

The journey to unlock our full potential

NATPET

Sustainability Report

(Communication on Progress - COP)

Year 2014



جائزة الملك خالد
King Khalid Award
بناء الإنسان .. تنمية المجتمع



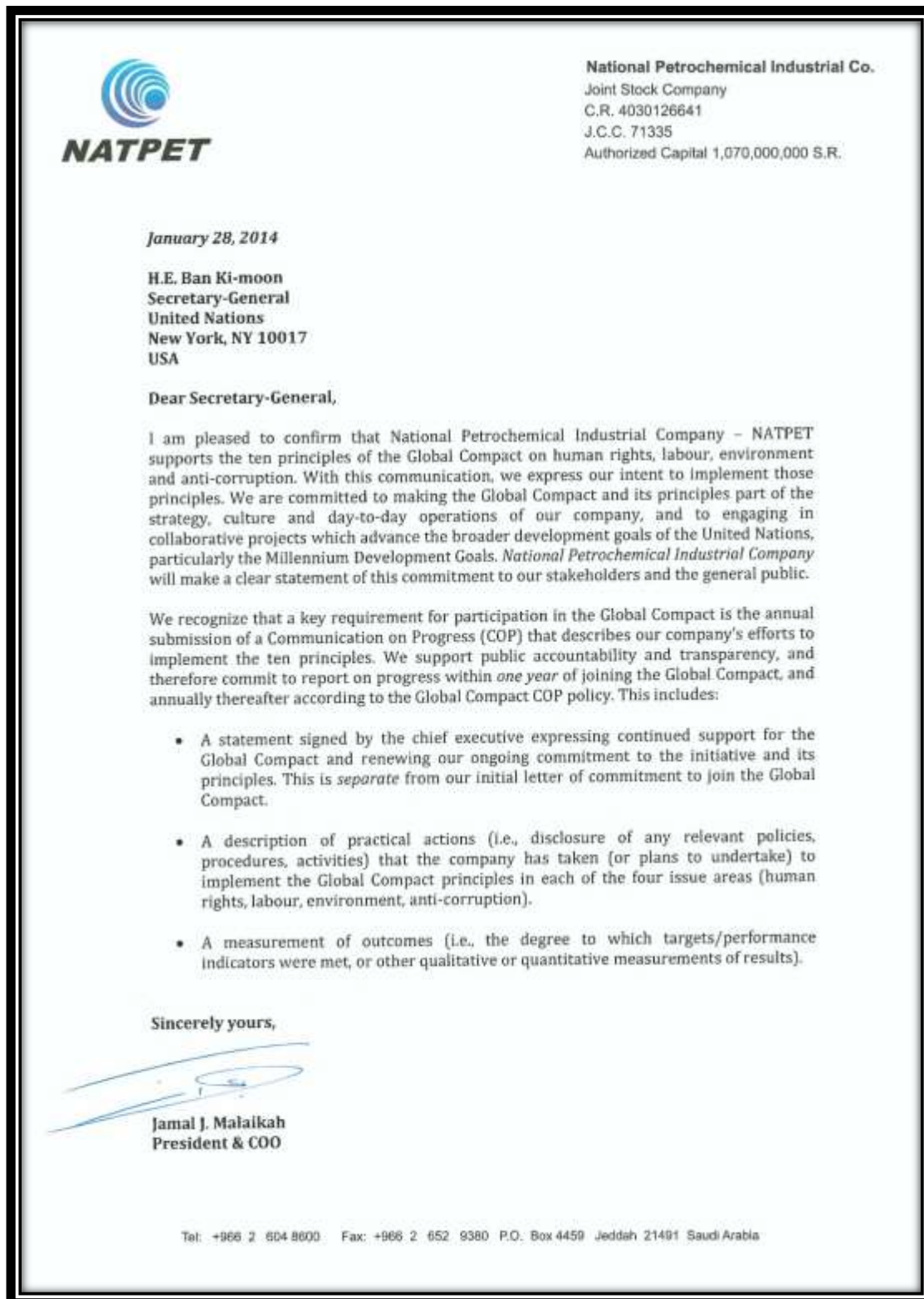
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1.0 NATPET Commitment:

1.1 *President & COO Declaration of Support of 10 Principles of UNITED NATION GLOBAL COMPACT-UNGC*

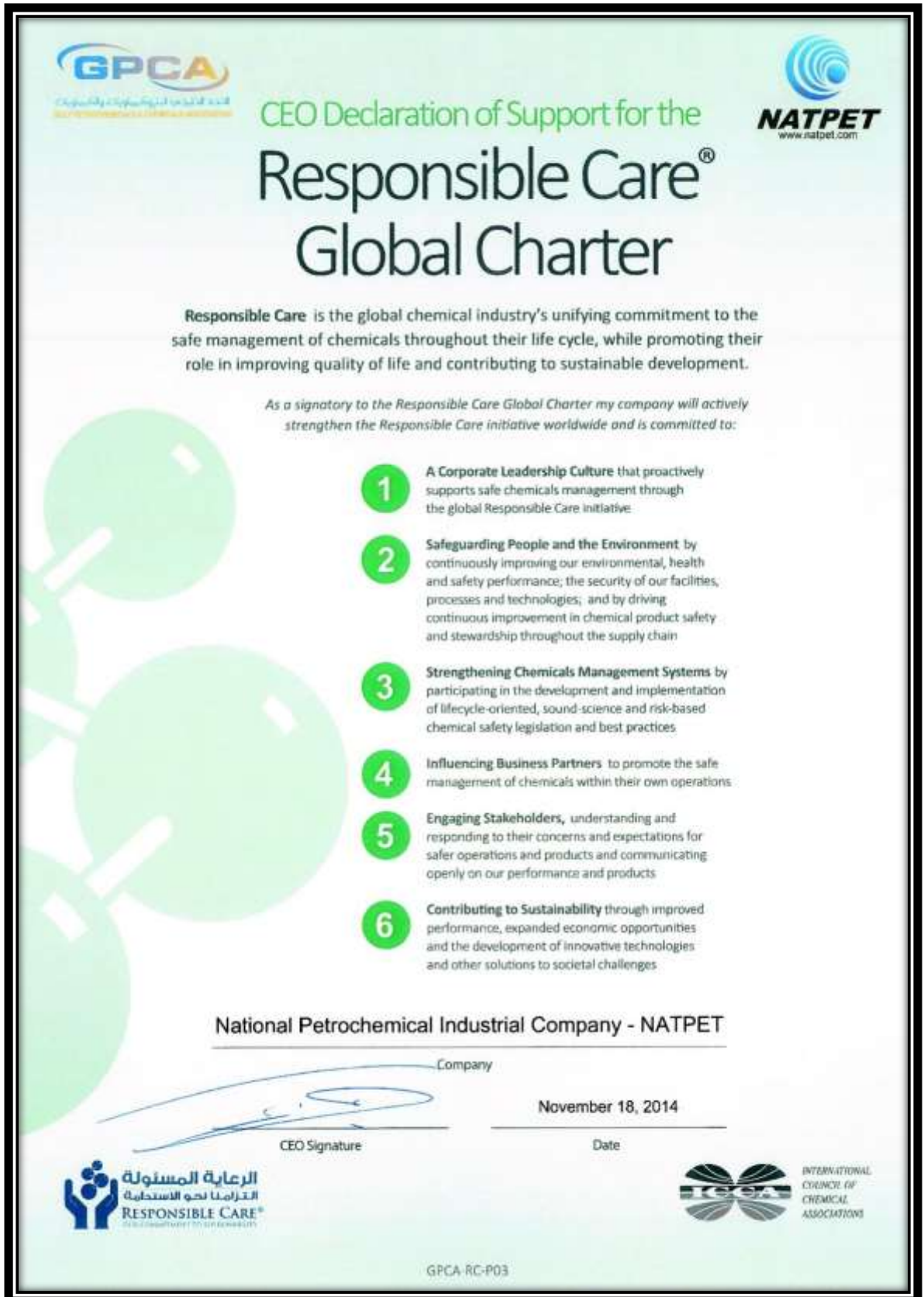


1.2 The Ten Principles of the United Nations Global Compact

1.2.1 The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

Principal -1	Human rights Businesses should support and respect the protection of internationally proclaimed human rights; and
Principal -2	make sure that they are not complicit in human rights abuses
Principle 3	Labour Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation
Principle 7	Environment Businesses should support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies
Principle 10	Anti-corruption Businesses should work against corruption in all its forms, including extortion and bribery

1.3 Support to Responsible Care® Global Charter:



GPCA
الجمعية العامة للصناعات البترولية والكيماويات

NATPET
www.natpet.com

CEO Declaration of Support for the Responsible Care® Global Charter

Responsible Care is the global chemical industry's unifying commitment to the safe management of chemicals throughout their life cycle, while promoting their role in improving quality of life and contributing to sustainable development.

As a signatory to the Responsible Care Global Charter my company will actively strengthen the Responsible Care initiative worldwide and is committed to:

- 1 A Corporate Leadership Culture** that proactively supports safe chemicals management through the global Responsible Care initiative.
- 2 Safeguarding People and the Environment** by continuously improving our environmental, health and safety performance; the security of our facilities, processes and technologies; and by driving continuous improvement in chemical product safety and stewardship throughout the supply chain.
- 3 Strengthening Chemicals Management Systems** by participating in the development and implementation of lifecycle-oriented, sound-science and risk-based chemical safety legislation and best practices.
- 4 Influencing Business Partners** to promote the safe management of chemicals within their own operations.
- 5 Engaging Stakeholders**, understanding and responding to their concerns and expectations for safer operations and products and communicating openly on our performance and products.
- 6 Contributing to Sustainability** through improved performance, expanded economic opportunities and the development of innovative technologies and other solutions to societal challenges.

National Petrochemical Industrial Company - NATPET

Company




CEO Signature

November 18, 2014

Date



الرعاية المسئولة
التزامنا نحو الاستدامة
RESPONSIBLE CARE®
A COMMITMENT TO EXCELLENCE




INTERNATIONAL
COUNCIL OF
CHEMICAL
ASSOCIATIONS

GPCA-RC-P03

1.4 NATPET Policies

1.4.1 IMS (QEHSS/RC) Policy

NATIONAL PETROCHEMICAL INDUSTRIAL COMPANY



NATPET


Quality, Environment, Health, Safety, Security (QEHSS) & Responsible care (RC -14001) Policy

At National Petrochemical Industrial Company (NATPET), responsible care, quality, health, safety, security of employee and protection of environment is the prime concern, therefore, NATPET management and employees are committed to perform their duties in safe, secure and healthy manners through risk management, and preventing accident, work related hazards and TQM as a way of business. As a Responsible company employee development, implementing the best practices prevailing in the industry by participation of management, employees and contractors are the main objectives of NATPET QEHSS Programs.

Through a program of continual improvement, NATPET is committed to:

- Comply fully with all relevant QEHSS & Responsible Care standards, guidance and codes of practices, laws and regulations as well as take any additional measures considered necessary,
- Provide and maintain quality, safe work environment, equipment, systems of work and work facilities to prevent industrial risk and its adverse impact on the environment,
- Creating an environment of teamwork and providing QEHSS information, instructions, training and supervision for employees to enable them to carry out their tasks competently and safely,
- Follow TQM & safe work practices and continually improve the effectiveness of QEHSS system,
- Conserve natural resources by their responsible and efficient use in all our operations,
- Investigate any incidents that occurs, implement corrective actions and share the lesson learned with all employees, contractors and other interested parties.
- Line management must be aware and take responsibility for security aspects including cyber security and adherence to company's security regulation is obligatory to all employees,
- Ensure safe transportation, storage and use of chemicals/substances to preserve the health, safety, security and the environment of site and its neighborhood,
- Promote openness with the stockholders for their shared responsibility,
- Periodically review compliances to verify the relevance and any revisions required for further improvement,
- Strive to be amongst the leaders in the field of sustainable development and management of Responsible Care programs for QEHSS, welfare of employees and other stakeholders,

This policy has been endorsed by the President & COO of NATPET, who takes prime responsibility for allocating sufficient resources to ensure its objectives are achieved and Responsible Care requirements are met and available to public and other interested parties.



Jamal J. Malaikah
President & COO

Dated: 1st September 2014
Document: QEHSS-01, Issue: 1



1.5 Social Compliance Policies

1.5.1 NO DISCRIMINATION POLICY:

At NATPET, we shall not discriminate with regards to workers based on race, religion, beliefs, gender, marital or maternal status, age, political affiliation, national origin, disability, sexual orientation or any other basis.

Clarifications:

As a policy, our decision based for hiring, salary, fringe benefits, promotion, termination on the workers individual skills and ability to do the job.

1.5.2 PUNISHMENTS AND APPEAL POLICY:

NATPET shall not engage in or support the use of corporal punishment, threats of violence or other forms of mental or physical coercion and shall not make use of public warning and punishment systems.

Clarifications:

Reprimands for breach of duty or misconduct shall be a private matter between the employer and the employee and/or his/her representative. The employees have rights to appeal reprimands/disciplinary actions/dismissal.

1.5.3 HARASSMENT AND ABUSE POLICY:

NATPET shall not engage, support or allow any form of harassment or abuse in the workplace.

Clarifications:

Harassment can be any offensive act, comment or display that humiliates, insults or causes embarrassment, or any act of intimidation or threat.

This includes but is not limited to: Serious or repeated rude, degrading or offensive remarks, Displaying sexist, racist or other offensive pictures, posters, threats, intimidation or retaliation.

1.5.4 GRIEVANCE POLICY:

The NATPET believe that all employees should be treated fairly and with respect. All employee have rights to raise a formal grievance that should be concerned with the way in which an employee have been treated by the organization or managers acting on its behalf.

Clarifications:

Grievances may be concerned with a wide range of issues, including the allocation of work, working environment or conditions, the opportunities that employee have been



given for career development or the way in which he/she have been managed.

1.5.5 POLICY ON DEALING WITH HARASSMENT COMPLAINTS:

The NATPET is committed to ensure equal opportunities and fair treatment in the workplace for all its employees. NATPET ensure that no employee or other worker within the organization is subjected to any form of harassment or bullying. The NATPET shall treat all complaints of harassment seriously and investigate them promptly, efficiently and in confidence. The NATPET provide a framework for resolving complaints of harassment or bullying and for stopping any behaviour, which is causing offence or distress.

Clarifications:

The aims is to enable the organization to provide a working environment in which all staff feel comfortable and in which everyone is treated with respect and dignity, regardless of gender, sexual orientation, transgender status, marital or family status, colour, race, nationality, ethnic or national origins, creed, culture, religion or belief, age, disability or any other personal factor or quality.

1.5.6 DISCIPLINARY POLICY:

NATPET employees shall not ordinarily be dismissed for a first disciplinary offence. The NATPET reserve the right to implement the policy at any stage as set out taking into account the alleged misconduct of an employee.

Matters that the NATPET view as amounting to disciplinary offences include but not limited to:

- persistent bad timekeeping;
- unauthorized absence;
- minor damage to the NATPET's property;
- failure to observe the organization's procedures;
- abusive behavior;
- unreasonable refusal to follow an instruction issued by a manager or supervisor;
- poor attendance; and
- smoking in non-designated areas of the Head Office and plant's premises.

Clarifications:

Employees have the right to be accompanied at a formal disciplinary hearing by colleague or Human Resource of their choice.

1.5.7 WHISTLEBLOWING POLICY:

The NATPET encourages all employees to raise their concerns under this policy in the first instance that they may have about the conduct of others in the business or the way in which the business is run. This policy is for disclosures about matters and sets out the way in which individuals may raise any concerns that they have and how those concerns

will be dealt with.

Clarifications:

All employees of the NATPET including other individuals performing functions in relation to the NATPET are encouraged to use it wrongdoing within the organization (for example, financial irregularities or health and safety concerns).

1.5.8 ANTI-BRIBERY POLICY:

NATPET shall not tolerate any form of bribery by, or of, its employees, contractor's workers, agents or consultants or any person or body acting on its behalf. Senior management is committed to implement effective measures to prevent, monitor and eliminate bribery.

Clarifications:

Any breach of this policy is likely to constitute a serious disciplinary, contractual and criminal matter for the individual concerned and may cause serious damage to the reputation and standing of the NATPET.

1.5.9 EMPLOYEE OF THE MONTH POLICY:

The objective of the "employee of the month" scheme is to give recognition to employees who have performed particularly well each month. The scheme is an essential part of the reward strategy of the organization. It aims to motivate employees to achieve high standards, encourage innovation, promote high levels of customer service and celebrate success.

Clarifications:

The determination of the employee of the month is based on a variety of factors, Such as:

- Productivity: exceeding output expectations.
- Customer Service: going the "extra mile" for a customer.
- Exceptional Effort: giving an exceptional level of support to the organization.
- Creativity: being particularly innovative.
- Being Proactive: taking charge of a situation or solving a difficult problem.

1.5.10 OFFICE ENVIRONMENT POLICY:

The NATPET shall ensure that significant risks to the environment associated with office-based activities are assessed and minimized. The NATPET provide suitable and sufficient information, instruction, training and supervision to employees regarding impacts on the environment and to ensure that control measures are properly used. NATPET ensures that adequate arrangements are in place to deal with accidents, incidents and emergencies related to contamination, spillages or other adverse environmental effects.



Clarifications:

This policy outlines the company's commitment to minimize the environmental impact of office-based activities.

1.5.11 EQUAL OPPORTUNITIES POLICY:

The NATPET is committed to provide equal opportunities and to avoid unlawful discrimination in employment. Striving to ensure that the work environment is free of harassment and bullying and that everyone is treated with dignity and respect, which is an important aspect of ensuring equal opportunities in employment.

Clarifications:

It is unlawful to discriminate directly or indirectly in recruitment or employment because of age, disability, sex, gender reassignment, pregnancy, maternity, race, sexual orientation, religion or belief, or because someone is married or in a civil partnership.

1.5.12 EQUAL PAY POLICY:

The NATPET is committed to the principle of equal opportunities for all employees and intended to set out how the NATPET will demonstrate its commitment to equal pay. NATPET believe that its male and female employees should receive equal pay for:

- the same or similar work;
- work rated as equivalent under a job evaluation study; or
- work of equal value.

Clarifications:

Equal pay means all forms of contractual remuneration (including contractual bonus payments, overtime rates, end term benefits and holiday pay) and non-cash contractual benefits such as company car, mobile phone, etc.

1.5.13 EQUAL OPPORTUNITIES RELATING TO DISABILITY POLICY:

NATPET is committed to an active equal opportunities policy from recruitment and selection, through training, development, appraisal and promotion to retirement for all employees including those with a disability. NATPET shall recruit solely on the basis of work criteria and the applicant's abilities and individual merit. A disability will not of itself justify the non-recruitment of an applicant.

Clarifications:

Disabled employees have equal access to all benefits and facilities of employment.



1.5.14 ENVIRONMENTAL POLICY:

The NATPET is committed and accepted its environmental responsibilities and recognize its obligation to reduce the impact of business activities on the environment. The NATPET achieve this through a policy of continual improvement in environmental performance.

Clarifications:

Each employee is responsible for his/her adherence to the principles of the Environmental policy.

1.5.15 MATERNITY POLICY:

NATPET is firmly committed to protecting the rights of expectant mothers. This policy is to treat women affected by pregnancy, childbirth or related medical conditions in the same manner as other employees unable to work because of their physical condition in all employment aspects, including recruitment, hiring, training, promotion and benefits.

Clarifications:

When the employee returns to work, she is entitled to return to the same or equivalent job with no loss of service or other rights or privileges.



2.0 NATPET's History and a Brief Background:

National Petrochemical Industrial Co. (NATPET) is a Joint Saudi Stock Company, established in 1999. NATPET is a producer of 400,000 MT / year propylene / polypropylene located at Madinat Yanbu Alsenae'a, on the west coast of Saudi Arabia.

NATPET's PP products, with the brand name Teldene®, are sold in more than 90 countries covering all the major regions around the world. The sales are carried out through NATPET's competent Marketing and Sales division and off-takers with defined territories.

National Petrochemical Industrial Company (NATPET) has reflected the ideal polypropylene market by growing at an impressive growth by achieving a gross profit of USD 91.69 million and a net profit of USD 55.55 million at the end of 2013. With solid profitability, NATPET also obtained an outstanding liquidity status with a current ratio of 1.26, being in line with an ideal current ratio average. With almost doubling its return on assets and equity since 2012 and a very promising finish projected for 2014, NATPET is considered to be an aggressive market competitor aiming to achieve the highest profitability with the highest quality product in the market.

2.1 Corporate Strategy

Focus is the pillar of development at NATPET; this is precisely what drives it towards success. Quality products, customer care, maintenance and promulgation of ethical conduct in the industry, development of sustainable processes, respect for not just the employees but tireless efforts for the well-being of the community as well – NATPET focuses in the growth of multiple areas to stand out from the crowd and has received due acknowledgment through various accolades. These have been achieved in a very short span as NATPET started its commercial production in 2010 and now has gone in to achieve the status of an outstanding provider of sustainable product quality and after sales support.

2.2 An organization with solid policies

For NATPET, to be recognized as an astute business worldwide, formulation and implementation of best practices in accordance with policies has been the core to its functioning. NATPET has acquired certifications for Responsible Care/RC14001:2013, ISO 9001:2008 Quality, ISO 14001:2004 Environment, ISO 22000:2005- product safety, OHSAS 1800:2007- Occupational health and safety and ISO 17025:2005 – laboratory test reliability and calibration. Through such accreditations, the organization has kept itself abreast in the following areas:

1. Reduced cost of waste management through savings in consumption of energy and materials
2. Lower distribution costs
3. Improved corporate image among regulators, customers and the public
4. Define, establish, and maintain an effective quality assurance system for manufacturing and service industries.
5. An effective safety management system which can be integrated with other management systems and help organizations achieve better occupational health, safety performance and economic objectives.



2.3 *Market sense and national awareness*

When NATPET claims continuous improvement, it does not mean the fancy industrial clichéd term to impress the stakeholders but justifies through actions like learning incessantly, enhancing consensually, developing systematically, implementing ethically and responsibly. The organization has been recognized to follow international and national accreditations; as a consequence its plant currently enjoys sustainable advantage of producing its own high quality main raw material, Propylene, through an integrated Propane Dehydrogenation (PDH) plant. NATPET now appears as an effective performer in the industry keeping a keen eye on the responsible competitiveness.

NATPET emphasizes in market research and understanding the market before going about choosing its technology and product grades. It is well-versed with all these guidelines as it works to diligently to cater to the requirements of major markets such as the GCC, MENA, Asia and Europe in particular. The company's basic strategy is to focus on the client's entire value of the product, and the company doesn't see itself as a commodity company in this respect, but as a valuable supplier who believes in financial gains through ethical conduct.

The Company has established a new division to motivate investors to invest in plastic business. Recently, two projects have been implemented while others are in the process of development and approval.

The organization has warm-heartedly entered into a joint venture with a British company called Low & Bonar to produce geotextile materials made from polypropylene. The Bonar/NATPET joint venture intends to produce geotextile products for the fast-growing civil engineering markets in the Middle East and the Indian subcontinent.

NATPET-Schulman Engineering Plastic Compounds is a joint venture. This will build an efficient, cost-effective and state-of-the-art manufacturing facility to produce and globally sell polypropylene compounds for durable goods & automotive industry by the end of 2015.

3.0 RECOGNITIONS:

3.1 NATPET Stood 1st Position in King Khalid Award - RCI – 2014

NATPET has won the King Khalid Award –RCI 2014. The Award was received by NATPET’s Chairman from His Royal Highness Crown Prince, First Deputy Prime Minister and Defence Minister, Prince Salman bin Abdulaziz and His Royal Highness Prince Faisal bin Khalid, Chairman of the King Khalid Awards’ Board during Gala event on December 30th, 2014, in Riyadh, at the Al Faisaliah.



جائزة الملك خالد
King Khalid Award
بناء الإنسان ... تنمية المجتمع

King Khalid Foundation is a leader and role model in philanthropic and development work in Saudi Arabia and aims to positively impact peoples' lives by providing innovative solutions to critical socio-economic challenges in Saudi Arabia. King Khalid Award focuses on the Responsible Competitiveness, which promotes a culture of strategic philanthropy and social responsibility among Saudi companies. The Award platform serves to incentivize the corporate sector to raise their sustainability performance. The King Khalid Awards are the most prestigious awards focused on socially responsible and sustainable practices in Saudi Arabia and an effective tool for social change and are designed to recognize, encourage and support exceptional achievements by companies, NPOs, and Saudi citizens.



NATPET has been participating in this competition since 2010 and always recognized on the victory stand, this year NATPET is considered the best in the category of corporate social responsibility and awarded the First position in Kingdom’s Prestigious King Khalid Award – 2014.

Winning King Khalid Award, requires us to continually maintain and improve our sustainability and competitiveness in operations with the least possible impact on the environment and to run a highly efficient and effective business that ensures the safety and well-being of employees & community.

Please note, that we have won this Award along with the prestigious CSR Arabia Award -2014 for Social responsibility by applying the highest standards possible in our operations, conduct and social responsibility and with minimal budget.

3.2 NATPET- Won Arabia CSR Award -2014:

The Arabia CSR Award 2014 was held under the auspices of His Excellency Mohamed bin Ibrahim At-Tuwajri, Assistant Secretary General for Economic Affairs of the League of Arab States. The ceremony was held at Grosvenor House Dubai on 28th October 2014. There were six categories for organizations to enter, divided between the private and public sectors. NATPET has been selected as the winner and collected the top honors in the Medium Sized Enterprise Category for the 7th cycle of the Arabia CSR awards, a total of 155 organizations that span 25 industries from 12 countries of MENA region have participated for the award.

The Arabia CSR Awards is the most prestigious and coveted CSR Award in the Arab world and has been supported by the United Nations Global Compact since its inception in 2008.

The Arabia CSR Network (ACSRN) is the first multi-stakeholder platform that engages small and large businesses and government institutions to strengthen their commitment to sustainable development across the Arab world. The Arabia CSR network also aims to bring into greater focus the local and regional efforts undertaken at the corporate and civil society levels to further the case of CSR in the Middle East. Working under the slogan “Building Partnerships for a Sustainable Future“. The Arabia CSR Network’s aim is to facilitate exchange of ideas and to forge lasting partnerships across sectors for an improved society based on UNGC’s ten principles for human rights, labor rights, the environment and anti-corruption.

The Arabia CSR Awards, the prestigious CSR and sustainability related accolade in the region, honors and showcases those companies that demonstrate a clear vision, strategy and implementation of CSR. Every year, the Arabia CSR Awards screens hundreds of applying companies, their sustainability report and their applications to be a part of the sustainability journey in the Arab region. Those companies that best exhibit strong values and commitment towards sustainability, corporate responsibility, social accountability, stakeholder inclusiveness and other such aspects of responsible business are awarded and recognized on a regional platform and showcased at the global level.



3.3 EBA Best Enterprise Award 2014:

Europe Business Assembly (EBA), Oxford, Great Britain, – is an independent corporation for development and management of economic, social and humanitarian collaboration.

NATPET has been given the Best Enterprise award, the prestigious European award in the quality and management spheres for excellent business reputation, successful management and dynamic growth.



3.4 The BIZZ Award 2014:

National Petrochemical Industrial Company – NATPET celebrates success measured by six criteria.

The BIZZ is the most important business award and it is presented by WORLDCOB to the most outstanding businesses in various countries. The primary mission is to promote business development worldwide, recognizing and boosting the growth of leading businesses and businesspeople in every country through the special tools and services that it offers its members. It gathers and recognizes leading businesses from different regions that contribute to the daily growth of their local economy and the world economy.



3.5 CFI-UK Oil & Gas Award 2014:

NATPET is the worthy recipient of two awards in our Oil and Gas Awards programme for 2014, namely ‘Best HSE Policy, KSA’ and ‘Best Sustainability, KSA’

CFI.co award programs identify individuals and organizations that truly add value. .



3.6 Value Chain Leadership Award 2013:

NATPET Won Value Chain Leadership Awards 2013 (VCLA) hosted by Frost & Sullivan USA.

NATPET has been awarded "Supply Chain Partner of Choice Award - Process Sector" hosted by Frost & Sullivan, USA.

The award has a legacy of more than a decade in various regions around the globe and has increasingly gained credibility across the business fraternity. The essence of the Awards program lies in objective evaluation. We combine our knowledge on different evaluation models across the globe along with our proprietary assessment models and bring forward a tailored and unique assessment methodology. Further, the model has also been developed through best practice/customer-centric approaches and techniques with a strong focus on evaluating long-term sustenance of operational systems.



3.7 Marafiq Sustainability Award 2012:

NATPET Stood No. 1 in Marafiq Sustainability Award for 2012. The Marafiq Award for Sustainability (MSA) is presented each year during the Award Ceremony at the official opening of the Saudi Water and Power Forum. The MSA has been created to acknowledge, celebrate and encourage sustainable practices in Saudi Arabia that promote environmental, social and economic development.

Sheikh Khalid Ahmed Yusuf Zainal Alireza (Chairman NATPET) received the award by the Jeddah Governor His Royal Highness Prince Mishaal bin Majed during official inauguration ceremony of Saudi Water & Power Forum & Exhibition (SWPF) on 02nd December 2012 at Jeddah Hilton. The SWPF is endorsed by the Saudi Ministry of Water & Electricity.



The selection criteria for the MSA are in keeping with Marafiq's mission, its commitment to environment-friendly practices and its role as a socially responsible corporate citizen. Criteria include strategies, policies, technologies or processes that promote sustainable development. Recipients of the award are recognized for the quality of their achievements and contributions in promoting sustainable development in the Kingdom.



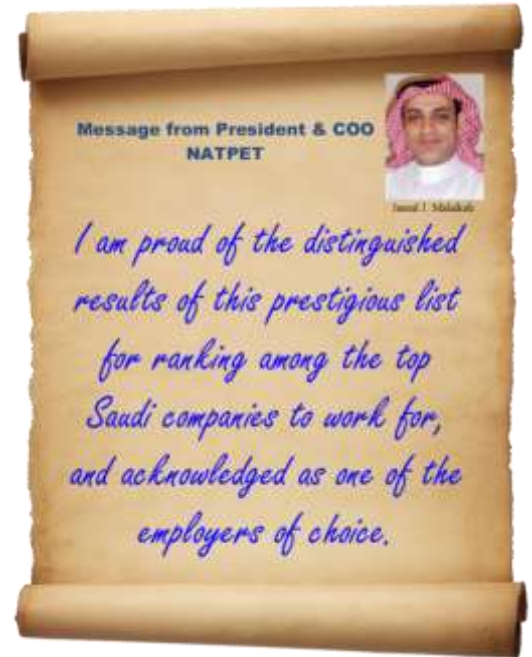
3.8 Best Saudi Company to work for - 2012

NATPET has been recognized amongst the Top 10 “**Best Saudi Company to Work For 2012**”, in the category of Small and Medium Enterprises, as reported in the special supplement of the daily Al-Eqtisadiah in its 8th June 2013 issue. Around 100 companies filed and competed for this prestigious award where NATPET ranked 9th among the top 10.

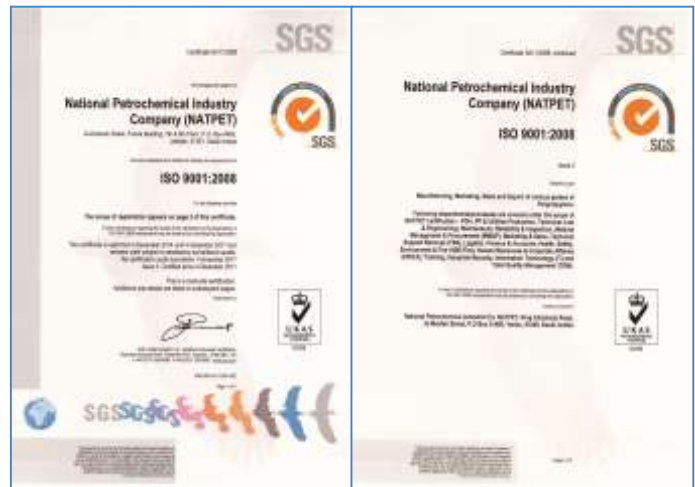
This achievement is a direct result of NATPET’s commitment in making NATPET an inspiring place to work ... each and every day. NATPET expressed joy to be honored as a ‘**Best Saudi Company to Work For**’. The employees of NATPET have confidence in expressing it as a great place to continue their careers at, and they acknowledge that the conferred ranking is primarily because of having a well-established NATPET approach, its culture and heritage for winning businesses.

An emphasis on investment in its people, career flexibility and mobility, extensive training, high-impact client work, a collaborative culture, progressive benefits, and a commitment to socially impacting work have kept attracting talent and maintaining an environment in which employees can rapidly develop, have all contributed to the concomitant strong rating.

NATPET stood out in the rigorous selection process, for which Al-Eqtisadiah partnered with the ‘Team One, Great Places to Work® Institute’ consultants which conducted the most extensive survey. Two-thirds of the score is based on the results of the survey, which asked questions related to NATPET’s attitudes about management’s credibility, job satisfaction, and camaraderie. The other third is based on responses to the NATPET Culture Audit, which included inquiries about pay and benefit programs, hiring practices, methods of internal communication, training, recognition programs, social responsibility, and diversity efforts.



3.9 Inspire Stakeholder Confidence



3.10 Achievements and Awards

01		ISO 9001:2008 Quality Management System متطلبات نظام إدارة الجودة
02		OHSAS 18001:2007 Health & Safety Management System متطلبات نظام إدارة السلامة
03		ISO 14001:2004 Environment Management System متطلبات نظام إدارة البيئة
04		ISO 17025: 2005 Laboratory Accreditation Certificate شهادة اعتماد المختبرات
05		RC 14001:2013 Responsible Care Environment, Health, Safety, Security Management System
06		KING KHALID AWARD – 2010; 2011, 2012, 2013 & 2014 جائزة الملك خالد رحمه الله
07		NATPET Stood No. 1 in Sustainability Award – 2012 "ناتبت" حصلت على المركز الأول بجائزة شركة مرافق للتنمية المستدامة (MSA) لعام 2012
08		NATPET has been recognized amongst the Top 10 "Best Saudi Company to Work For 2012"
09		Won the Best Booth Award - Arab Plast 2013
10		NATPET awarded RoSPA Occupational Health & Safety 2013 Gold Award by the Royal Society for the Prevention of Accidents UK.
11		NATPET has been awarded "Supply Chain Partner of Choice Award - Process Sector" hosted by Frost & Sullivan.
12		NATPET has been awarded "Arabia CSR Awards" 2014, in the Medium Sized Enterprise Category for the 7th cycle of the Arabia CSR awards
13		NATPET has been awarded "EBA Best Enterprise Award" 2014, UK
14		NATPET has been awarded "The BIZZ Award" 2014 by the World Confederation of Businesses (WORLD COB)
15		NATPET has been awarded "CFI-UK Oil & Gas Award" 2014, namely 'Best HSE Policy, KSA' and 'Best Sustainability, KSA'

4.0 NATPET Success Stories

4.1 *Background:*

NATPET Social Responsibilities programs are strategically designed for the improvement of the local environment and other social issues. For example, NATPET's environmental improvement project, *Community Awareness and Education (Story of Waste)*, has been established to create environmental awareness at schools level. Further, NATPET organized a special event, *Waste Free Environment Day*, at Jeddah corniche to clean the seabed and raise public awareness of the current waste issue.

4.2 *Project Experience (Community Awareness and Education at Schools):*

NATPET's volunteers and Local Partner (NGO) organized a series of 180 minutes workshop "Story of Waste" for school students. A total of 200 workshops at different schools were completed with an encouragement competition at the end among participant schools in accordance to green school's standard.

4.2.1 Lesson Learnt:

1. Stakeholders and beneficiaries were clearly identified i.e. students, parents and society.
2. The "Story of Waste" program communicated awareness among students on how and why they should recycle including
 - What is recycling?
 - Where does our garbage go?
 - What if we don't recycle?
 - How do I recycle?
3. Develop values in our future generations to preserve the environment and empower them to adapt habits that save environment.

4.2.2 Turning Point/Challenges:

1. Availability and training of NATPET Volunteers for students' awareness of the environment,
2. Identification of cost and total budget for five years,
3. Selection of the right partners i.e. NGOs,
4. Feedback from the schools and parents on students change behavior,
5. Continuity of the program and its effectiveness.

4.3 Project Experience (Waster free environment Day – WFE)

NATPET participated in the event on 20th Feb 2014 as part of the company’s social responsibility toward environment preservation and conservation of sustainable resources.

NATPET with the help of other professionals arranged around 100 divers to clean up the Red Sea together with an awareness program for school children to protect the environment and the concept of re-use and recycle whenever possible.



4.3.1 Program Summary:

- People attended: +700
- Divers participated: 97
- Number of Schools Invited: 7
- Students Participated: 145
- Project Partners: 4
 - Al-Nabta (local NGO)
 - Schools
 - Century Events
 - Jeddah Divers
- Parton: H.E. Dr. Abdulaziz bin Omar Al Jaseer - President General of the Meteorology and Environmental Protection
- Dr. Abdulbasit Sairafi - Deputy President for Environment and Sustainable development
- Prof. Dr. Ziad Abu-Ghararah - Secretary General – PERSGA (Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden)

4.3.2 Lesson Learnt:

- Appreciating nature through painting/coloring environment by students,
- Acknowledging harmful waste that destroys our environment,

- Raising awareness of the importance of recycling,
- Acknowledging the concept of segregating waste,
- Rubber balls made of recycle martial were given to each child as education purpose,
- 475.4 KG Waste collected.

4.3.3 Turning Point/Challenges:

- Managing schoolchildren at the corniche.
- Providing healthy and fresh foods at event
- Controlling the traffic at public location
- Arrangement of approvals from the government



5.0 NATPET A Sustainable Organization

5.1 *Optimizing Our Ecological Footprint*

NATPET is taking effective actions to improve the environment by bringing change and increase resource efficiency and leading the way.



To help reduce global CO2 emissions, NATPET focus on its own operations, by reducing energy and material consumption and making products more ecologically efficient.

The key performance indicators of our EcoVision program reflect our holistic approach to sustainability. Two of these focus on optimizing our ecological footprint, namely ‘energy efficiency’ and ‘materials’.

5.1.1 Recognition of leadership

At all levels of our operations, we continued to monitor and minimize the emissions /pollutions resulting from our activities. As a result, we have been recognized and awarded by King Khaled Foundation and the first position I the MARFIQ Sustainability award 2012

5.1.2 Green Products and Green Innovation

We continued our drive for Green Products – new products that are significantly better than either their NATPET predecessor or their nearest competitor. Six specific areas are considered in the Green Product classification process: energy efficiency, more productivity, Non-applicability of hazardous substances, recycling, disposal, and lifetime reliability, few examples are R40MLT, H25FBA, H03BPM, H03TF.

6.0 NATPET Sustainability

- Environmental Sustainability
- Social Sustainability
- Economic Sustainability

6.1 Environmental Sustainability

6.1.1 NATPET pollution reduction programs help in managing environmental responsibilities, comply with the applicable local/ Royal Commission, improved material utilization and reduced wastes and releases. The engineering and technical experts of the NATPET contribute in the way of proposing new materials, equipment modification, recycle/reuse of waste.

6.1.2 NATPET has initiated major project on converting a Hazardous industrial waste as raw material to other industries e.g., research on transforming NaHS a hazardous waste to become an active agent for the leather industry, previously the company was investing SR 1 Kg to environment friendly disposition now as a saleable product.

6.1.3 NATPET took an effective role with the environmental authorities to educate mass media through various programs and seminars on environmental and social challenges and sponsorship a CD called "Two Drops" an initiative supported by GPCA.



6.1.4 Primary School Level

6.1.4.1 NATPET Environment section organizes environmental awareness and excellence competition in primary schools of RC, Yanbu in collaboration with the local environmental regulatory authority, Royal Commission Environment Control Department at Yanbu and RC primary education department.

6.1.4.2 NATPET had recently received and granted a prestigious 2013 GOLD AWARD in Occupational Health and Safety from The Royal Society for the Prevention of Accidents (RoSPA). This shows that we had been demonstrating a socially responsible attitude among our employees which leads to developing a strong safety culture and enhanced safety performance in the entire plant.

6.1.5 Environmental Major Milestones

- **Zero violation** of local & national Environmental Regulation.
- **100% compliance** to set parameter for wastewater discharge to MARAFIQ IWTP.
- **No Groundwater contamination** as per groundwater sampling report.
- **Continuous Emission Monitoring** of stack Emissions.

- NO_x and SO_x emissions from stacks **far less** than RC limit.
- **No incident of leakage** for radioactive sources.
- **RC 14001:2013** valid certification and accredited with ANAB by ABS-QE, USA.
- **ISO 14001:2004** valid certification and recognition for RCMS by GPCA
- **Zero Fatality** on occupational health & safety incident.
- **No Major** Fire incident or explosion.
- Member of **ROSPA** (Royal Society of Prevention of Accident)
- Member of **Responsible Care**
- **NFPA** (National Fire Protection Association) membership
- **ASSE** (American Society of Safety Engineers) membership

6.2 Social Sustainability

6.2.1 Social sustainability is the idea that future generations should have the same or greater access to social resources as the current generation (“inter-generational equity”), while there should also be equal access to social resources within the current generation (“intra-generational equity”).

6.2.1.1 Our People – Making a Difference

NATPET employees are the key enabler for making a difference, both within the company and to the lives of people, we touch with our meaningful initiatives and community programs.

Through the Accelerate! program, NATPET is addressing structural change, focusing on execution, reducing overhead costs, investing in growth – and adopting a new company culture. This cultural shift is being driven by a new set of behaviors designed to help us unlock our full potential – Eager to win, Take ownership and Team up to excel.

6.2.1.2 Community Engagement

In parallel to our daily business focus on customers and markets, we also continue to encourage our people to engage with their immediate wider community. As part of our commitment to sustainability, NATPET supports volunteer activities as a way of giving back to our communities. Employee volunteering embraces NATPET’ mission to improve people’s lives not only through our philanthropic activities, but also through our employees and our shared belief that each of us can touch the lives of those around us, making our world a better place.



A key initiative in this respect is our Schools program. , NATPET employees (Jeddah Proactive team) have volunteered to upgrade lighting in local schools



and educate the children on energy efficiency and best use of environment, but the program goes much further.

The Human Capital (HC) Plan establishes a framework of policies and practices that will guide our efforts in meeting these workforce needs. It contains interdependent improvement goals and action strategies that will transform how we assess, plan for, and respond proactively to our human capital challenges and needs. NATPET invests in skills to prepare economies and labor markets for the demands and changes of increased global competition.

NATPET also offers training opportunities and create learning potential and became learning organization in which workers have the opportunity to develop professional and social competences through peer learning.

NATPET is working to develop locals and releasing them in local market as talented workforce, for this reason around 150 students were selected form Yanbu industrial college they were provided two years OJT and these workforce were available for local/international market so helping government to provide their customers/people respectful job and social challenges of employment.

6.2.1.3 Donation

At NATPET our responsibility never completed until we assure the donations and charities are utilized effectively, our philosophy to invest in the community either donation or sponsorship. CSR Targets for the year 2015 are as follows:

- Associated Office of Call & Guidance – Islamic Donation
- World Assemble of Muslim Youth (Monthly Contribution)
- Association Francaise “Islam et Occident”
- Waqf Ilmi For King Abdul Aziz University
- Jamia Marakiz Al Ahya
- Al Mabdaoon Center for Studies & Research
- Jeddah Institute for Speech & Hearing
- Maktab Al Tawani
- Al Falah School Donation
- Kidney Centre
- Contribution to School

Year	Dedicated Budget
2011	Budget SAR1.5 Million
2012	Budget SAR 1.8 Million
2013	Budget SAR 2.0 Million
2014	Budget SAR 2.2 Million
2015	Budget SAR 2.5 Million

6.2.1.4 CSR – Al Nabta’s & NATPET joint work

Project with Al Nabta, local NGO for spreading Environmental awareness in community schools at Jeddah. “Story of Waste” designed to spread awareness among students on how and why they should recycle and safe the environment. This program targets intermediate and secondary school students (both genders). Total 04 schools were selected in 2013 for awareness and this project will be continued in 2015.

6.2.1.5 IMAX Arabia

IMAX ARABIA

A sense of mission --- to build a bridge of understanding between the cultures of East and West and in doing so to encourage greater tolerance among all peoples.

NATPET – is among the major player in producing the film and contributed around SR 1.250 Million as social responsibility to provide clear picture of east, a nation of love and Islam a religion of Peace.

In 2005 California film maker Greg McGillivray took up the challenge of creating the first ever feature film to be shot entirely in Saudi Arabia , and five years later he has brought his creation to the screen. Following a series of openings at IMAX theaters in north America at the beginning of 2010, Arabia went on to a royal premiere in London in the presence of Prince Charles, and a round of international showings in Istanbul, Quebec, Mexico City, Berlin, Valencia, Kuwait, Shanghai and Hong Kong. To date Arabia has been seen by more than 700,000 people, picking up three GSCA Achievement Awards in September 2010 from the prestigious Giant Screen Cinema Association of America, the Oscars of the IMAX world.

6.2.1.6 Al Boni - Supporting Event

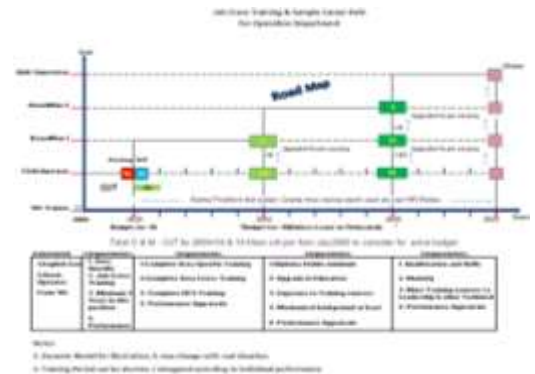
This event is to appreciate and honor one of the well-known soccer coaches in all Jeddah’s neighborhood; Abdul-Wahab Abo Alamah, nick name “Al-Boni”.

Voluntarily, he has spent most of his life for teaching and training young soccer players and he was participating in almost all soccer tournaments in Jeddah. There are many well-known soccer players in both Al-Ahli and Al-Ittihad Club were started in Al-Boni Team.



6.2.1.7 Training and Career Development

To backup manpower turnover/succession & increase national workforce. A Six year Strategic Succession Plan (2010 to 2016):



Phase 1 (2010 to 2012):

- **80** Ex. On-Job-Trainees (Maintenance/Lab. Tech and Operators) are now full charge in their respective departments cost centers.
- **21** PDP engineers' (Saudi) have successfully completed training & working in their respective departments for more responsibilities

Phase 2 (2013 & 2014):

- **51** scholars are being trained at YTI, will be available in 2016 as OJT
- **10** OJT (B) Saudis are progressing in their training development Program. Fresh Recruitment is on the go.
- **11** PDP engineers' (Saudi) are progressing in their development program. Fresh Recruitment is on the go

Phase 3 (2015 to 2016):

- Total 50 OJTs 20 PDPs recruitment proposed from 2015 to 2016.

6.2.1.8 The Official ICC CEO G20 Advisory Group

NATPET President Mr. Jamal J. Malaikah is the member of ICC G20 CEO Advisory Group <http://www.iccwbo.org/global-influence/g20/advisory-group/g20-ceo-advisory-group-members/>

We identify the Socio-Economic, environmental and political national and international trends which could impact on business performance. These are being monitored through ICCG20 Advisory, B20, OECD, PMC.



NATPET is also the active member of GPCA International Trade committee. One of the purpose of the committee is to: "To facilitate co-operation relating to international trade in petrochemical and chemical products within the GCC region".

6.3 Economic Sustainability

At NATPET, we utilize existing resources optimally so that a responsible and beneficial balance can be achieved by using the assorted assets of the company efficiently to allow it to continue functioning profitability over time.

6.3.1 Steam Re-mapping – Energy Recovery

6.3.1.1 PDH-REC Turbine Power Enhancement

Current operation of REC steam turbine lacks in power demand by REC compressor especially during RED steps (Turbine power output is 21.5 MW against maximum design of 25.6 MW).

NATPET identified existing Turbine efficiency can be improved to achieve 23.5 MW against existing compressor requirement of 23.2 MW by:

- (1) Replacing the HP steam with LP steam at Boiler de aerator (Confirmed with Thermax);
- (2) Directly routing the LP steam to PP plant;

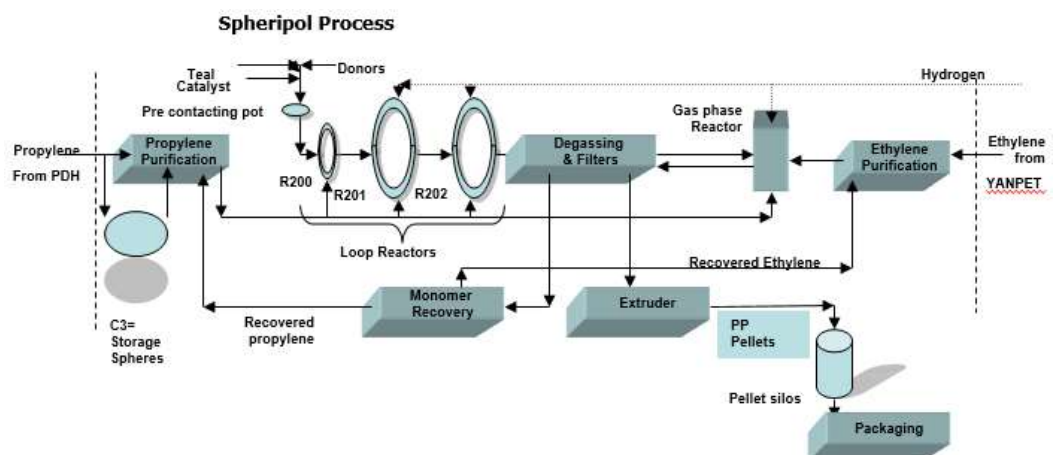
The above two options will avoid letting down of HP steam to LP steam thru letdown stations and thus 2MW energy saving can be achieved. The same change will be implemented during shutdown 2015.

6.3.2 Propylene recovery – PP project

A post condenser Exchanger is successfully commissioned in the vent gas in PP plant. Certain of Propylene along with Hydrogen is removed during high MFR grades production. It is expected to gain 70-80% flaring of propylene in PP plant during high MFR grade production.

Total cost of the Project – 1.44 Million SAR.

Estimated gain based on 2015 grade mix plan is 1.8 Million SAR/Year.





6.3.3 Biodiversity

6.3.3.1 NATPET policy continues to focus on:

- Continuing to reduce the impact of our operations through our Green Manufacturing 2015 program, focusing on CO₂ emissions, water, waste and restricted and hazardous substances
- Continuing our EcoDesign activities, resulting in Green Products
- *NATPET Lab Participated in ASTM-PTP(2012-2013) Lab Got 20 Excellent (< 1 σ) and 6 Very Good (< 2 σ).*

6.3.4 Corporate Governance

NATPET believes that good corporate governance is a critical factor in achieving business success. The findings of internal and external audits are reported to and discussed by the Audit Committee. Internal auditors monitor the quality of the business controls through risk-based operational audits.

As part of the Business Control Framework, NATPET with other MNCs have implemented set of standards for internal controls.



7.0 NATPET General Business Principles

The NATPET General Business Principles (GBP) governs NATPET' business decisions and the behaviour of individual employees. They incorporate the fundamental principles within NATPET for doing business. The intention of the GBP is to ensure compliance with laws and regulations, as well as with NATPET' norms and values.

In June 2012 an updated version of the GBP Directives (level of authority) Policy came into force, reflecting the effect of recent developments in the area of business ethics. To seek to ensure compliance with the highest standards of transparency and accountability by all employees performing important financial functions, the Financial LOA contains, amongst other things, standards to promote honest and ethical conduct, as well as full, accurate and timely disclosure procedures in order to avoid conflicts of interest.

7.1 *Tracking trends*

We continuously follow external trends to determine the issues most relevant for our company and those where we can make a positive contribution to society at large. Our work also involves tracking topics of concern to governments, regulatory bodies, academia, and non-governmental organizations, and following the resulting media coverage.

7.2 *Stakeholder engagement*

Across all our activities we seek to engage stakeholders to gain their feedback on specific areas of our business. Working in partnerships is crucial in delivering on our commitment. We participate in meetings and task forces as a member of organizations including at all forum of GPCA and EPCA etc.. Furthermore, we engaged with a number of NGOs,

7.3 *Working on global issues*

- Correcting the wrong perception of Saudi Food and Drug Authority SFDA: NATPET took a major role in correcting the wrong perception in the use of Plastic in general. A series of meeting with government authorities and change of perception as food grade plastic resin has no safety issues and these the economical and social replacement of metallic products.
- Littering of used containers: NATPET is taking a leading role for the awareness of decision makers like government authorities including others which in return improve their customers to consider the environmental and social challenges of used containers.
- Plastic Ambassadors program: Community awareness through employees outreach on environmental advantages of proper and safe use of plastics), whereby the volunteers would be delivering presentations at Schools and other community outreach centers.
- Global Marine Litter Initiative.
- NATPET Support in Customers Managed Environmental and/or Social Challenges.
 - TORAY, USA, RI Air Toxics statement.