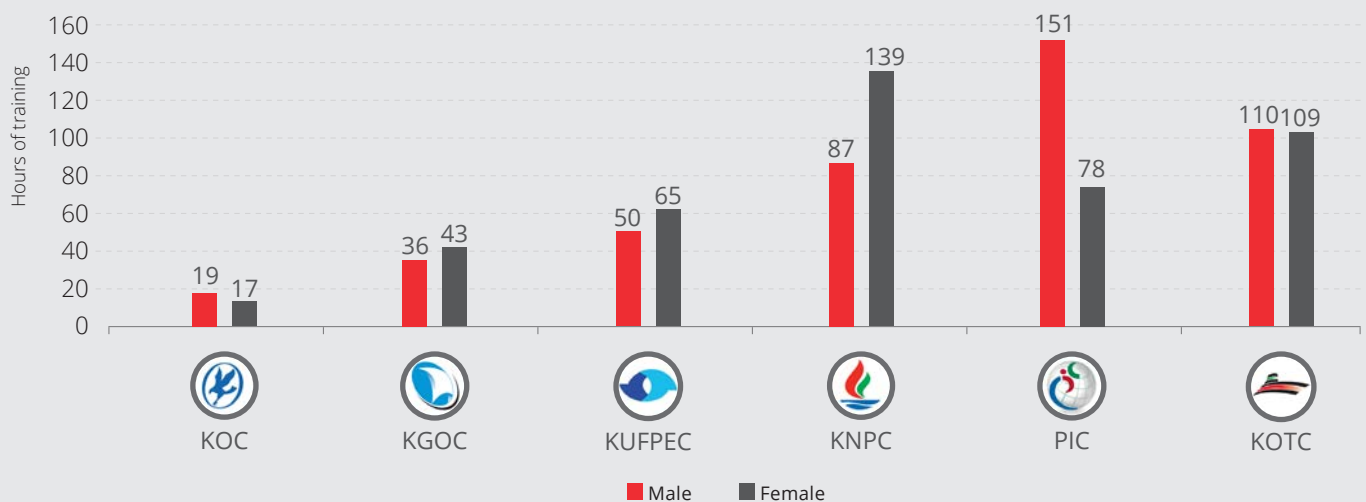
Our Group companies also develop and implement training and development programs, on a periodic basis, for the Kuwaiti employees hired by our contractors in the private sector. Our aim is to develop them into a workforce armed with all necessary skills, required for achieving growth in the oil industry.

In addition, KPC Group's Human Resource Department has signed several Memorandums of Understanding (MoUs) with specialized academic organizations in order to provide scholarships for employees of our Group companies. These include Australian College in Kuwait (ACK), Kuwait Institute for Scientific Research (KISR) and many more. KNPC has developed a Refinery Operations program in collaboration with the Public Authority of Applied Education and Training. The program is targeted at high school graduates, for them to participate in a 2.5-year technical program. The program enables them to graduate as 'Refinery Operators', to then be further employed by KNPC.

Average hours of training by employment category



Average hours of training by gender



** Average hours of training by gender is not available for KIPIC.

*** Total hours of training provided to KPC stand alone employees in FY18-19 amounted to 90,825 hours. This resulted in an average of 124 training hours per employee. Average hours by employment category and by gender is not available and will be disclosed in future reports.

• Average hours of training by gender is not available for KPI.



KUFPEC - Technical Young Professionals (YPs) roadmap program

Details of the case study

KUFPEC's Technical Young Professionals (YPs) are required to undertake a two year Technical Roadmap program at KOC. The program aims to develop soft skills and technical skills of the employees while providing on-job mentorship as per their respective technical domains. Two mentors are provided to each employee for the duration of the programme, a KUFPEC mentor and a KOC Mentor. In order to demonstrate acquired skills and competencies on a live project, all participants are required to complete a Mandatory Foundation Assignment (MFA) during the last 6 months of the course. The MFA project is assessed by KUFPEC and KOC mentors and Managers, and participants are further required to present their projects to Top Management of both companies.

Upon completion of the two year course, the participants become graded employees and are oriented at each of the Departments at KUFPEC. This orientation requires them to spend time at each Department to understand the workflow, build relationships with their colleagues and understand KUFPEC's Business Value Chain.

Post orientation, employees are assigned to the teams in the various Departments for day-to-day operations at KUFPEC and are assigned to take special assignments at Area Offices (International Asset Locations of KUFPEC), where their knowledge and skills are oriented for the KUFPEC's International Operations.

Outcomes

The Technical Young Professionals program has benefited participants with:

- Holistic understanding of KUFPEC's techno-business environment.
- Shortened learning curve (from a raw graduate to business ready Executive).
- Increased professionalism and business conduct.
- Increased motivation and drive to succeed.

Embracing diversity and equal opportunity



Total number of females	346	2,232	61	80	630	118	41	59	120
Total number of males	358	8,846	719	142	5,689	883	124	320	541
Total number of employees above 50 years	89	1,176	59	39	673	103	16	104	71
Total number of employees between 30-50 years	509	6,849	612	147	3,678	558	130	218	431
Total number of employees below 30 years	106	3,053	109	36	1,968	340	19	57	159

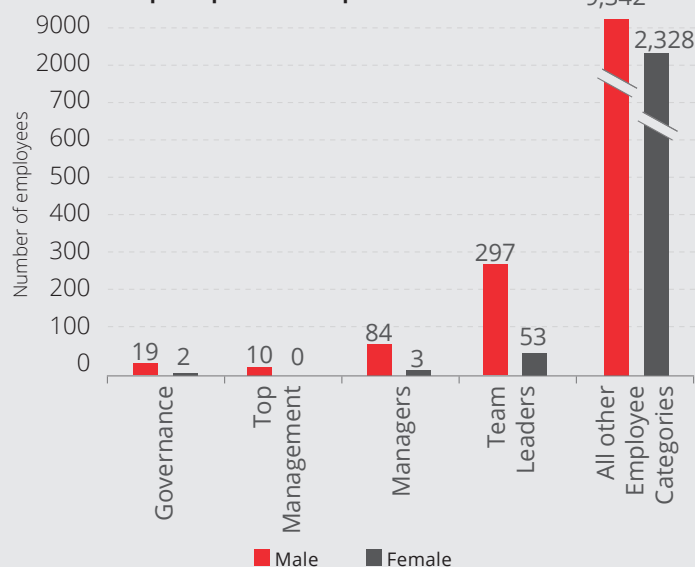


Organizations around the world are under continued pressure to diversify their workforce and bolster inclusion among people irrespective of their race, gender, ethnic group, age, education, background and more. International agencies are becoming more vocal about human rights, gender equality, pay gaps, discrimination at work, and the benefits of having a diverse workforce. The United Nations (UN) drove forward several initiatives to promote diversity including the Women Empowerment Principles (WEP) as part of the UN Global Compact – the principles highlight the reason for corporate action to encourage gender equality. The UN sustainable development goals on gender equality, decent work and economic growth, and reduced inequalities is another UN initiative that stresses on the importance of diversity and equal opportunity. In addition, the International Labor Organization (ILO) published guidelines on promoting diversity and inclusion through the workplace, as one of the core principles of ILO is equality of opportunity and treatment.

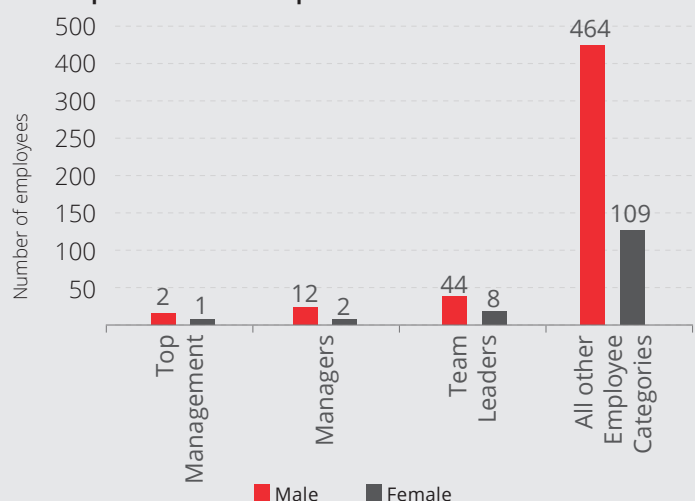
In the wake of rising attention to the issue of diversity, equality and inclusion and as a progressive role model and leading organization in Kuwait, we, at KPC Group, set detailed specifications on equal job opportunities and fair treatment under valuing our people principle as part of our KPC Code of Conduct. Furthermore, we have prioritized diversity and equal opportunity in our KPC 2040 Strategic Directions. One of our Strategic Directions is to embed KPC Mission, Vision and Values in HR processes to encourage the development of an engaged and performance-driven culture. We believe that an engaged and performance-driven culture is one where gender-based discrimination is absent and the focus is on performance and innovation.

We invested in policies and programs that support women in the workforce in all our Subsidiaries and provide flexible working and childcare facilities to create a gender-sensitive work environment. Currently, our Subsidiaries' governance bodies comprise of around 90% males and 10% females. In a male dominated industry, our Group is slowly but steadily increasing females at all levels and striving to advance female representation in the coming years through various initiatives.

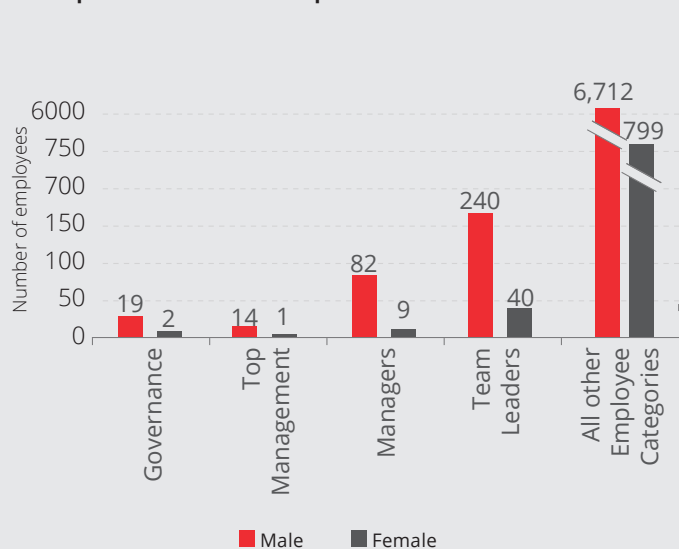
Gender diversity by employee category at KPC Group's Upstream operations



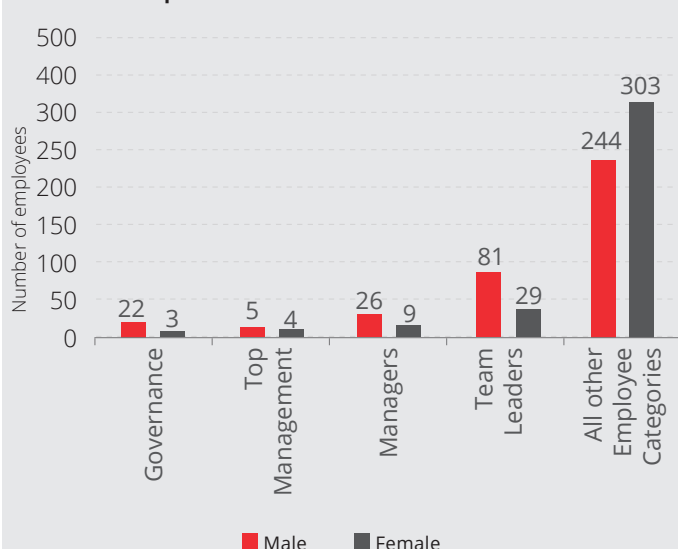
Gender diversity by employee category at KPC Group's Midstream operations



Gender diversity by employee category at KPC Group's Downstream operations



Gender diversity by employee category at KPC Corporate



The Values for KPC Corporate Governance do not include the Board of directors. Midstream governance data is not available

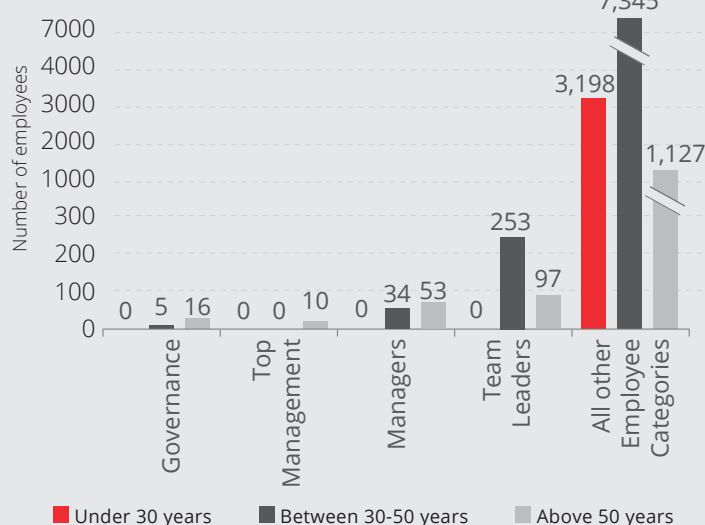
KPC and its Subsidiaries pay special attention to gender balance in the workforce and are committed to the empowerment of women in the oil sector. KPC Group continues to work hard to create the appropriate conditions to nurture female talent and enable them to contribute alongside their male colleagues in achieving success. From this standpoint, KOC launched the Professional Women Network (PWN) in 2009 which later on expanded to the rest of the KPC Group in 2014.

Currently, the Network is headed by Managing Director Planning and Finance at KPC, Ms. Wafaa Al-Zaabi, along with several female leaders in the KPC Group. The Network aims to develop and hone the skills of female talent in the oil sector, through organizing a series of activities aimed at empowering women and developing their leadership skills, in addition to implementing awareness programs for women working in the oil sector, and cooperating with national and international oil companies in this field. The Network also aims to implement a framework to enable the empowerment of women in all technical disciplines and support roles at KPC Group.

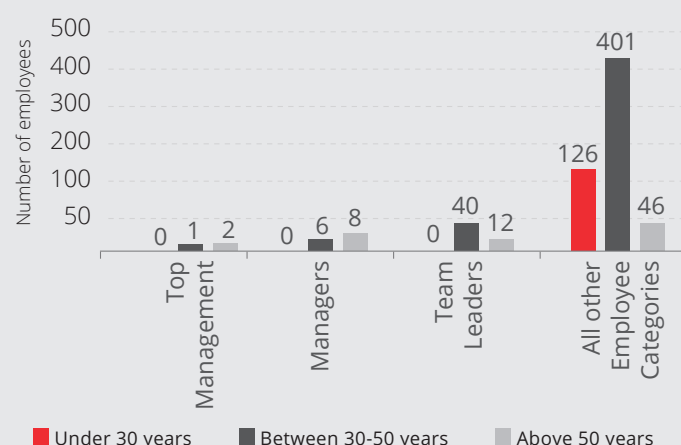
Additional aspects affirming our commitment to gender-balance and our efforts to support women in the oil and gas sector, our PIC DCEO of Projects and Business Development, Ms. Nadia Al Hajji, was awarded "Best Woman in Energy" by the Oil, Gas, Refining and Petrochemical Magazine of the Middle East in 2019. Similarly, our KIPIC Engineer, Ms. Fatemmah Al Munayes, was awarded "Woman in Industry" at the fifth maintenance, reliability and asset management conference and exhibition (MAINTCON) hosted at Kingdom of Bahrain in 2018.

In addition to gender equality, our Group promotes age diversity as we realize that employees of different age groups bring diverse experiences and benefits to our business. Across our Group, our various Employee Categories include members across various age Groups. Although our Governance and top management categories are dominated by members above 50 years old, we are starting to have some members between the ages of 30-50 years old. In our Managers category, most of our employees are between the ages of 30-50 years old with the remaining small portion above 50 years old.

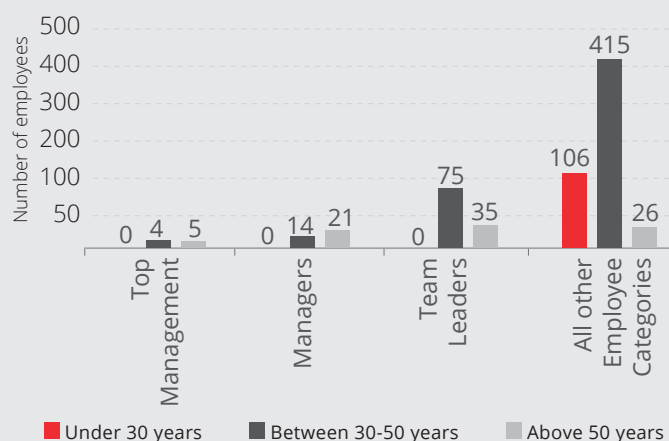
Age diversity by employee category at KPC Group's Upstream operations



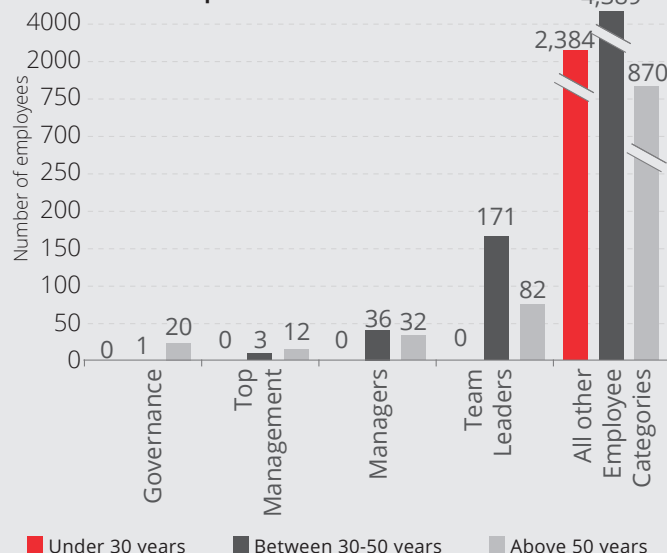
Age diversity by employee category at KPC Group's Midstream operations



Age diversity by employee category at KPC Corporate



Age diversity by employee category at KPC Group's Downstream operations



Midstream governance data is not available. KPC Corporate governance data by age diversity is not available.

Ensuring occupational health and safety

In Upstream operations, wells and reservoirs are usually in remote areas and require long distance transportation to get to the location. Hence, vehicle collisions are one of the most common hazards in in such operations. Furthermore, workers in Upstream operations are often exposed to struck-by/caught-in/caught-between hazards from multiple sources such as falling equipment, moving vehicles and equipment, and high-pressure lines. Workers in in such operations are exposed to falls from elevated equipment and to injuries from confined spaces such as mud and reserve pits, storage containers other confined areas around a wellhead. Workers in in such operations often carry and handle heavy objects which subjects them to ergonomic hazards, as well, interact with high pressure lines and equipment which can cause workers serious injuries if the lines/equipment leak or burst. In addition, Upstream operations face the risk of fire and explosions due to the availability of numerous flammable substances that can be easily ignited.



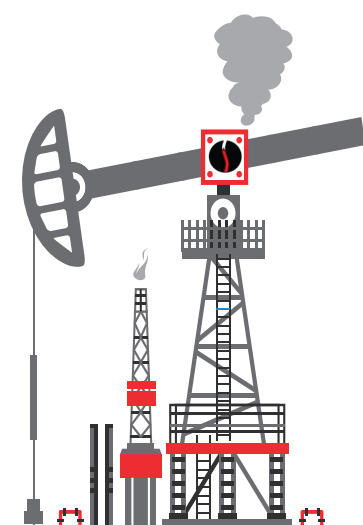
KPC



KOC



KGOC



Percentage (%) of employees covered by Occupational Health and Safety Management System		100%	100%	100%
Rate of fatalities as a result of work injuries	Employees	0	0	0
	Contractors	N/A	0.0058	4.830
Rate of high-consequence work-related injuries*	Employees	**	0.1521	0
	Contractors	N/A	0.0100	4.830
Rate of recordable work-related injuries	Employees	**	0.2852	3.240
	Contractors	N/A	0.0499	9.670
Total number of hours worked	Employees	32,967,168	21,037,416	6,165,637
	Contractors	N/A	240,274,646	4,137,915



For Midstream operations, one of the main hazards that maritime workers face is fires and explosions. Various reasons can cause fires on oil tankers and can put the lives of workers at risks. Oil tankers carry highly flammable substances which can be easily ignited. Faults in machinery or electrical outlets, defective lighting, or smoking in prohibited areas can create sparks and instigate fires. In addition, wind is vital in safe shipping on oil tankers; if wind speed is very low, vapors will not disperse and cause a flammable condition. Another critical hazard on oil tankers is exposure to confined spaces such as the pump room which can lead to workers experiencing oxygen deficiency. Moreover, hot work such as gas cutting and sandblasting is extremely hazardous on oil tankers as they have highly flammable areas.

In Downstream operations, inhalation of highly toxic gases such as H₂S due to leaks is one of the main occupational hazards that can lead to fatalities. Workers in Downstream operations are also subject to trips and falls due to climbing towers and other elevated equipment. Maintenance Workers involved in use of vehicles, lifting equipment (cranes, forklifts, exchanger bundle pullers) for handling large pipes, heavy materials and others are exposed to potential personal injuries.

Workers are also exposed to hot work hazards, radiation hazards, nitrogen hazards (asphyxiation) that could further result in occupational health hazards and illnesses.

Moreover, workers in Downstream operations are exposed to high-pressure lines, equipment and compressed gas which lead to fires, explosions and exposure to toxic chemicals. For maintenance purposes among others, workers in Downstream operations are subject to entering confined spaces. In addition, Downstream workers can have burn injuries due to exposure to flammable vapors, liquids and hazardous chemicals. In Downstream operations, works are prone to noise and vibrational hazards as they deal with numerous mechanical equipment at high temperature and pressure.



KUFPEC



KNPC



KIPIC



KPI



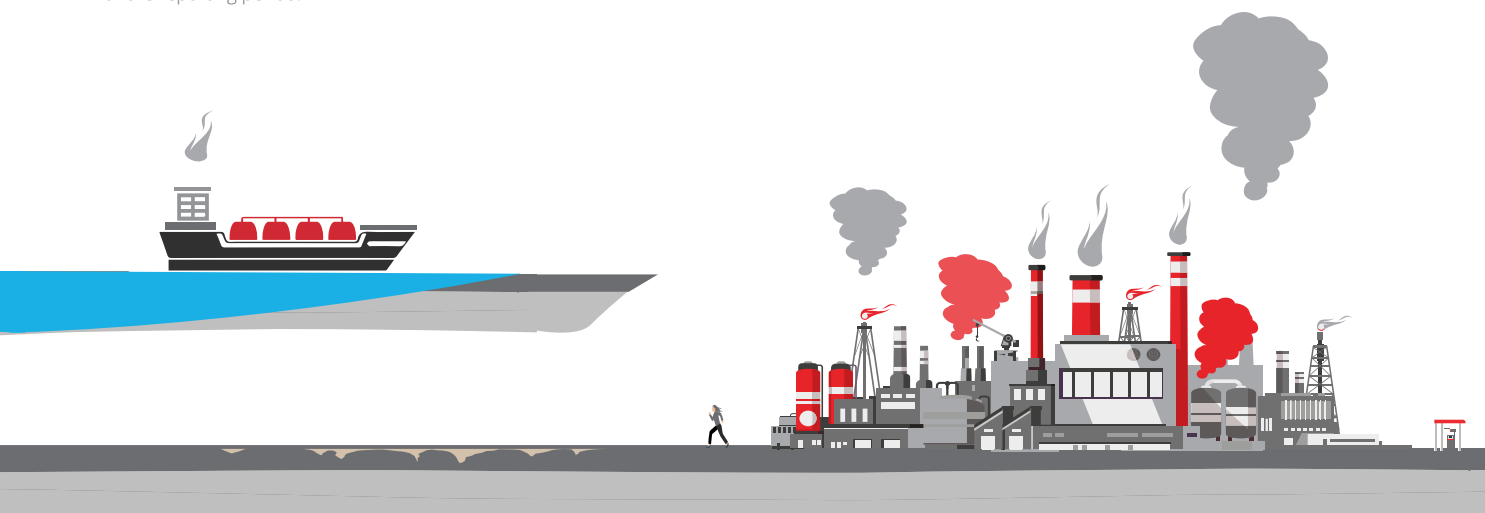
PIC



KOTC

100%	100%	100%	100%	100%	100%
0	0	0	0	0	0
0	0.0010	0.0185	0	0	0
0	0.0600	0	0	0	0
0	0.0500	0.0310	0	0	0
0	0.0900	0	0.9570	0	0
0	0.0300	0.0310	0	0	0
405,000	12,904,840	2,954,274	208,988	689,896	1,192,420
419,400	201,576,624	32,347,000	N/A	1,169,397	9,388,830

* Excludes fatalities. ** KPC measures occupational injuries using 'Lost Time Injury Rate' and 'Lost Time Injury Severity Rate', which were 0.071 and 0.072 respectively for the reporting period.



The oil and gas industry is one of the high-hazard industries and is faced with high risks of fatalities, injuries and ill-health. These factors raised concerns of various international agencies such as the International Labor Organization (ILO), the Organization for Economic Co-operation and Development (OECD), and the World Health Organization (WHO), whom called for action from leading oil and gas organizations to implement health and safety excellence, and aim to achieve zero harm, zero incidents and zero injuries.

Moreover, countries around the world set various regulations to protect workers. Kuwait published the Ministerial Decree No. 22 in 1974 on respecting the safety precautions to be taken against occupational injury and disease. Kuwait also founded Order No. 45 in 1979, which aims to publish scales, standards and measures for safety at workplaces. Moreover, Kuwait established Law No. 6/2010 concerning Labor in the Private Sector.

Since we, at KPC Group, always adhere to the law and regulations of the countries we operate in and respect the lives of our people, we made it our Mission to embed a culture of health and safety and achieve world-class health and safety performance by setting 'commitment to HSSE' as one of our KPC core Values and establishing our KPC HSSE Vision and Mission, and KPC 2040 HSSE Strategic Directions.

We also created our KPC HSSE standards which were translated into a KPC HSSE management system that acts as a unified management system across our Group including all Subsidiaries. The philosophy of the management system is now towards a more 'Strategic Management Model Approach'. Our KPC HSSE management system has been updated in line with international best practices that are fit for a Corporate HSSE Management System. With our unified HSSE management system, we aim to achieve world class

performance and local compliance against health, security, safety and environment regulations through definition, application and adherence to consistent policies and standards and the sharing of best practices. Having a common HSSE management system cascaded to all Subsidiaries enhances resource sharing, promotes best practices, standardizes processes and standards and also encourages collaboration in common opportunities, with the objective of realizing potential synergies.

In addition, some of our Subsidiaries have occupational health and safety (OHS) management systems in place as an additional measure to protect our employees and contractors and prevent injuries. Our Subsidiaries, KOC, KNPC, KUFPEC, KOTC, PIC and KGOC Head Office adopted an occupational health and safety management system as per ISO 45001. The OHS management system at KOTC is also in line with OHSAS 18001. All our Subsidiaries' occupational health and safety systems are developed in line with local legislations and the KPC HSSE management system.

Moreover, all our employees and contractors are covered by our Subsidiaries' occupational health and safety management systems, which are internally and externally audited. At our Group, we value our contractors and realize that they support our operations on a daily basis and operate on our premises under our instructions and adopt our standards of operation. Therefore, incorporating them into our occupational health and safety management system is essential. For all our Subsidiaries with OHS management system in place, the system covers all assets under the operational control of our respective Subsidiary.

Elements of KPC HSSE Management System



Due to our numerous health and safety practices, our Upstream, Midstream and Downstream operations did not have any employee and contractor fatalities during the reporting period from work-related ill-health. We also did not have any employee fatalities work related-injuries, but we had 8 and 12 fatalities from contractors in Upstream and Downstream operations respectively.

For KNPC, one such fatality was of a contractor rigger whom fell down from scaffolding. In order to prevent recurrence of such incidents, a KPC appointed Committee is formed to investigate the incident thoroughly and recommendations are implemented in a time-bound manner with close supervision and follow-up. Case studies and lessons learnt are presented to KNPC Management and staff. KIPIC witnessed 3 contractor fatalities during the reporting period. To prevent recurrence in the future, KIPIC ensured that all recommendations provided by the incident investigation team were implemented and communicated to others. KIPIC HSE teams conducted substantial verifications audits of both documents and sites to ensure compliance. A comprehensive staffing and oversight plan was developed as part of the Team Readiness Plan to transition to the next project phase. Meanwhile, there were awareness and training sessions conducted for all KIPIC employees on hazards and risks.

For KOC, as per our HSE Incident Reporting and Investigation Procedure, all 7 fatality incidents were investigated thoroughly by an exclusive high level investigation Committee formed by KPC. Necessary actions were taken to address the root causes of the incidents and to avoid recurrence of such incidents. Lessons learned were shared across KOC. In addition, the status of the actions taken were reviewed by KPC and KOC Senior Management through an expert team of auditors.

At KGOC, we had a fatality that occurred due to a concrete shuttering carpenter who fell from a duckBoard platform on to a concrete floor. The root causes of the incident were investigated and identified. Subsequently, new measures and procedures were developed, as well as, an on-site system to identify work-related risks. Lessons learned from the incident were shared with employees to raise awareness and prevent similar incidents from recurring.

As for our high consequence work related injuries during the reporting period, we recorded some cases for our employees and contractors respectively in Upstream and Downstream operations. In Midstream operations, we did not observe any high consequence work related injuries for our employees nor contractors while KNPC. During the reporting period, KNPC witnessed nine Lost Workday Case (LWC) incidents. These



KOC HSSE Induction Center

Details of the case study

The KOC Induction Center was founded to develop, organize and conduct knowledge sharing programs to meet the HSE awareness needs of both KOC employees and contractors.

Some of main training topics conducted at our HSE induction center are Permit to Work (PTW), general HSE induction, contractor HSE oversight, and KOC HSE audit. A schedule is published every month on KOC MyPortal, and employees can register for the sessions as per their needs. Qualified and experienced instructors administer the sessions to the employees.

The safety team at KOC is responsible for the HSE induction center and manages all its operations including the creation of training material, providing the sessions and recording the results.

During the reporting period, KOC introduced new modes of delivery at the KOC Induction Center such as interactive workshops and simulator-based-sessions.

We are planning to expand our KOC Induction Center to an asset-based HSE Induction Center for South and East Kuwait, West Kuwait, and North Kuwait.

Outcomes

Assist KOC in enabling all employees to learn more about HSE, enable them to make a positive contribution in their daily work activities and achieve KOC's objective of 'Zero Accidents'.

include workers injuring an arm and finger while drilling and hammering, injury to legs by toppled equipment, release of high pressure H₂S gas resulting in loss of consciousness, and various injuries from slips, trips and falls.

At KGOC, the high-consequence work-related injury was of a person trying to disembark from a boat, losing his balance and falling into the boat deck uncovered hatch, resulting in a hip injury. This resulted in a loss time incident. The boat deck had limited space for personnel passage due to material placed on the side of the deck. No assessment was made of the boat deck hazard without a barrier or signage. Lessons learned from the incident were discussed with all offshore personnel. The boat Captain shall carry out safety inspections of boat decks to identify potential hazards and implement control measures

to mitigate unsafe conditions. The boat Management shall implement installation of grating and guards to secure hatch opening from potential passenger falls.

KOC recorded 16 and 12 high-consequence work-related injuries during the reporting period, for employees and contractors, respectively. Most of the injuries were due to motor vehicle accidents, fall from height, slips and trips, struck by/or caught in between objects, fall of soil during excavation and others. As per KOC HSE Incident Reporting and Investigation Procedure, all incidents were investigated thoroughly by the high-level investigation Committee and the status of the actions taken are being reviewed by Senior Management.



KNPC initiative to migrate from OHSAS 18001 to ISO 45001:2018 occupational health and safety management system

Details of the case study

To align with the international development, KNPC took initiative for migration to Occupational Health and Safety Management System ISO 45001:2018 standard from the existing OHSAS 18001 Standard. The new standard facilitates the following:

- Improved Risk and Opportunity process to provide better work environment by considering the needs and expectations of interested parties.
- Improved participation and consultation of non-managerial workers in decision making process.
- Focus on needs and expectations of workers and other interested parties.

Activities performed for the initiative:

- Gap Analysis was done with respect to migration to 45001 system actions required were identified.
- Task Force Team was formed for the migration process. Documents were updated as required.
- Training was provided to support implementation.
- Internal and External audits were conducted to ensure the conformity to standard requirement.
- Achieved the ISO 45001 Certificate.
- Monitoring and continual improvement in progress.

Outcomes

- KNPC became front runner in migration to ISO 45001:2018 in the region.
- Hidden opportunities in the risk mitigation measures could be identified and utilized for the benefit of the organization.
- Improved process for compliance to legal and other requirement.

KIPIC experienced five high-consequence work-related injuries during 2018-2019. The injuries sustained included an injured knee from being pushed and trampled on, pedestrian road traffic injury, collapse of girders, fall from height on cantilever platform, and foot injury from a trap under concrete beam. We took steps to ensure safer working conditions by investigating all incidents to identify their root causes with corrective and preventive actions determined. In addition, we conducted site inspections and pre-schedule safety theme audits with a comprehensive staffing and oversight plan as part of our Teams Readiness Plan. Concurrently, we have ongoing awareness and training sessions for all employees and an HSE Transition Plan was developed to ensure safe commissioning.

During the reporting period, KNPC witnessed 9 LWC incidents. These include workers injuring an arm and finger while drilling and hammering, injury to legs by toppled equipment, release of high pressure H₂S gas resulting in loss of consciousness, and various injuries from slips, trips and falls.

In regard to recordable work-related injuries during the reporting period, 31 and 62 of our employees and contractors respectively were injured in our Upstream operations. We also had multiple recordable injuries across our Downstream operations. As we observed higher injury rates for contractors across all sectors - which can be due to the scaling of their numbers present within our Group compared to direct employees, we are addressing this concern by introducing more inductions and on-the-job trainings that are offered in the native language of our contractors.

In addition to preventing harm, our Group promotes workers' health by offering healthcare services or voluntary health promotion services and programs, which, for example, help our workers improve their diet or quit smoking. These additional services and programs cannot serve as a substitute for occupational health and safety programs, services and systems that prevent harm and protect our workers from work-related injuries and ill-health. They simply serve to supplement our existing occupational health and safety program.

Due to the hazardous nature of our operations, employees and contractors respectively were exposed to work-related hazards that can cause ill-health during the reporting period. Therefore, we, at KPC Group, have processes to identify and report work-related hazards, assess risks, and fully endorse our workers to refuse or stop unsafe or unhealthy work.

KOC

KOC has a comprehensive HSSE management system that upholds and ensures the priority of the health and safety of all our employees and business partners. All hazards and risks in the operations of the facilities and execution of projects are addressed through the risk management processes with dynamic Enterprise Risk Management (ERM) and HSE Risk Registers. All day-to-day non routine work activities are managed through the mandatory electronic work permit (e-WP) system supported by Job Safety Analysis (JSA). Furthermore, the additional risks introduced due to any changes are managed through the systematic Management of Change process.

KOC HSE Compliance Register captures all the legal and obligatory requirements that are applicable to KOC's operations and activities. All work activities are monitored by dedicated HSE teams in the respective assets/directorates ensuring a safe work environment. Workers' health surveillance, including periodic medical examinations, are mandatory requirements in line with local and international standards and guidelines to ensure their well-being.

HSE training, awareness and continual learning process are an integral part of KOC's pursuit for excellence through developing the competency and skills of the workforce and sharing of knowledge, latest trends and technology. HSE awareness sessions are provided in several languages to meet the requirements of the multicultural and multilingual diverse workforce among the KOC's employees and contractors. Additionally, KOC is implementing an effective Behavioral Based Safety (BBS) program to enhance the positive HSE behavior



and culture. Numerous HSE campaigns and workshops are conducted across KOC, around the year, to promote safe working and prevent injuries and illnesses.

KOC HSE procedures and guidelines are established with the involvement and participation of all key Stakeholders – developed by HSE teams, consulted with end users, approved by the dedicated HSSE Procedures sub-Committee and authorized by the HSSE Implementation Committee. HSE is integral within the project management cycle through the Project HSE plan and the KOC Project Gate System, ensuring all the HSE requirements and risk are studied during the various stages of the projects, from concept to commissioning.

KOC established and implemented a resilient Contractor HSE Management System, starting with a pre-qualification process mandating HSE qualification, HSE requirements appropriate for the various types of contracts, effective contractor HSE oversight, detailed performance evaluations and working together in a mutual sharing and learning environment.

All incidents, including near misses, and hazardous conditions are reported, verified and tracked through our online reporting and tracking system “MyHSE”. All incidents are investigated to ensure lessons learnt are captured, shared and appropriate corrective actions taken to prevent recurrence. All employees have the authority to stop work due to any unsafe act or condition. Life Saving Rules are established and implemented to prevent undesirable incidents and loss.

Several HSE monitoring tools, including audits, inspections, site verification visits (SVVs), safety observations and conversations (SOCs) and others, are implemented to verify and ensure the strict implementation of the HSE management system. KOC Management, including top leaders, are involved in the monitoring process through Management site visits, HSE performance audits and others, demonstrating commitment and visibility at all levels. Management reviews of the KOC HSSE Management System and performance are conducted periodically by the HSSE Management Committee with the involvement of all top leaders of KOC to ensure meeting KOC's strategic objectives, goals and continual improvement.

KGOC

Our Stop Work Authority and Leadership field visits are undertaken continuously at our Wafra Joint Operations (WJO) and annually at our Head Office to identify work-related hazards. We also continuously conduct Process Hazard Analysis (PHA) to identify hazards and risks of our operations and activities.

On another hand, some processes are undertaken on non-routine basis; any new project or modification at WJO would require performing Hazard and Operability study (HAZOP) and environmental and social impact assessments. At our Head Office, risk assessment and Job Safety Analysis (JSA) are carried out for any new activity or changes in the manner of carrying out an activity. For any new projects at the Head Office, a JSA must be approved before the commencement of the activities.

Along with this, we also perform surveillance of work environment and worker health by monitoring exposure of our employees and contractors to H₂S, SO₂, noise and dust. We take appropriate remedial measures including administrative controls in case of any finding indicating high exposure.

In our efforts to prevent reoccurring incidents, all incidents are investigated, as per our HSE Management System, using Why Tree Method of Root Cause Analysis to identify root causes, implement recommendations and share lessons learned with our business partners. Incident investigation is carried out for incidents involving both employees and contractors. Moreover, all workers can raise their complaints to their Division supervisors or EHS team and all the complaints are reviewed, investigated and corrective actions are taken. A computer-based hazard reporting system allows any employee to report work related hazards and hazardous situations.

In addition, we carry out competency assessment before selection of workers - both employees and contractors, and offer regular training. We conduct training in various languages and use posters with pictures to communicate hazards and remedial actions. At our Head Office, we conduct an HSE induction in the language that the workers are proficient.



In order to guarantee that our processes are following best-practice, we conduct safety audits and audits to identify gaps in our HSE Management System every 3 years and take remedial actions. Identified gaps and corrective actions are tracked by Sphera Essential system.

KUFPEC

As we only have it in Kuwait, we conduct annual routine checks on our Head Office to identify work-related hazards through our OHS risk management procedure. In case any work-related incidents occur, we follow our HSE incident investigation and reporting management procedure. Moreover, our employees can file complaints, and report hazardous work situations by following our procedure on HSE communication-participation and consultation for filing and reporting complaints and hazards. With these measures, we work diligently to enhance our occupational health and safety and identify all hazards.

In addition, KUFPEC offers an annual HSE training plan for its employees that includes training on: ergonomics, office safety and emergency response. To evaluate the effectiveness of these trainings, we monitor our employees' performance regularly.

With the aim of continuously evaluating and improving our HSE Management System, our procedure on HSE objective and improvement management program is used to evaluate and continually implement our OHS management system.

KOTC

We perform work-related hazard identification on a routine basis for our contract reviews and Permit to Work (PTW), and on a non-routine basis for new processes and activities. As part of our process to ensure the elimination of incidents and injuries for workers, we have an incidents investigation procedure in place, a grievance procedure, near-miss reporting procedure and incidents reporting procedure. Workers are also interviewed during accident investigations and consulted about the measures they believe should be in place to prevent recurrence of accidents. Moreover, KOTC provides periodic

medical examination for all employees and contractors, as well as, periodic indoor environmental quality surveys.

Since the operations of KOTC involve multiple facilities and different activities, each is surveyed for different exposures periodically and if any recommendations arise, they are dealt with accordingly.

In order to ensure that our processes are implemented seamlessly, and obstacles are removed for workers who might be more vulnerable to the risk of work-related injury or ill-health, we provide safety talks and training to foreign employees in their native language and have safety signs with pictograms and written instructions in multiple languages. Our health and safety trainings include topics such as ergonomics, housekeeping, manual handling, hygiene, and general awareness about controversial health issues. The training is free of charge and is conducted during working hours. It is mandatory for the workers to attend HSE training/courses.

As part of our efforts to ensure that our OHS management system is continuously evaluated and improved, we conduct periodic surveys and take employee recommendations regularly.

KNPC

A procedure on OHS Hazard Identification and Assessment of Risks and Opportunities is implemented to comply with the requirements of ISO 45001: 2018 Standard and KPC HSSE Management System Standard requirements. This procedure outlines the process for identifying hazards, occupational health and safety risks and opportunities from routine and non-routine activities, products and services of each Division by consulting managerial and non-managerial workers, worker representative and interested parties. OHS risks are identified from legal and other requirements, internal / external issues, needs and expectations of interested parties and using the Management of Change procedure.

Current control measures are applied in line with "hierarchy of control measures" for all OHS risks. When the residual risk



is high, jobs are stopped and Top Management's direction is sought. Hence, in principle, attempts are made to bring all OHS risks to medium (tolerable) and low (acceptable). Additional control measures are applied for all high risks (mandatory), medium and low risks (where applicable). Other risks are identified from residual OHS risks, which are having the potential to affect the business. After bringing the OHS risks to medium and low, wherever possible, they shall be further brought down by applying hierarchy of control measures. These control measures are classified as OHS Opportunities or Other Opportunities. The control measures fall under OHS Opportunities if they are improving OHS performance. Whereas, the control measures fall under Other Opportunities if they are improving OHS management system.

Action Plan to implement the additional control measures, OHS Opportunities and Other Opportunities shall be considered as inputs for OHS Objectives, if the duration of the project is more than 3 months. For training and awareness on hazards identification and work permit risk assessment, there is a mandatory course with a 3-year refresher training frequency.

KIPIC

KIPIC developed the Health, Safety, Security and Environmental (HSSE) Management System as an integral and essential part of the way KIPIC does business and is considered an equal part of the wider system for the management of our business. It is a structured approach to achieve HSSE goals, objectives, targets and manage the HSSE risks associated as set out in KIPIC's HSSE Policy. It provides a systematic and structured process for continual improvement in HSSE performance. It concentrates, using 18 management system processes, on those areas and activities with the potential to have the greatest impact on harm to people, environment, nearby communities, to cause damage or loss to assets, to cause financial loss, and/or to adversely impact our reputation. KIPIC HSSE management system aligns with the requirements of KPC HSSE Management System and complies with KPC directives and stipulations with respect to HSSE programs and procedures mandated for implementation in KPC Subsidiaries.

KPI

At KPI, we only have our Head Office in Kuwait as all our operations are international. At our Head Office, we use a risk register to compile and evaluate all possible risks which could be related to the workers and the surrounding environment. The risks evaluation is performed using our risk matrix and all items posed as high risks are subject to further evaluation after applying the proper controls or mitigations. The main related ill-health at our Head Office are musculoskeletal disorders and eye strains. One of the primary hazards causing high consequence injury is ergonomics. However, it was evaluated and this risk is low after using the proper mitigation measures. Moreover, as part of our measures to ensure that all employees are safe and well, we conduct awareness sessions and trainings on potential hazards and risks to raise their awareness. We also provide office tools and proper supervision to ensure the prevention and mitigation of hazards, ill-health and risks.

PIC

We established occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks such as Asbestos Abatement Program, Indoor Air Quality Management Program, Ergonomics, Hearing Conservation Program, Respiratory Protection Program, Heat Stress Management, and Radiation and Vibration Control.

In addition, we established two committees- Safety and Environment Executive Committee (SHEEC) and Pollution Prevention and Occupation Health Committee (PPOH) that meet monthly and are responsible for monitoring OHS performance, setting objectives, and following up on complaints.

In order to eliminate injuries and avoid reoccurrence of incidence, we perform incidents investigation as per the guidelines of our incident investigation procedure and provide safety and occupational health trainings for employees and contractors in their languages.





Isn't Safety
Just A Word
Is Safety
An Action

Safety Section



06 COMMUNITY ENGAGEMENT



- Promoting health and wellbeing
- Fostering education
- Cultivating environmental awareness
- Nurturing innovation

“At KPC Group, we seek to empower the Kuwaiti society through numerous social, charitable and humanitarian initiatives. We also aim to create a positive impact on the community, which is the guiding principle of our Corporate Social Responsibility.”

Sheikh Faisal Al-Jaber Al-Ahmad Al-Sabah

Deputy Managing Director Corporate Relations, KPC

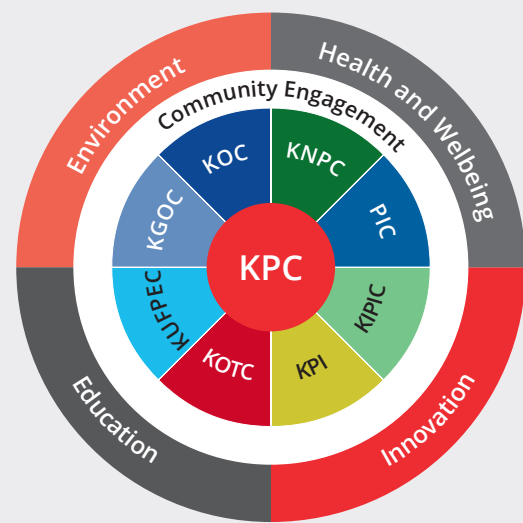
The KPC Group understands that strong communities make our Company stronger and hence we strive to become good corporate citizens in our community. Since the inception of our Organization, we have been heavily involved in community engagements, especially within Kuwaiti society. Our interaction with our community at various levels also contributes towards building trust and value, as well as improving the nation's image regionally and globally.

‘Engage with local communities’ is one of the six pillars of KPC’s 2040 Strategic Directions, which aims to establish and deliver a Group-wide Corporate Social Responsibility Program. Currently, several of our Group companies have established CSR strategies, policies, procedures, budgets and targets in place. Specific Departments within these organizations are delegated with the responsibility to actively identify, develop and execute CSR programs. Mechanisms are also in place for the local communities to provide input and grievances to us, through dedicated Community liaison officers, contact numbers, postal addresses and social media channels.

Our strategy to positively impact local communities is aligned with our 2040 Strategic Directions and to national and international visions.

We implement our community impact strategy through various initiatives such as awareness campaigns, scholarships, donations, volunteering and partnering with non-governmental organizations. Currently, the primary focus of our CSR programs is in the areas of Health and Wellbeing, Education,

Community engagement pillars



Environment and Innovation. We are in the process of developing mechanisms to uniformly measure the impacts of our CSR programs and in the future, we aim to report on their impacts.

Material topic alignment to sustainability context

Topic	GRI	UN SDGs	New Kuwait 2035	KPC 2040 Strategic Directions
Local Communities	GRI 413			<ul style="list-style-type: none"> Establish and deliver a Group-wide, Kuwait Corporate Social Responsibility program. Proactively promote KPC's brand and image.

Promoting health and wellbeing

Health and wellbeing is increasingly becoming a focal point of CSR, largely due to the recognition that a healthy workforce and community are fundamental to the longevity of a business and success of an economy. Consequently, we understand the importance of improved health standards and in the well-being of the communities in which we operate. We have undertaken several initiatives both within and outside our Companies to increase awareness and promotes health and wellbeing.

Breast cancer awareness campaign

With over two million cases in 2018, breast cancer is the most commonly occurring cancer in women and the second most common cancer overall.⁵ To raise awareness within our communities, KPC Group conducted various campaigns with the intention of providing information to the community on how prevalent the disease is, the importance of screening and detection, when to consult a doctor and how early treatment significantly improves the chances of saving lives.



Blood donation campaigns

On an annual basis, KPC Group conducts blood donation drives in cooperation with the Kuwait Blood Bank. The campaigns are intended to ensure adequate supply of blood for people in need. Several of our Group Companies consistently come in the list of top donors based on quantity of blood donated.

In addition to blood donations, KGOC donated to the Kuwait Blood Bank a customised vehicle to facilitate blood donation services in various parts of the Kuwait. Additionally, KGOC Public Relations Team produced an awareness video for kids about the importance of blood donation.



⁵ Breast cancer statistics. (2020). Retrieved 19 August 2020, from <https://www.wcrf.org/dietandcancer/cancer-trends/breast-cancer-statistics>

Workplace health and safety

Workplace health and safety is a key factor in all industries for promoting wellness of employees and employers. Health and safety incidents can have huge impacts on an individual's personal life and an organization's reputation. We periodically undertake campaigns to create awareness, and share our knowledge and know how in the fields of Health and Safety with the wider community and other organizations.

Kuwait Oil Company organized four-day workshops on health, safety and environment for the staff of the Department of Safety in the Ministry of Public Works. The Director of the Department of Safety and Engineers in the Ministry, as well as number of employees of the teams involved in the Company attended the workshops. Presentations on a number of topics related to risk management in the work environment was provided to the participants. Participants were also taken on a guided tour of the Ahmed Al-Jaber Oil and Gas Exhibition, during which they were briefed on the history of the oil and gas industry in Kuwait through a distinctive interactive experience.

KIPIC organized an 'Office Comfort Day' for the employees, which included competitions emphasizing physical health and an ergonomics awareness lecture conducted by a trainer. A multitude of healthy tips, focusing on how to manage physical health at the workplace was also provided to KIPIC employees.

KPC Group Companies periodically organize various sporting activities to encourage and offer employees the opportunity to maintain healthy and active lifestyles. Some examples of such events held during the year include KGOC's football competition, KNPC's volleyball competition and KPI's cycling event.

At KUFPEC, as part of healthy interactions activities between all level of staff including contractors, several sessions of Yoga for ladies, football and basketball for men have been conducted to foster a healthy well-balanced workplace climate. These activities not only improve workplace moral, increase productivity and bring everyone together as a group, they are a welcome break on a busy workday and relaxing way to de-stress at the end of the day.



International charitable contributions

Charitable contributions are a big part of Kuwaiti culture and is imbedded in our Organization as well. Accordingly, we continue to provide contributions directly to our communities and to various non-profit organizations around the world.

What is Q8

Q8 Europe supports a local charity (The Forgotten Child) that helps vulnerable children in the Netherlands. The Forgotten Child is committed to helping 100,000 vulnerable children in the Netherlands who are growing up in families with multiple problems, including addiction, mental disabilities, psychiatric problems and living in poverty. The charity organizes activities and projects that have direct positive influence on the lives of vulnerable children. Q8 team took part in a charity run in The Hague to raise funds and employees from the company helped renovate an old office space in a women's shelter into a modern office and children's playroom.

KGOC endorses the activities of the voluntary 'Jasmine House', a project by the Red Crescent society, which provides meals and medical assistance to Syrian Children, besides providing all operational expenses of Jasmine House 1st and 2nd projects for the year 2018.

KUFPEC continues to support the Royal Flying Doctor Service of Australia through partnership agreement to provide humanitarian services for critical cases. The Royal Flying Doctor Service is one of the largest and most comprehensive aeromedical organisations in the world, providing extensive primary health care and 24-hour emergency service to people over an area of 7.69 million square kilometers.⁶ The Royal Flying Doctor Service of Australia has applauded KUFPEC for its continued support. KUFPEC's SEAR Department in coordination with KUFPEC Pakistan Area Office completed the renovation of a Children's Ward at the District Hospital Dera Ismail Khain in Pharpur, Pakistan.

⁶ Flyingdoctor. 2020. About The RFDS. [online] Available at: <<https://www.flyingdoctor.org.au/about-the-rfds/>> [Accessed 19 August 2020].

Fostering education

Education is the foundation for economic and social development. Kuwait has a seemingly young population with 39% of the population under the age of 25.⁷ These are the people who will become leaders of tomorrow and shape our socio-economic landscape. We have developed and engage in various programs to enhance or provide opportunities to education within the community.

Student visits

Schools in Kuwait are encouraged and provided opportunities to conduct field visits to KPC Group offices and sites in help students obtain a more holistic and integrated understanding of the Kuwait Oil Sector. We provide students with an introductory lecture on our history, product, current and future projects, and our significant role in supporting the community and local economy.



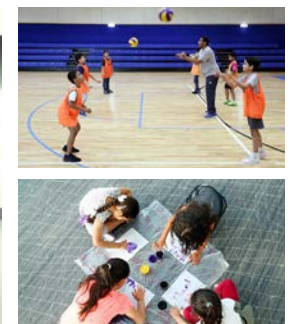
Science innovation competition

KOC organized the 2nd edition of the Science Innovations Competition for university students. The event, which was at the Ahmad Al-Jaber Oil & Gas Exhibition, took place over the course of three days. The first two days of the competition were allocated to design preparation and jury evaluation while the third day was allocated to distributing awards to the winners. Manager Public Relations and Information Mohammad Al-Basry delivered a speech in which he commended the participating students, who he said represent the future of Kuwait. The "Nano Solitech" project, which aims to enhance the soil characterization of Boubyan Island, was ranked first. The "Autonomous Garbage Collector Robot" project was ranked second, and the "Development of an Automated Drilling Fluid Mixer for Laboratory Applications" project was ranked third. Teams representing Kuwait University, the American University of Kuwait, the Australian College of Kuwait, and the International Movement for Leisure Activities in Science & Technology (MILSET) participated in the competition. Participating teams competed in creating designs, inventions, and applications in civil engineering, petroleum engineering, mechanical engineering, chemical engineering, robotics and other sciences.



Summer clubs

KPC Group companies organized various summer clubs for children in Kuwait. The clubs aimed to enhance and refine the talents of children and enable them to invest their leisure time during the summer holiday in useful activities to further their skills and development. Activities included music, photography, different types of sports such as swimming, football, basketball, and weekly trips to entertainment or cultural landmarks.



⁷ Cia.gov. 2020. Middle East: Kuwait - The World Factbook - Central Intelligence Agency. [online] Available at: <<https://www.cia.gov/library/publications/the-world-factbook/geos/ku.html>> [Accessed 19 August 2020].

Cultivating environmental awareness

Environmental sustainability is critical for people and economies to thrive. A stable climate, clean air, fresh water and food enable us to live healthier and meaningful lives. A sustainable environment can also better shape our Values and culture, and empower us to pursue economic success.

Over the years, we have implemented several initiatives to measure, monitor and reduce the environmental impacts of our operations. However, we also believe that in order to truly achieve environmental sustainability, we have to also create awareness and support initiatives from people and other organizations within our community. Some of the community initiatives we have undertaken in recent years are presented below.

Combating desertification

In conjunction with Earth Day, KPC Group organized various tree planting campaigns to raise awareness on the subject of 'Combating Desertification'. Participants in these events range from employees, contractors and school children.



Beach clean up campaigns

KPC Group companies organized various beach clean up events across Kuwait's coastal lines.

Volunteers of all ages participated in these events and removed large amounts of wastes from beaches across Kuwait, ranging from Shuwaikh Northern Beach (Free Zone) to Al-Khiran Beach.

Awareness publications about the damage of various types of waste to the marine environment and the period required for them to degrade have been distributed to KPC Group employees, in order to raise the environmental awareness and reducing the burden of waste on the environment.



'Save Our Sea' campaign

KPI Head Office collaborated with the Kuwait Dive Team in a campaign titled 'Save Our Sea'. The campaign aimed to raise awareness of the importance of protecting Kuwait's marine life from pollution. The team installed 18 mooring buoys around Kubbar island, which serve as anchor points for boats. By using these mooring buoys, the coral reef is protected from damage caused by traditional anchors. Since installation, the project has seen significant improvements to the coral reef around the island. The team continues to maintain the buoys throughout the year.



Nurturing innovation

Innovation helps businesses and communities find new solutions to complex challenges. At KPC Group, we continuously strive to foster innovation in our communities through conducting pilot studies with local and international collaborators to develop new products and processes, sharing knowledge that helps in creating thesis research topics for innovative initiatives by higher education (MSc and Ph.D.) candidates, and exploring pioneer products with research institutions and universities.



The Kuwait Petroleum Corporation (KPC) and the Kuwait Foundation for the Advancement of Sciences (KFAS) have signed a memorandum of cooperation and partnership in the field of research, development and technology designed to enhance coordination and cooperation in areas of interest to the oil industry. The agreement aims to draw on the expertise of KFAS and its close ties with world scientific institutions and research centers and to build bridges of cooperation, scientific knowledge and expertise exchange, and potential partnership with KPC and Subsidiaries to serve the national oil industry of Kuwait.



KNPC participated in the 2nd Forum for Rationalization of Electricity and Water Consumption, which was organized under the auspices of the Minister of Oil and Minister of Electricity and Water, Dr. Khaled Al-Fadhel. Participants were government agencies, academic and research institutions, military bodies and public benefit associations. KNPC presented a working paper in which it reviewed the company's efforts and activities in the field of rationalization of electricity and water consumption.



Kuwait Oil Company (KOC) inked an agreement with Kuwait University to cooperate on strategic research and development surrounding oil traps, heavy crude and natural gas, according to a report by Kuwait News Agency (KUNA). Kuwait University President, Hussein Al-Ansari, commented in a statement that the five-year accord forms the basis of cooperation on technology acquisition, know-how and enhances the potential of researchers. Meanwhile, Nayef Al-Enezi, deputy CEO of KOC, noted that these types of partnerships have significant importance in serving research and development.



KPC Group and Kuwait Institute for Scientific Research (KISR) share a cooperation agreement aimed at assessing oil projects and backing up the KPC 2040 Strategy. The agreement aims to employ the two sides' efforts in attaining the aspired development objectives as part of Kuwait Vision 2035.



GRI Content Index



GRI Standard	Disclosure	Page	Reason for oMission
GRI 101: Foundation 2016	GRI 101 does not include any disclosures		
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of the organization	13	
	102-2 Activities, brands, products and services	24-25	
	102-3 Location of headquarters	13	
	102-4 Location of operations	14-15	
	102-5 Ownership and legal form	13	
	102-6 Markets served	14-15	
	102-7 Scale of the organization	48-49	* Amount of good produced by KPI has not been included since the organization's production facilities are located outside the State of Kuwait, and hence outside the boundary of this report. * Amount of good produced by KIPIC has not been included since the organization's refineries were not operational during the scope of this report.
	102-8 Information on employees and other workers	89-93	
	102-9 Supply chain	24-25	
	102-10 Significant changes to the organization and its supply chain	24-25	
	102-12 External initiatives	112-119	
	102-13 Memberships of associations	32	
	102-14 Statement from senior decision-maker	10-11	
	102-15 Key impacts, risks and opportunities	47	
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	102-17 Mechanisms for advice and concerns about ethics	31	
	102-18 Governance structure	28-29	
	102-40 List of stakeholder groups	39	
	102-41 Collective bargaining agreements	89	
	102-42 Identifying and selecting stakeholders	39-40	
	102-43 Approach to stakeholder engagement	39-40	
	102-44 Key topics and concerns raised	41	
	102-45 Entities included in the consolidated financial statements	48	
	102-46 Defining report content and topic Boundaries	12	
	102-47 List of material topics	41	
	102-48 Restatements of information	12	
	102-49 Changes in reporting	12	
	102-50 Reporting period	12	
	102-51 Date of most recent report	12	

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

GRI 102: General Disclosures 2016	102-52 Reporting cycle	12	
	102-53 Contact point for questions regarding the report	125	
	102-54 Claims of reporting in accordance with GRI Standards	12	
	102-55 GRI content index	120-123	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	47-53	
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GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	48	
	201-2 Financial implications, other risks and opportunities	47	
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GRI 202: Market Presence 2016	202-2 Proportion of Senior management hired from the local community	52	
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GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	52	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	58-63	
	103-2 The management approach and its components	58-63	
	103-3 Evaluation of the management approach	58-63	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	60	* KPI data present consumption and emissions from international fully owned Subsidiaries. Joint Venture data, fuel consumption and electricity consumption are not available. It should be noted that KPI data is outside of the reporting boundary of the KPC Sustainability Report. However, available data was disclosed for representational completeness.

GRI 302: Energy 2016	302-1 Energy consumption within the organization	60	<p>* PIC does not generate energy from fuel, instead, it imports steam from another provider.</p> <p>* Consumption for KNPC is considered based on design value.</p> <p>*KOTC energy consumption excludes electricity consumption from head office as the data is not available</p>
GRI Oil and Gas Sector Disclosures: Energy	OG3 Total amount of renewable energy generated by source	58-59	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	64-67	
	103-2 The management approach and its components	64-67	
	103-3 Evaluation of the management approach	64-67	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	64	
	303-2 Management of water discharge related impacts	64-67	
	303-3 Water withdrawal	64-65	<p>Not applicable to KGOC because all KGOC industrial sites were not operational in 2018/2019. This is not applicable to KUFPEC and KPI as all the operations are outside the reporting boundary of Kuwait.</p> <p>*** This includes data for Umm Al Aish gas filling branch only as the data is not available for the rest of KOTC operations. **** This data is not available for KIPIC.</p>
	303-4 Water discharge	64-65	<p>Not applicable to KGOC because all KGOC industrial sites were not operational in 2018/2019. This is not applicable to KUFPEC and KPI as all the operations are outside the reporting boundary of Kuwait.</p>
	303-5 Water consumption	64-65	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	68-71	
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GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	68-71	

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	103-2 The management approach and its components	58-63	
	103-3 Evaluation of the management approach	58-63	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	58-59	* Direct GHG emissions data for KGOC and KIPIC are not available. **Emissions for KOTC exclude the gas filling branches and head office as the data is not available. Fleet does not emit indirect GHG emissions as it does not consume electricity.
	305-2 Energy indirect (Scope 2) GHG emissions	58-59	**Emissions for KOTC exclude the gas filling branches and head office as the data is not available. Fleet does not emit indirect GHG emissions as it does not consume electricity.
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	72-77	
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GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	72-75	* KNPC non-Hazardous waste disposed to Municipality is excluded due to data being not available. **The following Subsidiaries are excluded from the hazardous and non-hazardous waste figures due to either unavailability of data or inapplicability: KPI, KOTC.
	306-3 Significant spills	72-77	
GRI Oil and Gas Sector Disclosures: Effluents and Waste	OG5 Volume and disposal of formation or produced water	66	
	OG6 Volume of flared and vented hydrocarbon	76	Our Midstream operations do not flare nor vent any hydrocarbons. For our Downstream Subsidiary, PIC, it does not have a flare as the flare belongs to another entity in the industrial complex. For KIPIC, venting and flaring is not applicable as it was in construction phase in 2018/2019.
	OG7 Amount of drilling waste and strategies for treatment and disposal	74	

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GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	32	
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GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	102-104	
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	103-2 The management approach and its components	94-98	
	103-3 Evaluation of the management approach	94-98	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	94, 97	<p>* Average hours of training by employment category and gender are not available for KPC.</p> <p>** Average hours of training by gender is not available for KIPIC.</p> <p>*** Average hours by employment category and by gender for KPC-stand alone is not available.</p> <p>**** Average hours off training by gender is not available for KPI.</p>
	404-2 Programs for upgrading employee skills and transition assistance programs	95-98	
	404-3 Percentage of employees receiving regular performance and career development reviews	94, 96	

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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	99-101	
	103-2 The management approach and its components	99-101	
	103-3 Evaluation of the management approach	99-101	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	100-101	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	114-119	
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GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	114	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	81-84	
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GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	81-82	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	32	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	32	
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GRI 419: Socio-economic Compliance 2016	419-1 Non-compliance with laws and/or regulations in the economic areas	32	



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