

Mission of
SUSTAINABLE GROWTH

SUSTAINABILITY

Report 2012/13

شركة البترول الوطنية الكويتية
A Subsidiary of Kuwait Petroleum Corporation





HIS HIGHNESS SHEIKH
SABAH AL-AHMAD AL-JABER AL-SABAH
Amir of the State of Kuwait



HIS HIGHNESS SHEIKH
NAWAF AL-AHMAD AL-JABER AL-SABAH
Crown Prince of the State of Kuwait



Contents

- CEO Address
- Company Profile
- About Report
- Corporate Governance
- Our Stakeholders Engagement Process
Measuring Performance

1

Our Strategic Initiatives

2

Climate & Environment

3

Our Economic Contribution

4

Our Employees

5

Our Safety

6

Our Community

- GRI Index
- Acknowledgement





Address from the Chief Executive Officer

“

KNPC aims to transform the landscape of the oil refining industry into a commercially oriented and environmentally friendly business.

”

Kuwait National Petroleum Company (KNPC) is responsible for approximately 40% of the State of Kuwait's oil resources. We thus hold a unique position and responsibility to Kuwaiti society. This includes all of our stakeholders, where year on year expectations have been raised even higher, especially after the launching of our two mega strategic projects; the New Refinery Project (NRP) and the Clean Fuel Project (CFP). Through these projects, KNPC aims to transform the landscape of the oil refining industry into a commercially oriented and environmentally friendly business. Processed feedstock in the current fiscal year totalled 918,000 BP/D.

Our mandate will be much higher, our responsibility much bigger, as KNPC drives through the strategic goal of refining 1.4 million barrels per day, providing petroleum products that meet domestic energy, transportation and industrial requirements as well as international market needs, in terms of quantity and quality. We shall continue to ensure that all our refineries operate with high standards of operational excellence.

On a parallel line with our sustainable growth, KNPC will remain committed to the community welfare and act responsibly towards the environment and safety of people and assets. With the objective of adding value to Kuwait hydrocarbons, we will continue to be a world class operator in the global Oil & Gas downstream sector. KNPC is a reliable partner in the energy demand and supply chain matrix in our capacity as a supplier of affordable and accessible energy.

Motivated by the will to implement our strategy, we are determined to press ahead with our sustainability schemes through the timely implementation of the NRP & CFP projects, in addition to our projects that are intended to double our gas manufacturing, processing and storage capacity. Furthermore the company will continue implementation of a number of projects at our refineries, mainly designed to enhance sustainable development of the environment by bringing about significant reduction of Green House Gas emissions like the Flare Gas Recovery Units at MAA&MAB, the Acid Gas Removal Unit at MAA among others. In the area of our core business KNPC is utilising almost more than 96% of our plants capacity, thanks to the units mechanical reliability, efficient maintenance programs, operational professionalism and an upgraded HSE standards.

We also focus our attention on other objectives and shall continue putting people first whether it be our employees or the external community. To ensure excellence in performance, we aim to attract and maintain only the brightest talents by employing, training and building the most qualified human capital in the country. We are proud of our achievements which included, among other things, collaboration with other agencies to eradicate the negative effects of bullying among the youth of Kuwait. Through our new Fostering Youth Resiliency (Anti Bullying) Campaign, we are also the first company to address this sensitive topic.

Through this sustainability report we wish to evoke transparency, the two way intercommunication between us and our stakeholders. Keeping this trust is and will always figure high on our agenda. KNPC is also committed to joining United Nations Global Compact within the next two years, before issuing our upcoming sustainability report.

The first Corporate Social Responsibility (CSR) report issued by KNPC for 2010 /2011 was the first independently assured report in the oil industry in GCC. In that sense it was a leading experience in the region. In keeping with the momentum, I am honoured to introduce to you our second sustainability report which is also independently assured by a third party, to be a good example in this industry.

We hope you enjoy reading it as much as we enjoyed creating it.

Mohammed Ghazi Al-Mutairi





Message

From the Corporate Communication Dept. Manager

Our company has always proven its competence to face challenge, live up to responsibility and be innovative in creating solutions. Two years ago we published our first Corporate Social Responsibility (CSR) report which was the first report audited by an international third party in the Gulf region. Which has proven to be an award winning report for the company. We decreed this year to go one step further and embark on addressing KNPC sustainability as the company is bracing the odds with the uphill mission of implementing the two mega projects CFP&NRP in addition to other environmentally oriented projects. Those projects will enhance KNPC support for development and conservation strategies that help protect our natural environment.

We adhered to the Global Reporting Initiative GRI 3.1 guidelines and abided by the parameters and Key Performance Indicators (KPI's) adopted by major oil companies in their sustainability reports.

A group of certified GRI senior employees convened in several workshops to enhance the features that should be tackled in our report. Once those KPI's were adopted, we approached the department managers to assign their data collectors. Their feedbacks were then authenticated by the managers themselves and then approved by the head of the concerned directorate, the Deputy CEO. Disclosures in this report were then approved by the international firm EY as per ISAE 3000, to continue being one of the rare Sustainability reports in the Gulf assured by a third party .

However, I am more delighted to announce that this report was completely chartered and developed by the Corporate Communication Department own employees. I am indeed proud of this unique achievement and at the sametime thankful to the departments that provided their valuable input towards producing this report.

Mohammed Mansour Al Ajmi



KNPC's History

1960

foundation (Public & Private) Sector

1968

Commissioning of Shuaibha Refinery

1975

Shuaibha Refinery Expansion (200,000 BPD)

1975

Nationalization of KNPC

1980

KPC establishment

1984-1989

MAA & MAB Modernization

1992-1994

Refineries Repair

2003

Capacity up to 936,000 bpd

2012

Launching NRP & CFP

This is who we are

KNPC is one of the leading energy companies in the State of Kuwait focused on downstream oil and gas operations. We are committed to meeting local and global energy needs in a sustainable fashion, applying cutting-edge technology and creating innovative energy solutions.

5'805

Employees (Kuwaitis & percentage 4856/ 83.7%)

918'000

Barrels p/d of oil throughput in 2012/2013

3

Refineries in Kuwait:
Mina Al Ahmadi, Minia Abdullah,
Shuaiba

39

Filling stations

2 Depots

KD 378 million
Profit in 2012/2013

We are a company built on our Kuwaiti heritage and pioneering spirit, and have become one of the leading oil refiners worldwide. While we are seeking to satisfy growing energy demand, we have to ensure we minimise our environmental impact, contribute to the economy, give back to society and manage our people well. How we deliver our products and services is just as important as the results we achieve in the realm of sustainability.

* Mina means "Port" in arabic.



Our Stakeholders Engagement

We recognise the concerns of our stakeholders and determine what their most important expectations are from us. In order to manage expectations effectively, we are in the process of developing a robust stakeholders engagement plan. To date, the main topic of interest for stakeholders has been for our mega projects, New Refinery Project (NRP) & Clean Fuel Project (CFP). The following engagement has been conducted.

OVER A YEAR OF ROAD SHOW MEETINGS

After receiving backlash from the community, partly due to our lack of communication concerning our mega projects, an initiative was undertaken in mid 2012 to organise an 18-months long road show. At these open debate sessions, a complete overview and explanation was presented to the audience and then at the end of each session, the audience were asked to complete a survey. The majority of those attending the road shows were from local environmental groups, other K-companies and various special interest groups. In taking these steps, we clearly demonstrated that our stakeholders not only are our priority but they influence our actions as well.

CONTRACTORS WORKSHOP

This initiative was intended to gather our contractors and vendors in an open forum for face to face exchange of ideas and ways to address both parties concerns in order to make their partnership more beneficial. KNPC has adopted CSR initiatives that consists of us closely monitoring the human rights respect by the contractors who work with us. One of the concerns that receives special attention is the living conditions of the laborers employed by contractors. KNPC routinely conducts on site audits at their accommodation facilities. The Manager of General Services Department conducts the audit to ensure that basic human standards were being upheld. KNPC has also taken the future initiative to include a supply chain clause within future contracts. This will hold the vendors responsible to prove that the chain of supply that is arriving from factories, locally and abroad, meet KNPC's stated code.

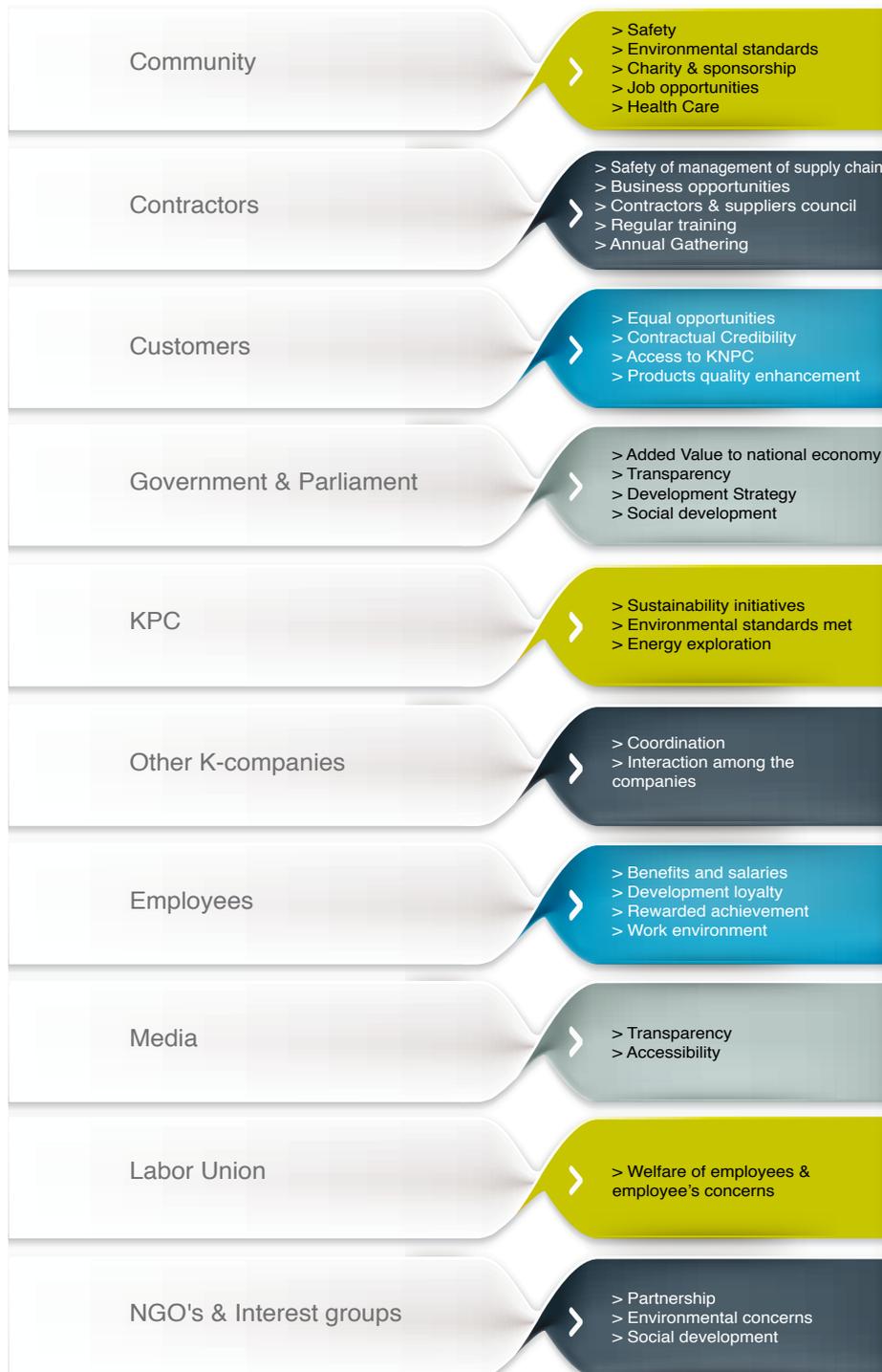
FUTURE OF STAKEHOLDER ENGAGEMENT

The future of Stakeholder Engagement at KNPC will include annual workshops, this ensures contractors, suppliers, and vendors have direct access to the responsible managers. Internally, most of the company service department conduct surveys related to their performance and relationship with other departments or the public. KNPC conducted two community surveys by a third party in the past and plans a new one in early 2015 for face to face exchange of ideas and ways to address both parties concerns in order to make our partnership more productive.

CUSTOMER SATISFACTION MEASUREMENT

KNPC has taken the initiative to review information/queries/complaints received by KPC from the public. These feedbacks are analysed by Corporate Planning Department on a yearly basis and submitted to the board. Procedures have been put in place to measure, analyse and make corrective/preventative actions regarding our customers. All customer feedback are presented during a management review meeting.

Managing Expectations



This is how we work



* KNPC Board of directors is made of seven members with the exception of the CEO. No one of them belongs to the company, including the board chairman.

Main Assets

MINA AL- AHMADI REFINERY

- Built in 1949.
- Revamped in two stages; Refinery Modernization Project RMP completed in 1984 and Further Upgrading Project FUP completed in 1986.
- Main Products: Naphtha, ATK, Unleaded Gasoline, Gas oil and a long chain of petroleum products. Daily throughput in 2012/2013 was 452,000 Bp/d.
- The LPG plant is within the refinery boundaries - total feedstock capacity is around 1750 million cubic feet per day. Main products Propane 41%. Butane 36% Natural Gasoline 23% & Lean Gas.
- The refinery is connected to three terminals New South Pier, Old South Pier and North Pier, for export and import of crude oil, petroleum products and LPG.

MINA ABDULLAH REFINERY

- Built in 1958 with a very limited processing capacity.
- The Refinery Modernization Project RMP was completed in 1989.
- Main products Naphtha, ATK, Gasoline, Gas oil and Petroleum Coke.
- Total capacity 270,000 Bp/d.
- It is connected to MAB Sea Island (5 KM off shore) for export and import of, Petroleum products and LPG. It is designed to receive two tankers at a time (276,000 tons and 140,000 tons).

SHUAIBA REFINERY

- It was built in 1968 as an export all hydrogen operated refinery.
- Original capacity was 95,000 Bp/d. It was expanded in 1975 to reach a total capacity of around 200,000 Bp/d.
- Main Products Naphtha, Kerosene, Gasoline and a wide range of other products. It is connected to Chubby oil pier for the export of its products.

LOCAL MARKETING

- SUBHAN DEPOT of Petroleum Products.
- AHMADI DEPOT of Petroleum Products.
- 39 filling stations.

HEAD OFFICE

- KNPC Head Office is in Ahmadi Area.



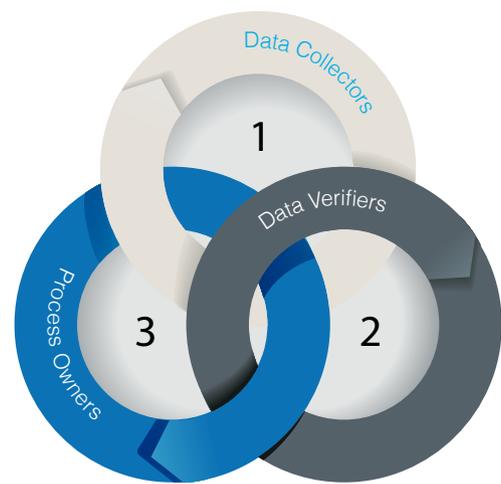
About Report

This report is written in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.1. KNPC operates exclusively within the boundaries of Kuwait. All activities outside Kuwait are undertaken by other subsidiaries of Kuwait Petroleum Corporation. The reporting cycle is between April 1/2012 - March 31/2013. No significant changes were made from the previous reporting periods in term of the scope, boundary, or measurements used for the data of the report. Every two years we will be issuing our sustainability report to update our business progress in collaboration with our stakeholders.

This report is a presentation of our achievements in the field of corporate sustainability and the challenges we face. We present the most important issues - the ones with a positive impact on KNPC's reputation as well as the more challenging issues. Whenever possible, we used standardized methods of measuring that are easy to compare with reporting of other companies or between years of our past reports. Data in this report are mainly drawn from KNPC annual report, HSE annual report, operations logbook at the three refiners and the local marketing & projects departments.

We had specified in the last report that we would be joining the UN Global Compact, we have not. However, the top management of the company have expressed their desire to join UNGC before the next reporting period. As regarding the stakeholders engagement process, we hope to expand that process and conduct an increased number of workshops and surveys with a view to getting them more involved in our business. We will implement the AA1000 principle when mapping out our stakeholders in our future reports, and from this point till the next reporting cycle we aim to implement a structured stakeholder engagement process.

Early in the reporting cycle we had a session to discuss the lessons learned from the last report. One of the most significant lessons was our data collection process, where we have since introduced a revised data collection system. Customized data templates were assigned to data collectors, who are at senior-level. After which, data is then submitted to the data verifier, i.e. their department manager, for sign-off. The last step takes the data templates through to the process owner, the Deputy CEO of their respected areas, for final sign-off. Only after completing these steps does the reporting team include the data in this report.



Materiality

Before embarking on data collection and adoption of the KPI's, objectives were drawn and targets were set. The objectives or the overall goals have to be consistent with the approved policies of the company, Our targets were set following the objectives we had set with our previous report. We were determined to pinpoint our targets according to the SMART acronym. In other words they should be (Significant, Measurable, Achievable, Responsible, Timely) i.e.

S	Based on S ignificant issues (the significant issues focus on corporate governance, climate change, environment performance, added value and contribution to national economy)
M	Using M easurable criteria (Criteria has to be selected to measure or quantify targets)
A	Employing resources to make them A chievable (people, skills, time and funds)
R	Selected with R esponsibility (People to whom tasks are assigned)
T	With a defined T ime Frame (1st April 2012-31 March 2013)

Knowing what to report and what to abandon is essential for any sustainability report. When deciding on what to report during this reporting cycle, we looked toward our past, our peers and our stakeholders, thus ensuring our sustainability performance indicators reported are consistent and relevant to our readers.

A panel of 14 GRI-certified team leaders and senior engineers spent three separate workshops reviewing and debating indicators most relevant to report on. This took into account the concerns that were to be addressed from last report as well as any promises that we had declared in the last report. Tools used for these sessions took into account the GRI Principle of Materiality, KPC's Long-term Strategy, and KNPC Key Performance Management. Adopted Key Performance Indicators (KPIs) were then communicated to the 34 department managers for validation, assigning the appropriate personnel for their feedback and the data collection process.

Our disclosures are intended to ensure that we are all communicating a coherent message to our stakeholders based on our environmental, economic and social commitments. All indicators reported in 2011/2012 are included in this report, and through our annual materiality process we have managed to improve on our reporting by introducing new disclosures especially on our oil spill quantity this year.



HSE Executive Committee (SHEEC)

KNPC has set channels for face to face, or by correspondence, interaction with the management. No procedural barrier impedes the employee's freedom of expression or to entertain his/her ideas and grievances to the higher management known as the Management Safety Survey (MSS). Other occasions such as open day gatherings or annual Town Hall debates constitute forums for the exchange of ideas, evaluation of policies and rectifying performance flaws.

Higher management encourage the open door policy in the company because it allows for a two-way communication process between the employees and their seniors.

Complaints and inquiries tailored to address employees concerns and explore new opportunities for their welfare.

SHEEC is responsible for monitoring and guiding performance at the company level to meet HSE policy expectations. SHEEC review and accept safety policy provided by the HSE management leadership, evaluate their performance and work with a view to achieving greater improvement. The committee is chaired by the CEO and comprises all CEO Deputies and the HSE Manager.

Respect to Others

Our main policy in KNPC is based on RESPECT to the community we operate in. This respect is reflected on how to comply with the domestic laws and international conventions. To abide by a set of ethics and a code of conduct giving superiority to human rights and values, diversity of people and thoughts.

To realize its vision; the company has introduced "Code Of Conduct" policy which includes a set of clear cut rules that govern and regulate behavior in its various circles. Code of conduct is based on basic concepts such as respect to human rights, complete abidance by Health, Safety and Environmental rules, Commitment to society, strict compliance with the ethical business behavior including no discrimination in benefits, treatment and development opportunities etc. There is a mechanism established to receive complaints and concerns of the employees, which are normally further investigated and necessary decision is taken. Certain important aspects of the code of conduct are regularly communicated to all sites just to remind the employees of its vitality and validity. This was also intended to inform the newly recruited employees about the system. Failure to comply with them subjects violators to specified actions.



Corporate Governance

KNPC highest governance body includes the CEO and his seven deputies. They are selected from the company managers who served for a reasonable time as members of the company management structure. They are selected after a lengthy interview by the mother company, KPC. We have demonstrated full abidance of good citizenship values through the development of strategies, policies, and procedures based on an unswerving commitment to adding value to Kuwait's hydrocarbons, enhancement of the local refining industry, upholding the highest standards of business ethics and valuing our employees and business partners.

LC meetings

C&MD represented the KNPC-led downstream sector on KPC board of Directors. They are responsible for developing policies for the oil sector in Kuwait.

The Leadership Committee consists of the CEO and his deputies who meet on a weekly basis to discuss business updates.

Management & Union

Regular Meetings between Higher Management and the companys Labour Union discuss complaints, bargaining, employees concerns and explore new opportunities for their welfare.

KRCMs

Providing a direct link between the Management and employees. KNPC Regular Communication Meeting (KRCM), are mandatory meetings for each division/department within the company. Employees are encouraged to freely express their opinions and comment on management decisions and policies. Through their regular meetings, the employees can raise their concerns which are communicated to higher management for consideration and action. The KRCM mechanism is a structured process which is officially recorded and listed as an integral part of the Balance Scorecard within each division or department.



KNPC pursues a robust corporate governance policy and advanced management system.

OUR CORPORATE BALANCE SCORECARD

KNPC Balance Scorecard is used to measure company's strategy and performance. The Balance scorecard system is fully aligned with KPC's Balance Scorecard. All targets/measures are also included in the Senior Management Annual Incentive Plan (SMAIP) and Managers Annual Incentive Plan (MIPP). It is imperative that the CEO, DCEO's and Department Managers follow the progress of the measures by reporting on their own balance scorecard on a quarterly basis. It is the responsibility of the CEO, DCEO's and Department Managers to fulfill their targets. This system cascades to the rest of the company staff. Balance scorecard, after all, is a progress report that measures performance within the company.

OUR RISK MANAGEMENT PROCESS

At KNPC we are focused on safely delivering the energy the world needs to power lives and progress. This requires constant attention to countless details and processes. The Risk Management department's main function is to identify, categorize, quantify and pro actively deal with potential risks within the company. It provides new performance and compliance information to optimise decision making across the organization. The primary objective of this department is to provide the company with performance on risk measures to realise the following goals:

1. To realise value creation opportunities by making strategic and investment decisions that optimise use of the risk capital.
2. To provide confidence on external and internal compliance through policies and procedures.

Corporate Policies at KNPC

In pursuing our corporate objectives we are committed to the highest standard of governance and to cultivate a value-based performance culture that rewards exemplary ethical standards, respects the environment and promotes personal integrity.

Ethics policy:

by which the company acts morally and with integrity and our members and neighbors are not subjected to any kind of discrimination

Community Policy:

through engagement with the community and establishment of relationships with the civil society, being a good neighbor and a good citizen

Human Rights Policy:

Proving that we comply with the UN declaration of Human Rights and all other related conventions.

Occupational Health Policy:

As an organization that owns three Refineries, an LPG plant, oil ports etc, we are committed to continuously improving safety, reducing injuries and looking after each employee or contractor.



Ethical Business and Transparency

HUMAN RIGHTS

With regard to suppliers and contractors associated with the company, we ensure their rights to exercise freedom of association or collective bargaining as covered by the labour law of Kuwait. It is critical to note that 100% of contracts signed with suppliers and contractors undergo human rights screening as well as adhering to Kuwait labor law. KNPC does not have collective bargaining agreements. However, agreements may be signed between KNPC and the concerned association for certain issues on case by case basis.

In the instance, of child labour, we do not allow any child labor at any of our operation sites. We also include clauses in our contracts that forbid any establishment that work with us to use child labour. The same law applies to forced labour, which is also forbidden in a clause we include in all our contracts. In this respect, we did not record any incidents of child or forced labour at KNPC.

With regard to grievances related to human rights that are filed, we have come to see that most complaints of the contractors manpower are related to salary payments which we have addressed. Furthermore, we ensure that the contractor execution of terms related to accommodations, compliance with health, safety, and environment regulations are all subject to KNPC's review and audit. Our General Services department have assigned a committee that quarterly conducts the audit at the site of housing for the contractor laborers who work with KNPC. At these audits, pictures are taken, and abidance by basic human rights laws are checked to ensure that they are upheld.

DISCRIMINATION

KNPC does not tolerate any form of discrimination against its employees. The policies are clearly stated in the employee handbook which is given to each new employee and is available on the company portal. Should at any time an employee feel that they have been discriminated against, he/she can resort to HR department, Industrial Relations division, who will investigate the case and act as per company procedures.

WORKING FAIRLY

The company does not receive financial assistance from the government except for the fuel that is sold within Kuwait. The price of fuel as compared to the market value is subsidized by the government. KNPC currently doesn't have any formal written position on political lobbying. The company does not support political candidates. There is no formal written position in this regard except that the employees are prohibited from indulging in political campaigning activities during official working hours.

ANTI-CORRUPTION CASES

The Code of Conduct is given to each employee upon joining the company, with each bi-law explained. During this reporting year, we had three cases involving anti-corruption which were swiftly dealt with by our Corporate Legal Department. All employees entering KNPC are trained on the company's anti-corruption clause. In addition, KNPC has taken the initiative to have every employee sign a contract after reviewing the anti-corruption policy.

ANTI-COMPETITIVE BEHAVIOUR

KNPC does not have any policy that can be seen as anti competitiveness. On the contrary we support healthy competition between enterprises. As such most of our contracts are issued via fair bidding and auction.

SPONSORSHIP POLICY:

There is a centralised process through a committee at KPC that combines the total sponsorship & charity budget for all K-companies. This entails that 85% of KNPC's budget is allocated to the committee leaving 15% of the budget which can be used at our discretion. Monthly meetings/ monthly reports on how the funds are distributed are sent to all Corporate Communication offices. KNPC share in approved sponsorships is 12.6%. During the reporting period there have been no incidents of non-compliance with the company sponsorship policy. As a matter of fact this sponsorship consolidated our corporation with the civil society organizations.

COMMUNICATIONS POLICY:

We at KNPC follow a strict policy as to the content of what we communicate with our stakeholders and the placement of said communications. This policy is set by KPC and is in accordance with Kuwait Laws. The policy clearly lays out instructions for communications for the company. The main aspect we follow is to ensure that all communications enhance the company's image and are in accordance to the practices with KPC. This policy was last revised in 2011, there has been no set date for the next revision. During this fiscal year there has been no substantiated incidents or complaints with regard to our communication, or advertising policy.

CUSTOMER DATA PROTECTION

At KNPC, Commercial Department vendors and contractors are able to register their companies through our online system. Those vendors/contractors may submit under either a Vendor Executive Committee & Contractors Executive Council (VEC/CEC) for further evaluation from our committee. The three categories that are available are general, finance or technical. The criteria that the committee review in order to be accepted are financial stability & previous experience. All data that is submitted to KNPC is protected by several firewall servers to ensure total protection. There has been no incidents for customer data lost or breached within the scope of this reporting period.



Measuring Performance

	2010/2011	2012/2013
WORKFORCE		
KNPC full-time employees	5562	5805
KNPC part-time employees (contractors)	13,571	6941
Men full-time	5217	5350
Under 30	1413	1627
30-50	2838	2731
50+	966	992
Women full-time	428	455
Under 30	174	162
30-40	223	260
50+	31	33
Number of women in senior management positions	7	9
Total number of employees who left KNPC	272	162
Average number of training hours per full-time employee	45	45
HEALTH AND SAFETY		
Total number of injuries (includes contractors)	83	87
Injury rate (LAFFR)	1.879	0.265
Total number of lost-time injuries frequency rate (company & contractors)	0.043	0.018
Lost-time injury rate (LTI FR)	0.158	0.018
Number of days lost through illness and occupational disease (excludes contractors)	39,476	33,238 days
Total number of reported accidents (includes all employees and contract workers)	83	86
Total number of fatalities	0	1
Fatality rate	0	0.003

2010/2011	2012/2013
-----------	-----------

ENVIRONMENT		
Gas consumed (m ³)	23,666,537	22,678,800
Electricity consumed (Kwh)	1,852,920,978	1,550,563,069
Direct emissions (tonnes CO ₂ equivalent)	10,933,321	10,605,843
Indirect emissions (tonnes CO ₂ equivalent)		2,012,025
ECONOMIC		
Number of Kuwaitis in the workforce	4865	4856
Number of Kuwaitis in senior management (Percentage)		98.2%
Total revenue (KD)*	12,070,319,000	14,125,677,702
Operating cost (KD)	506,229,000	601,979,141
Employee wages and benefits (KD)	228,320,000	319,177,968
*Total payments to providers of capital (KD)	89,453,886,000	377,578,983,000
Total payments to government (KD)	0	0
Community investment (KD)	107,455,440	116,240,046
OPEX (KD)		231 Million
CAPEX (KD)		66.6 Million
ROACE Percentage		16.6%
PRODUCTION		
Total Crude Oil Throughput	892.300 bpd	918,000 bpd
Total gas liquid product (000 tonnes)	5781	6130
Total supply to local consumption (million liters)	13105.7	13510
Total Export to world markets (000 tonnes)	31,902	35,025

* All currency is Kuwaiti Dinar.

* This disclosure has been calculated using a different method, which from now on KNPC will employ in the next reporting process.

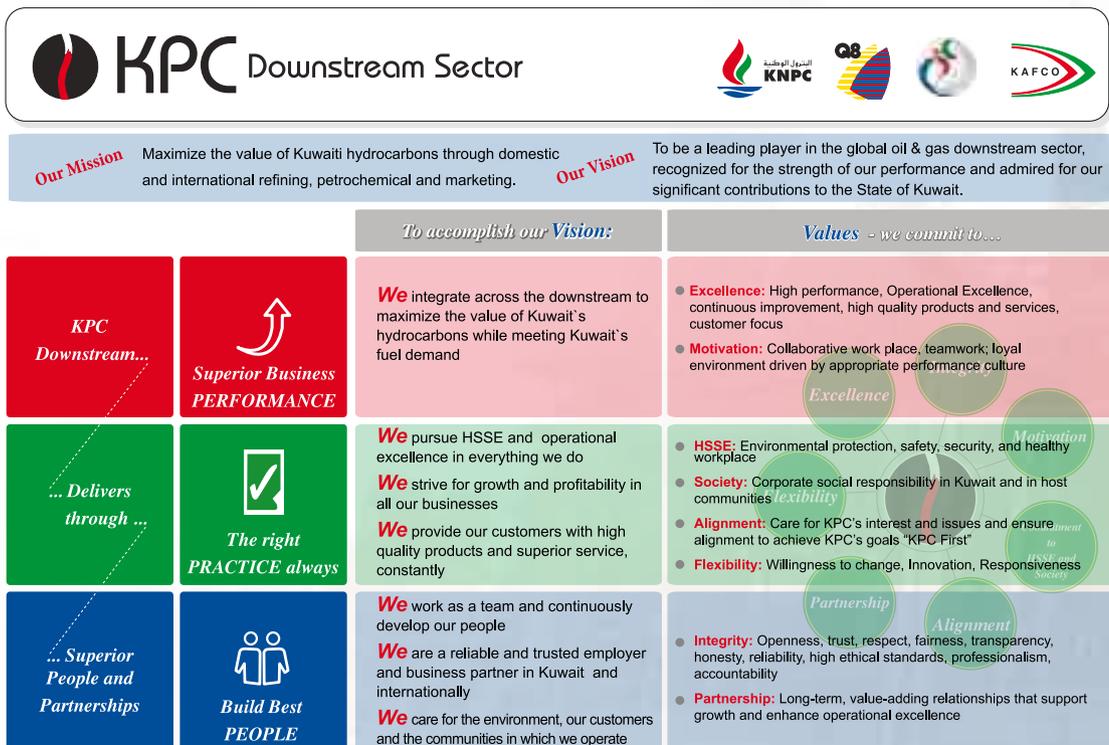


Alignment for success:

The 2030 KPC Strategy

Running the three oil refineries in the country makes KNPC the only domestic oil refining arm of Kuwait Petroleum Corporation (KPC). In this light, we strive to work in synergy with our parent company, to ensure a sustainable and continuously prosperous Kuwait. Our vision in KNPC is to be a leading player in the global oil & gas downstream industry, an ambition we share with KPC and the rest of our sister companies in the downstream sector.

KNPC has developed a vision, mission and values document distributed and communicated to every employee. The document sums up our long term strategy for the downstream sector. It is revised whenever necessary in light of the changing trends and developments of the industry and relevant factors. The success of these principles is regularly discussed with the broad base of the company employees and measured through internal questionnaires and incoming feedback from the employees. Surveys by a third party have also been conducted on several occasions.



KNPC Long Term Strategy

The company Long Term Strategic Plan comprises a set of initiatives intended to increase the refining capacity to 1.4 mmbpd. Its main feature implements the New Refinery Project., the Clean Fuel Project, Four gas related projects and other major enterprises that drastically change the current picture of the refining industry in the years 2017 and 2018 in Kuwait.

THE LTS MAIN OBJECTIVE IS :

In oil refining;

Meet local fuel demand from energy sector (Proceed with base case CFP&NRP investments, KD 4680 million and KD 4000 million estimates respectively) to supply Fuel Oil to Ministry of Electricity & Water (ME&W) for power generation plants use and high quality products for the local market.

- Meet local fuel demand for transport and industrial sectors (Supply additional Mogas and Bitumen from base case).
- Meet international fuel demand for transport and industry.
- Study Participation of the private sector in NRP.

In Gas Processing;

- Provide required gas processing capacity according to upstream gas availability profiles (proceed with the gas related projects implementation).

In Local Marketing;

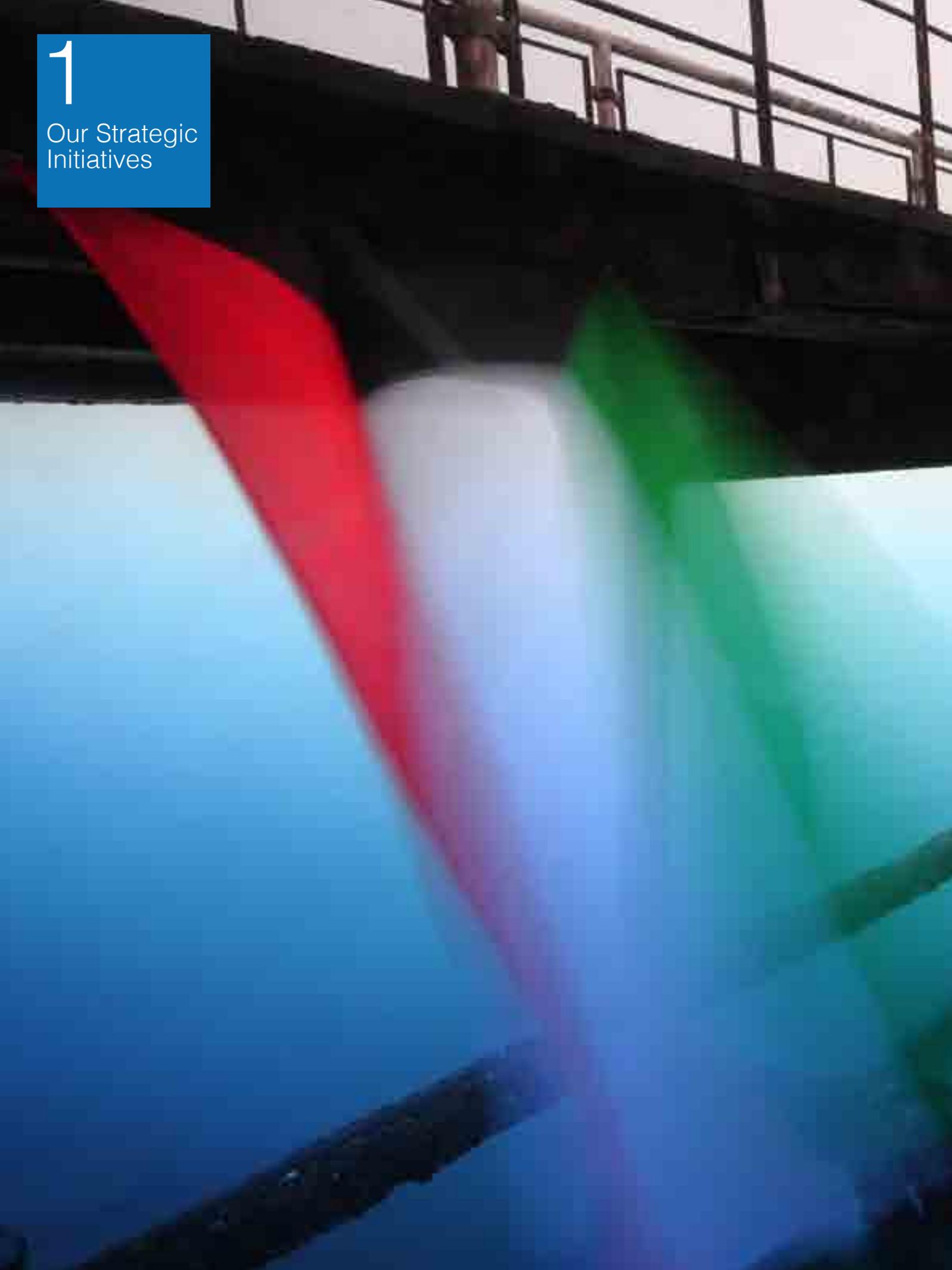
- Supervise privatised stations (prices, HSE performance, quality).
- Add new petrol stations to the existing facilities.
- Complete privatisation process.

The company operations proceed within the framework of a consolidated Five Year Plan, completely in alignment with the company LTS and the set objectives for the oil sector.



1

Our Strategic
Initiatives





STRATEGIC INITIATIVES

Strategic Highlights

- Implementation of our CFP & NRP strategic programs
- Completing the four gas related projects
- Enhancing the competitiveness of our products on the world markets

New Refinery Project

The New Refinery Project is one of the strategic initiatives projects of KNPC, to expand the refining capacity in Kuwait. Upon its completion it will be one of the world's largest oil refinery projects with a capacity of 615,000 B/PD. This 4 billion KD project, will produce 222,000 B/PD of low sulfur fuel oil (less than 1.0 wt% compared to 4.0wt% now), this will significantly reduce the emissions of pollutants from the power generation plants and will improve the environmental conditions in the state of Kuwait. Furthermore, the refinery will produce 340,000 B/PD of high quality refined petroleum products with low sulfur in accordance with the international standards for exporting to international markets in case of refining the Kuwait Export Crude Oil (KEC). NRP will be an alternative for Shuaiba Refinery after its retirement for producing high quality products. The refinery has been designed in accordance with the latest technological developments and equipment. This system has an easily operable and temperature-controlled water cooling system with closed circuits and the materials used in the system are less corrosive.

NRP: Among the largest and most Sophisticated refining complex in the region.

THE OBJECTIVES

- **Provide** - a secure, stable, and uninterrupted supply of 225,000 BPD of low sulfur fuel oil, to meet the requirements of Ministry of Electricity and Water in Kuwait.
- **Produce** - 340,000 BP/D of high quality products according to the needs of the international market stringent specifications.
- **Comply** - with the environmental objectives of the state of Kuwait with respect to improvement in air quality by reducing sulfur oxides emissions by 75%
- **Refine** - the Kuwait heavy crude oils with the aim to maximize the economic benefits by producing light products especially after implementing phase II of the project in the future.
- **Serve** - as an alternative after closure of Shuaiba Refinery by providing high quality petroleum products.
- **Contribute** - positively and effectively to the economy of the state of Kuwait, and activate the private sector role by creating new job opportunities during and after the refinery construction.
- **Add** - an investment attraction factor for nearby areas of the project to boom the economy.
- **Create** - more job opportunities for the national manpower.

For the future, CFP & NRP projects will increase the company manpower capacity by 1,500 employees.

The New Refinery project at this current stage is considered as the base case to provide fuel oil to the power plants. However, to maximize the profit margin, a modernization to full conversion can be implemented as soon as there is an appropriate alternative fuel source to meet MEW power generation requirements. (Specifications for phase II of the project).

IS THIS PROJECT NEEDED?

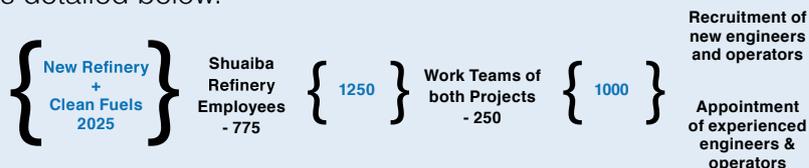
A study was conducted taking into consideration the long term energy supply / demand for Kuwait up to 2020. It was conducted by KPC and was later updated to cover the requirements and targets of the 2030 strategy. The study evaluated the economic and strategic impact of all the alternatives available and concluded that there is a need to build the New Refinery to meet the fuel requirements of the Ministry of Electricity and Water (MEW).

STAKEHOLDER CONCERNS ADDRESSED

Our community in Kuwait is extremely important to us, and when their concerns were expressed about the possible environmental hazards which the refinery would bring about, we addressed those concerns during our road show meetings stressing that we at KNPC have taken all measures to ensure that the safety and health of our community are well protected. The distance between the refinery fence and the nearest residential area is more than the internationally recognized safe distance; 300 meters. All the operating units are in the center of the refinery and far from its borders. The flares have been designed so that they are at the ground level and covered. These measures that were taken are a testament to our commitment to a sustainable future with our community and maintaining their trust.

CONTRIBUTIONS TO SOCIETY

This project will create job opportunities that will contribute to Kuwaiti National Manpower through the expansion of the refining industry. We have a employment mechanism used for employing nationals in maintenance and services contracts equivalent to 25% of proportion of employment in each contract. This new project will increase the number of KNPC manpower from almost 6000 employees to 7500 employees, as detailed below.



Clean Fuel Project

A pillar of KPC/KNPC Long Term Strategy

This project is aimed to upgrade/expand KNPC's existing Mina Al Ahmadi (MAA) & Mina Abdullah (MAB) Refineries into an integrated merchant refining complex meeting the future diversified market requirements while maintaining high safety and environmental standards, in line with KPC strategic directions. This KD 4,680 million, Mega project includes the implementation of necessary upgrades to various units in two refineries MAA & MAB; replacement of some old units and, adding new processing units in order to raise the manufacturing capacity of the refineries to 800.000 bp/d and to produce high quality petroleum products complying with the new standards and the most stringent environmental terms of very low sulphur content.

CFP: Pursuit of cutting-edge technology.

ECONOMIC FEASIBILITY OF CFP

Project Internal Rate of Return (IRR) is expected to be 11.5% which is considered high return for a project with such volume. The project will increase the market share of Kuwait exports in the international markets.

Crude Processed, Thousand Barrel/day	771
Total project Capital Cost (MM KD)	4680
Internal Rate of Return (IRR%)	11.49
Net Present Value with 7% discount rate at the submission of the project (MM KD)	2030
EPC Execution - Main Packages (45 months duration) Mechanical Completion	Feb. 2018
Commissioning & Start Up	May 2018

LOCALISATION

KNPC'S Clean Fuels Project (CFP) is a mega project for the company that oversees the upgrade and expansion of the Mina Al Ahmadi and Mina Abdullah Refineries. This would increase their combined output from around 739,000 barrels per stream day to 800,000 barrels per stream day.

The refining capacity of the refineries MAA& MAB will reach 800,000 BPD after the completion of the project.

CFP: Consolidates Environment Friendliness.

The objective of the project is to increase conversion of fuel oil to higher value products in order to meet expected market demand and tighter specifications (one percent for the sulphur content of transportation fuels).

Our localization program has been set for us to put 20% of the budget for these project back into the community, as per the law of the country to support local manufacturers. This law is only applicable to major projects of a budget set at 100 million kuwaiti dinars and above. A study was conducted for the duration of 3 months by Foster Wheeler to determine whether or not the local market would be able to sustain this demand.

The purpose is to see not only the manufactures capabilities to handle the load of the CFP project, but also if the cash flow can sustain the duration of the project. The third and extremely important aspect is the human resources part.

The 20% of the local budget was targeted to go to the construction side of the market, it is not related to the project direct scope of work. A selected number of vendors and contractors are among those that are eligible for said contracts.

The study will be concluded by December 2013, after the initial survey of all local procurements and manufacturers capabilities have been completed.

MEET THE STRINGENT PRODUCT QUALITIES

- Changes in the petroleum product quality will continue to focus on the reduction/virtual removal of Sulfur.
- Provide the capabilities to meet the future quality targets for Gasoline, Gas Oil and Fuel Oil, this will add to our sustainable environmental future.

Products	Current	Post CFP
<u>Full Range Naphtha</u> <ul style="list-style-type: none"> • Sul. ppm (max) • Olefins, vol% (max) 	700 1.0	500 1.0
<u>Gasoline (92,95 & 98 UL grades)</u> <ul style="list-style-type: none"> • Sul. ppm (max) • Benzene/ Aromatics/ Olefins, v% (max) 	500 4/no spec/18	10 1/35/18
<u>ATK/ JP5 /DPK</u> <ul style="list-style-type: none"> • S ppm (max) • Aromatics, vol% (max) • Smoke point, mm (min) 	3000/3000/400 25 25	1000/1000/10 25 25
<u>Gas Oil (Local/ Bunker, DESC, MEW)</u> <ul style="list-style-type: none"> • Sul. ppm (max) 	5000/2000/2000	10/10/500 (10 PPM capability)
<u>Gas Oil (West. KPI)</u> <ul style="list-style-type: none"> • Sul. ppm (max) • Cetane Number (min) • Cloud point (S/W), °C (max) • Distillation, @ 95% deg C (max) • Specific gravity 	Not produced	10 51 4/-7 345 0.845
<u>Bunker FO</u> <ul style="list-style-type: none"> • Sulphur, wt% (max) 	4.5	1.0



GAS RELATED PROJECTS

A number of projects related to Gas processing, treatment, storage and transportation are being implemented at KNPC. Some of them are nearing completion while others are still in the feasible studies phase. The 4th Gas Train Project is one of the outstanding milestones in the company development of the gas sector which is one of the basic elements in the downstream long term strategy :

4TH GAS TRAIN PROJECT

Installation of the new gas unit which is set to complete in January 2014 will enable the company to reach 2,320 MMSCF/D gas processing capacity in 2014 without spare and 226 MB/pd liquid processing capacity in 2014 as well. The objectives of this KD 316 million,(around \$1070) project is to install Processing capacities to process the additional gases production in Kuwait. To reduce potential revenue losses and environmental impact through minimizing flaring, to increase the revenue for KNPC/KPC by way of processing and recovering of additional Ethane and C3 + liquids, to improve reliability and flexibility of overall gas processing and recovering facilities. The associated gas and condensates are currently processed through the existing LPG plant at MAA which was constructed in 1979. Each of its three trains has a design capacity of 560MMSCFD equivalent including 40,000 BPSD liquids. The 4th gas train is designed to process 805 MMSCF/D of Gas and 106 MBP/D of liquid condensates and LPG feed.

5TH GAS TRAIN PROJECT

The project is planned to handle the anticipated increase in gas and condensates production from Oil & Gas fields. Feed studies have been completed as the company is reevaluating the economic feasibility of this project for which an estimated budget of KD 425 million has been allocated.

NEW LPG TANK FARM

The main objectives of this project is to cater the additional storage requirements of Propane and Butane after the implementation of 4th & 5th gas trains. It will improve the reliability of the existing load operations and improve customers satisfaction as per KPC requirement. As part of this project, existing North LPG tank farm will be demolished and replaced with larger capacity tanks (72,350 M3 capacity each). The project will also introduce modifications to the berth1&2 loading arm at the Oil Pier –MAA to allow simultaneous LPG and Bunker loading. Capacity of the export facilities will be increased to allow two tankers to be loaded at the same time and with the same product.

PERMANENT LNG IMPORT FACILITIES

The Long Term Strategic Plan (LTSP) 2030 for KPC downstream calls for "meeting Domestic Fuel Demand" as one of the strategic objectives and the import of LNG was identified as a potential options, among others, to meet long term fuel requirements for growing energy demand in the country.

The feasibility study conducted by international consultant as well as by KPC itself established the viability of LNG import and recommended going on a detailed feasibility study for implementation of permanent Import facilities.

The feasibility study has been completed according to which the best technology was adopted for the facilities of receiving and gasification of the Natural Gas on permanent bases. The use of LNG versus liquid fuels presents the following advantages:

- Sulphur dioxide formation is reduced to minimum values
- Lower NOx formation
- Lower CO2 emission for the same available energy
- Reduction of particulate matter
- LNG terminals have low emissions (liquid or Gas)

OTHER PROJECTS

- Flare Gas Recovery Unit (FGRU) at MAA registered at the Clean Development Mechanism CDM of the UNFCCC. FGRU at MAB is now in the registration process. The registration process is expected to be completed within few months.
- Vapour Recovery Project enters the second phase of implementation i.e installation of the required devices at the filling stations following the test conducted by KNPC and Kuwait Institute for Scientific Research (KISR).

The first phase was commissioned & evaluated at the LM two depots in Sabhan and Ahmadi.

For more on these please see Our Climate & Environment chapter.



2

Climate &
Environment



Use Earth for your need not for
your greed

CLIMATE & ENVIRONMENT MANAGEMENT

Environmental Highlights

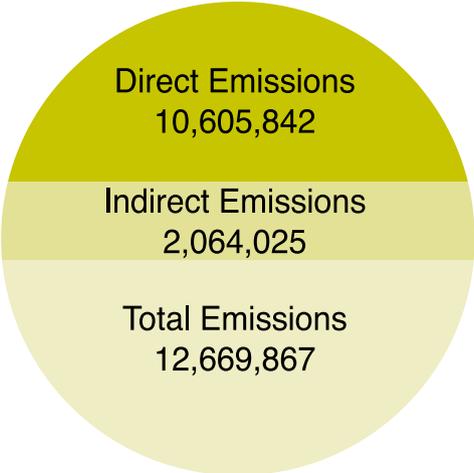
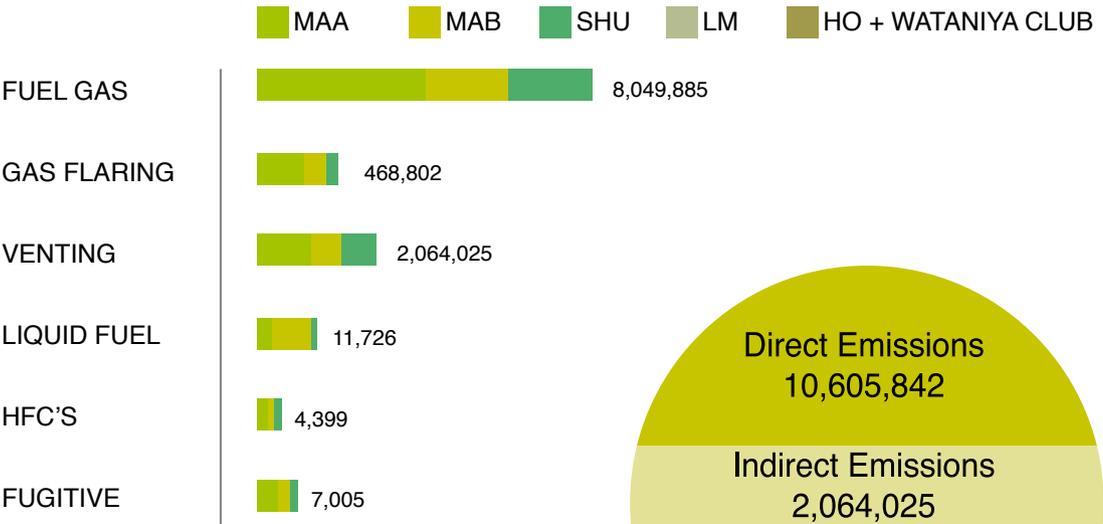
- We are concentrating on addressing the issue of flaring and investing in the GHGs recovery.
- As we did in the last few years we managed to cut down energy consumption in our three plants.
- Our Nature Reserve (Wild plants Propagation Center) is now in the 2nd phase.
- Minimize and clean up any adverse impact of our own activities.
- Our in house oil spill recovery team is trained and prepared to clean up any pollutant to Kuwait waters.
- The Oily Sludge Treatment Facility at MAB has reduced oily sludge to almost zero level oil containing soil are now reclaimed and used for agriculture purpose.
- We work with full collaboration with the Environment Public Authority (K-EPA) to ensure we meet and even exceed all statutory regulations.
- Our company is certified to ISO-14001-9001.

GREENHOUSE GAS EMISSIONS

At KNPC we are taking significant steps to address Greenhouse Gas (GHG) emissions. The use of fossil fuels to meet the world's energy demand contributes to increased GHGs such as Carbon Dioxide (CO₂), Nitrous Oxide (NO_x), Sulphur Dioxide (SO_x) and Halons in the atmosphere which has been identified as a potential factor in global warming and climate change. To address this issue, we have made long-term commitments to improve energy efficiency in our operations and reduce GHGs in the atmosphere. KNPC has made some advances in emission reduction since our last report through an array of methods described in this section. We have also recently put into place a more efficient measuring system that meets international and industry specific standards and protocols.

DIRECT GHG EMISSIONS BY SOURCE

(tons of CO₂ equivalent)



INDIRECT GHG EMISSIONS

(tons of CO₂ equivalent)



THE OBJECTIVE IS TO CUT DOWN GAS FLARING TO 1%.

EMISSION REDUCTION PROJECTS AT KNPC

FGRU'S KUWAIT'S FIRST PROJECT REGISTERED UNDER THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC) CLEAN DEVELOPMENT MECHANISM (CDM)

We have completed the registration of the Flare Gas Recovery Project (FGRU) at Mina Ahmadi Refinery and thus will begin accumulating Certified Emission Reduction (CER) credits equivalent to the amount of tons of CO₂ saved at our FGRU. Our FGRU recovers a total of 4000 m³ per hour of waste gases from the refinery. This project is part of our effort to contribute to global mitigation of climate change. Revenues for this project will be augmented through the sale of approximately 54'418 CERs per year. A similar FGRU project has been launched at Mina Abdulla Refinery. Both projects have been subject to comprehensive stakeholder consultations conducted at KNPC headquarters. It should be noted that in this context we have an existing FGRU at Shuaiba Refinery from previous years leading to reductions of 75678 tonnes of CO₂ which recovered 81% of flare gas this reporting year. FGRU represents Kuwait commitment to Kyoto Protocol.

ACID GAS REMOVAL PROJECT (AGRP) AT MINA AHMADI

This project contributes to fulfilling the objective set by KPC to cut down gas flaring in West Kuwait to 1% translated in saving 146 thousand cubic feet of gas resources per day and 39 barrels a day of condensates. Through this upgrade at Mina Ahmadi, the following sub-projects were formed:

- **Tail Gas Treatment Unit:** The objective of this unit is to install a New Tail Gas Treatment Unit (TGTU) parallel to the existing TGTU along with new sour gas absorber and new Regenerator in the Further Upgrading Project block of Mina Ahmadi refinery to process the entire Tail Gas produced by the Upstream Sulphur Recovery Units and thus meet the emissions requirements of Kuwait-Environment Public Authority (K-EPA)
- **Sulfur Handling Facility- MAA:** This results in the reduction of Sulphur dust emission which can cause serious environmental health problems. The proposed design of the project shall meet the new environmental regulations of KEPA



SULFUR HANDLING AND TRANSPORTATION

Sulfur is a by-product at MAA&MAB refineries. The current output is around 3000 tons a day. That is why a sulfur gathering and handling complex has been installed in Mina Al-Ahmadi Refinery from which this product is being delivered for shipping to the foreign markets through Shuaiba Port. Sulfur handling facilities also include transportation of sulfur to the export terminal at Shuaiba port either by conveyor belt or in tightly closed containers carried by trucks to prevent fugitive sulfur dust and particles from polluting the atmosphere.

However the company signed this year a KD 147 million contract to upgrade the sulphur transportation and other handling facilities. Environment protection is in the focus of the new facilities to avoid air pollution, fire or other incidents through a sophisticated early warning system.

THE HALON REMOVAL PROJECT

As per Montreal Protocol under the UN auspices, all existing Halon installations have to be phased out since Halon has significant ozone-depleting potential. The Halon removal project envisages provision of environment friendly INERGEN clean agent system and elimination of Halon system. The project implementation commenced in May 2011 and its progress ranges now between 30% at MAA (Almost half of KNPC fire equipment is there) and 93.7% at Sabhan depot. The total budget for the Halon Phasing out project is KD 83.7 million and the project is available in all KNPC sites. Upgrading the existing fire alarm systems is a prerequisite for getting rid of Halon in KNPC.

LEAK DETECTION AND REPAIR PROGRAM (LDAR) AN EFFECTIVE SCHEME FOR ODOR CONTROL IN AND AROUND REFINERIES

Fugitive emissions such as methane are a major source of odor in refineries. KNPC implemented LDAR under odor management system. This program is designed to spot fugitive gases by using optical imaging through infra-red cameras to detect leaks throughout the refinery.

- Hydrocarbon emission reduction of 3644 tonnes during the year has been achieved from the three refineries.

- Methane reductions achieved during the reporting period as a result of the LDAR program at KNPC refineries is as follows which indicates the total quantity of fugitive gas emission reduction at KNPC sites (CO₂ equivalent). Hydrocarbon emission reduction of 3,644 tonnes during the year has been achieved in the three refineries.

KNPC Site	
Mina Ahmadi	1701
Mina Abdulla	798
Mina Shuaiba	63
Total	2562

KNPC has set up a hot line for the community should they have any complaints or inquiries. The HSE hot line number is +965 23242888.

NO_x, SO_x and other significant air emissions by type and weight

SO_x EMISSIONS

(metric tons)



NO_x EMISSIONS

(metric tons)



Air emissions at KNPC sites are being calculated throughout the IHS Essential Suite software. This software monitors have been installed in each stack which is being used to derive air emissions from sources within KNPC sites. Calculation methodologies for SO₂ and NO_x has been implemented in this software.



BIODIVERSITY CONSERVATION

Living things, the rocks and soils, water and air interact in a myriad of complex and interrelated ways to provide a range of conditions that favour life on Earth. Human activities have caused extinction rates to increase an alarming amount, radically changing global ecological systems. Conserving biodiversity and wildlife of Kuwait is an essential part of KNPC's efforts for the environment.

KNPC NATURE RESERVE PROJECT IN AL WAFRA AREA

We are pleased to announce that we have already completed the first phase of the project with the completion of the fence that covers the one million square meters of our nature reserve project. The main purpose of the project is to protect the wild plant life that has already begun to bloom within our fences. We will also plant bushes around the outer fence in order to reduce the sand erosions. The ongoing phase, is the re shifting of plant life that is on the verge of extinction with the view of their protection and move them to our nature reserve.

The second phase of the project is the construction of the buildings and amenities which will consist of an auditorium, a lab, visitors area, and an exhibit. Among our purposes is to encourage the society in Kuwait to visit this site so that they may familiarize themselves with this type of natural life of Kuwait and meet with experts & specialised people. This project is implemented under the technical supervision of the Public Authority of the Agriculture and Fish Resources.

Solar powered lighting will be placed on and around this building keeping in theme with the company's sustainability goals. Our utmost goal is to build a center for the nation's benefit. We plan to equip the center with the capabilities of housing and caring for endangered animals that have been smuggled into the country and/or abandoned.



STUDIES AND ASSESSMENTS

KNPC owned sites were part of a baseline study that was conducted by Kuwait Institute for Scientific Research (KISR) on a wildlife. Qualitative and quantitative evaluation of vegetation and sampling were carried out by KISR in April 2012 during the study for KNPC operational sites. This included an evaluation of the International Union for Conservation (IUCN) Red-List for the endangered species category. The study showed that KNPC operational sites displayed the existence of wildlife flora and fauna but no endangered species were observed. It is important to note that KNPC is the first company among the oil companies in Kuwait to have an assessment of this magnitude conducted.

An Environmental Impact Assessment (EIA) study was conducted in 2006 at the first site allocated for the New Refinery Project. A population of Hawksbill Turtle, which is on the IUCN red list as endangered, was found at the northern end of Ras Al Zour. The project site has since been moved.

However, in keeping with full transparency KNPC has an existing LM site location of Nwaiseeb filling stations and the future project site location of NRP are identified within the “proposed” protected area as per KEPA. The second site is of the New Matlaa Depot is adjacent to the “proposed” protected area as per KEPA. This being said, significant direct and indirect impacts of the KNPC on diversity in protected areas is not applicable as none of the KNPC operational as well as future project locations are identified within approved protected areas.

KNPC SPONSORED ASSESSMENT STUDY OF FLORA & FAUNA IS THE
FIRST OF ITS KIND IN OIL INDUSTRY



OIL SPILL PREVENTION

KNPC has always taken it as a priority to prevent oil spills and minimise their environmental impact. However, we remain transparent about any type of spill that occurs from the company's operational sites. During the last reporting period we found that there was not an efficient collection system to track the quantity spilled. This year however, with the strong initiative taken from the environment division of KNPC in keeping with our sustainability principles they have begun a well collected matrix showing the type of spill and location.

THE FOLLOWING TABLE SHOWS THE SPILLS QUANTITY.

Site	Recordable Spills - Hydrocarbon		Recordable Spills- Chemicals	
	Number of spills	Volume of Spills (Barrels)	Number of Spills	Volume of Spills (Barrels)
MAA	4	217	1	0.03
MAB	5	85	1	2
SHU	0	0	2	15.9
LM	3	25.3	0	0
Total	12	327.30	4	17.93

Hydrocarbon spills totaled 12 throughout the year resulting into a volume of 327 barrels. As for the chemical spills they were kept down to 4 incidents with a total quantity of 18 barrels.

As per KNPC environmental incident reporting criteria, all oil spills are being reported based on failure of oil containing equipment/vessels since they have an environmental impact, even though the same may be less severe in the presence of secondary containment. Accordingly quantities are reported on how minimal the spills were.

For land spills our KNPC teams are equipped and qualified to assess the situation, and measure the spill. This team is capable of containing the incident and clean up. The team receive regular training at the HSE training center and receive support by the company.

For marine spills we are assisted by the able team from our sister company Kuwait Oil Company (KOC).

WATER

Being situated in a water-scarce region makes water consumption a key topic for us at KNPC. In this reporting period the total volume of sea water withdrawn by KNPC was 1,221,486,511 m³. Below the breakdown of the sources of our water withdrawal

- Sea water supplied by PAI: 1,200,251,100 m³
- Potable & Distilled water supplied by MEW: 21,235,411 m³

For KNPC, there are 2 types of discharge: planned and unplanned. Planned is when we discharge the water as per our procedures. The unplanned discharge is when an operational upset has happened in which we have no other option but to discharge water.

The two types of water used at KNPC are either sea water or process effluent. Sea water is mainly used for cooling purpose at all three refineries, the same water that is taken from sea is returned after cooling and being treated.

Discharge of water	2010/2011	2012/2013
Total volume of water discharged	1,185,090,360 m3/yr	1,205,944,220 m3/yr
Volume of water that is treated	11,427,847 m3/yr	6,992,006 m3/yr
Volume of water that is discharged to sea	1,185,074,179 m3/yr	1,205,944,220 m3/yr
Volume of water that is discharged to other destinations	16,181 m3/yr	NIL
Volume of wastewater that is used by other organizations	0	NIL
Total discharged Biological Oxygen Demand (BOD)	28,224 tonnes	316 Tonnes
Total discharged Suspended Solids	7,211 tonnes	181 Tonnes
Total discharged Hydrocarbons	2,971 tonnes	223 Tonnes



REVAMP OF WATER TREATMENT FACILITIES

The project aimed at upgrading the existing waste water treatment facilities in the three refineries to meet mandatory Waste Water Discharge Standards stipulated by the Environment Public Authority (EPA) of Kuwait.

THE PROJECT IS MADE UP OF THREE STAGES

- 1- Tertiary Water Treatment Facility as a single combined plant for processing oily streams from MAB and SHU, at Mina Abdulla Refinery site.
- 2- Upgraded and debottlenecked centralized waste water treatment facilities at MAA old refinery.
- 3- Additional Facilities at Shuaiba Refinery for segregation and collection of effluent. The project was commissioned in October 2012 .

WASTE MANAGEMENT

THE 3R POLICY

Waste Management relates to materials produced by Human activity and intended to reduce their impact on health and the environment. These materials management consists of their collection, segregation, transportation, processing, disposal managing and monitoring. Waste is defined as the discarded, useless or unwanted material arising from any activity. It may be solid, semi-solid or in a liquid state.

RECYCLE:

Turning waste material into valuable resources generating environmental, financial and social benefits. Like recycling paper, glass bottles and cans etc. The company developed certain mechanism to translate the 3 R's rules into reality through recycling or minimizing wastes.

KNPC offices are obliged to segregate their wastes.

REDUCE:

This is the best method for waste management. For example, using Mixers in crude oil and product storage tanks reduces generation of oil sludge.

REUSE:

For example, reuse of treated waste water for gardening, or using both sides of paper for writing etc.

WORKING EXAMPLES AT KNPC

- **Oil sludge** as an example is a daily occurrence from tanks, pipelines or other sources in the refineries. It contaminates the soil and after rainfalls it may leak to water resources. As a treatment facility the company installed a special unit at Mina

Abdullah Refinery to treat oil sludge in the three refineries. The oil sludge treatment unit brought down oil sludge in the company sites to almost zero level. The total sludge processed during the last financial year is **11,828 cubic meter**. The recovered oil from the process was **3,150 cubic meter**. The advantage of this plant is minimizing of solid waste from **100% to 5.7%** and recovering of oil is **26.6%** from the process, which is otherwise fully transported out of MAB as a waste.

- **Coke products** from the delayed cocker unit at MAB are routinely exported to foreign markets from the dry dock terminal at Shuaiba port. The coke consignments are transported in tightly (certified) closed containers basically designed to prevent the product dust from polluting the atmosphere.

- **The Bioremediation** of contaminated soil at Mina Abdullah Refinery has been completed. As a matter of fact the previously oil contaminated soil is being rehabilitated to receive plantations. This was a remarkable success in treatment and clean up of contaminated soil. Originally it was estimated to use **150,000 gallons/day** of fresh water for treatment daily for two years. However, in coordination with KISR, trials were conducted and treated water from refinery is being used for the purpose of effecting huge savings in fresh water consumption.

SPENT CATALYST DISPOSAL

The proportion of the total amount of transported hazardous waste by destination that is transported from the reporting organization to locations abroad. Spent catalyst is exempted from Article 6 requirements of Basel convention as specific types of spent catalyst are listed in Annex - IX List b of the convention. However, the total weight of exported spent catalyst during 2012-2013 was **10,071 Tons**. KNPC is having spent catalyst handling and disposal contract from KNPC refineries with M/s, Quanzhou King Tech Industry Co. Ltd. (Destination: China).

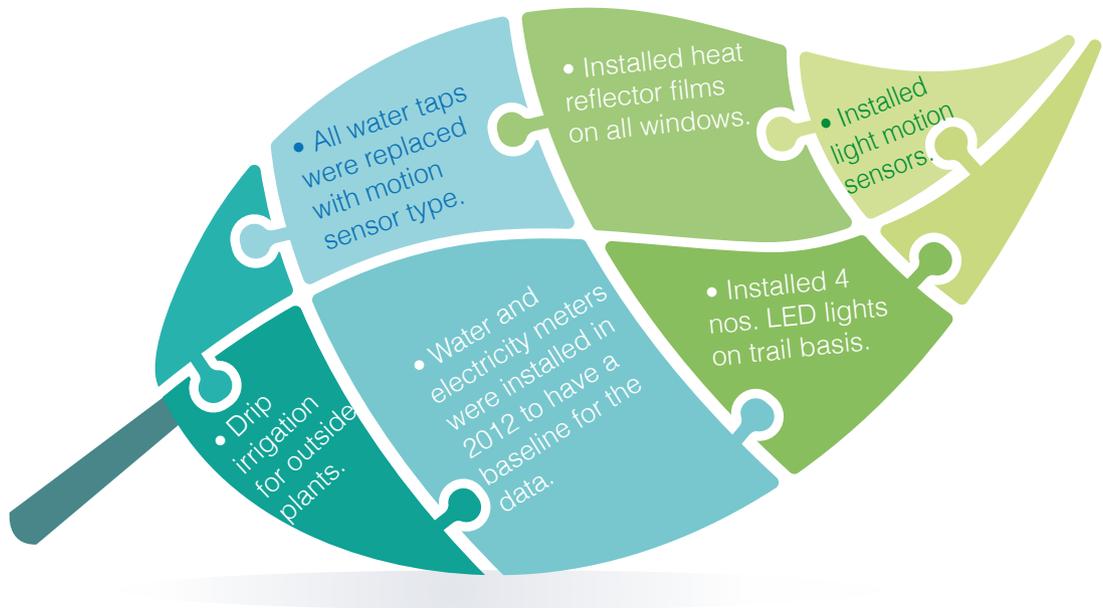
METHODOLOGY USED FOR TRANSPORTATION OF WASTE:

Spent Catalyst generated from all three refineries (MAA, MAB & SHU) is being collected in drums and stored at spent catalyst storage yards located in Mina Al Ahmadi & Mina Abdullah Refineries. Spent catalyst drums are being loaded in containers and shipped to the waste receivers in China through marine transport by KEPA approved transporter. KNPC Waste transportation manifests are being filled and procedure for solid waste management is being followed.



PILOT PROJECT FOR GREEN BUILDING

FOR THIS PROJECT LOCATED IN UNIT 11 OF MAB FACILITY THE FOLLOWING STEPS WERE TAKEN:



THE RESULTS MEASURED FOR THE PROJECT WERE:

- Average water consumption reduced from **2.8 Cubic Meter** per day (reduction of **25%**).
- Monthly electricity consumption is reduced from **10104 KW/h** to **9326 KW/h** (reduction of **7.7%**- further reduction is expected after installing the remaining light sensors and LED lights).



ENERGY SAVINGS WITH TARSHEED (Conservation)

Energy demand is linked closely to population and economic growth. With world population expected to increase, a steady rise of energy consumption patterns is on the rise. In Kuwait, energy conservation has become the subject of national campaigns to curb the excessive consumption of electricity, especially in the summer months. In light of this, KNPC launched its own energy conservation commission, TARSHEED. The committee has been authorized to monitor, develop and suggest innovative methods to reduce local electricity consumption. In 2011, this resulted in 12% decrease of electricity consumption in the company. This year's energy reduction in the three refineries are highlighted below. During this fiscal year control measures to minimize electrical power consumption throughout the company's facilities include:

- Maximize running of steam turbines and minimize running of electric motors in process units.
- Installation of time programming control units for A/C to control room temperature for office buildings.
- Utilisation of shift electrical manpower to check and switch OFF 50% lighting and all unutilized lighting in buildings after working hours.

MAA
9.4%

MAB
8.5%

SHU
17.86%



RAISING PUBLIC AWARENESS

KNPC put up over the past decades persistent efforts to raise awareness in the community of the collective behavior threat to local environment. In the financial year 2012/2013 the Company launched several initiatives intended to serve this purpose:



> On 31 st of March at 20:30 pm the Company observed the **Earth Hour** in all its premises which witnessed a total black out to observe this global event which is the single, largest ,symbolic mass participation in the world. We joined the world, as per directives by the Kuwait Government, in this gesture which is basically intended to take action on Climate Change.



> KNPC also celebrates annually the **Environment Day** on 5th of June and held a function at Kuwait Scientific Center in which a number of documentary films were shown beside a detailed presentation about KNPC effort to curtail pollution. The company also joined KPC and other subsidiaries in a huge exposition held to mark the occasion according to the slogan adopted by the United Nations Environment Program (UNEP).

> The company carried out a sustained campaign to encourage clean up of beaches under the slogan of “**Marine Environment Is Our Responsibility**”. Our staff aided by some volunteers campaigned for keeping the sea clean and projected to those who sail on boats for fun or for fishing the threat of disposing of plastic wastes in the sea.



> In a similar move every year celebrate the **World Water Day** on 22 March under the slogan adopted by the UNESCO as a means of focusing attention on the vitality of freshwater and advocating sustainable management of this valuable natural resource. It is worth mentioning that the drinkable water forms only 1% of the global water.



> Supported by a group of volunteers, KNPC launched **Cleaning campaigns at the desert** following the huge messing caused by the camping season in Kuwait. The cleanup covered a large area which was extensively littered or filled with solid leftover wastes when it was used as the site of dozens of spring camps.



3

Our
Economic
Contribution





ECONOMIC CONTRIBUTION

Economic Highlights

- Increase of oil throughout
- Increase of Kuwaitis in the workforce
- Enhancing relations by engaging with our suppliers



FUELING KUWAIT

KNPC has a 53-year history of supporting Kuwait's people and economy. The future outlook of our company is bright, where our fuel supply strategies are set to increase in line with demographic growth, urban expansion and a soaring car population. This has always been a dominant feature in our fuels supply strategies. KNPC and private filling stations are now in excess of 120 in total.

Our storage capacity has also been doubled with the 2nd depot in Ahmadi. Plans are also underway to construct a third depot in the Mutlaa area with an even larger storage capacity and cutting-edge technology systems.

Quality comes first for us, so we ensure we provide the best product and service Kuwait has to offer. KNPC continues to supervise performance at the 80 filling stations owned by the two private companies OULA and Al Soor. The company mandate includes quality control of products and prices beside supervision of Health, Safety, and Environment conditions. For this purpose the company formulated standards compatible with the internationally approved requirements for the privatized petrol stations as well as for its own stations.

VAPOR RECOVERY SYSTEM

It is a system that collects vapors from road tankers while loading at the depot gantry and recover them as useful product using Vapor Recovery Unit instead of venting to the atmosphere. The system is now fully operational at Sabhan and Ahmadi depots. Its implementation at the company filling station is now in the offing as it entered the tendering phase.

Vapor Recovery System serves a number of benefits mainly the following:

- It restricts the loss of vapors to the atmosphere and thereby saves valuable hydrocarbon resources.
- Maintains clean and fresh environment in the station or the depot.
- Protects car drivers and personnel working at the site from inhaling harmful hydrocarbon vapor.
- Cuts off most of the hydrocarbon emissions and therefore reduce the hazard at the depot or the filling facility.

Throughout the past **12** months our Local Marketing Department is recovering approximately **130,000** liters/month from Sabhan Depot and **160,000** liters/month from Ahmadi Depot, totaling around **3,500,000** liters of recovered petrol annually. Average rate of petrol recovered from the vapor emission at the two depots is around **99.55**.

In line with this, our Vapor Recovery project is intended to improve environmental and health conditions at the local marketing facilities. Gasoline vapor will be retrieved and returned to the depot through a special device attached to the filling hose instead of mixing with air causing inconvenience and pollution at the site. The project also yields a high economic value. The first phase was completed at the two storage depots in Sabhan and Ahmadi. While the second phase which will cover the petrol stations is under implementation following the feasibility study conducted by Kuwait Institute for Scientific Research KISR which was very encouraging.

TRIBUTARY TO ECONOMY

It is well known that the National economy of the State of Kuwait relies on revenues from oil production, both in the upstream and the downstream sectors. Oil sales account for around 94% of the National exports. About 40% of Kuwait oil sales to the world markets are end products manufactured at KNPC refineries. This percentage may jump to around 50% within 2017&2018 when the CFP and NRP respectively are expected to complete.

The refining industry is meant to add value to the national hydrocarbons, KNPC is the organization in charge of this industry and is responsible to meet the expectations of the country. We are happy with our total revenues in the past five years, which we attribute to the expertise and professionalism of our employees and the safety standards and mechanical reliability of our technologies and processes.

We continue to direct a large percentage of our expenditure to the local market either to procure machinery and equipment or through contracts for services and supplies. Around 70 local companies are registered and qualified as suppliers of material & services to KNPC. The local companies market share of our capital projects expenses amounted to 66.6 million Kuwaiti Dinars in the year 2012/2013.

CONTRIBUTION TO ECONOMY (MILLION KD)

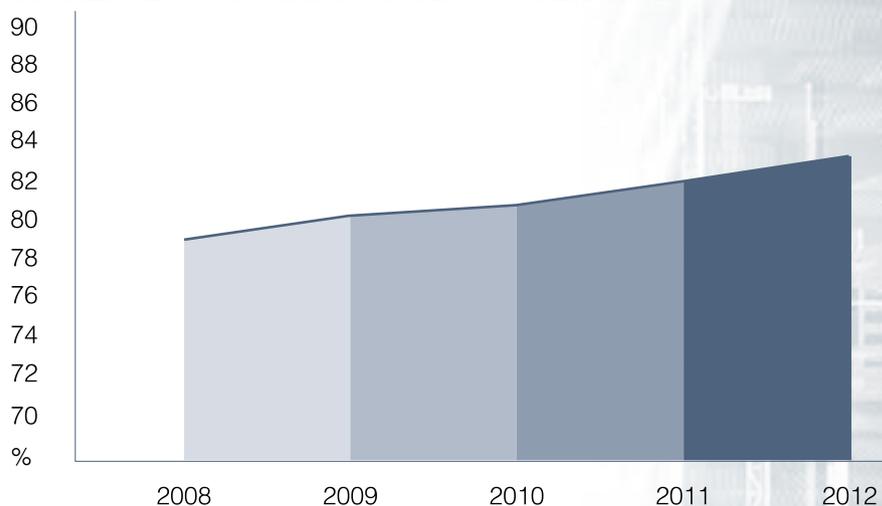
	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Revenue	9,804	8,449	10,820	13,514	14,310
Net Profit	608	120	462	284	378



KUWAITIZATION

We wish for Kuwait to have an array of diversely skilled young people. Employing local recruits is a focus area of Kuwait's National Vision 2035, as well as a strategic ambition for KNPC. We continue the policy of Kuwaitization either by replacement policy or new recruitment. This systematic policy increased the Kuwaiti labour force percentage in the company to 83.7% compared to less than 80% five years ago. Average number of job opportunities provided by KNPC to the young graduates, especially engineers is estimated at 220 jobs every year. Over the last 5 years KNPC has proudly managed to increase the number of Kuwaitis in our workforce which is a testament to our support to socioeconomic development

INCREASE OF KUWAITIS AT KNPC OVER TIME



In compliance, with the government directions which aim at creating more job opportunities for Kuwaiti nationals in the private sector, KNPC also laid down a policy intended to increase the percentage of Kuwaitis in the outsourced contracts up to 25%. To put this in further detail, of the 300 vacancies which became recently available, at least 55 of them will be filled with qualified Kuwaiti nationals from our emerging contractor labour force. It is worth mentioning that a package of special benefits is being provided to those employees to motivate them to join the company, including training and a robust allowance system which has received positive feedback.

ENGAGING WITH OUR SUPPLIERS

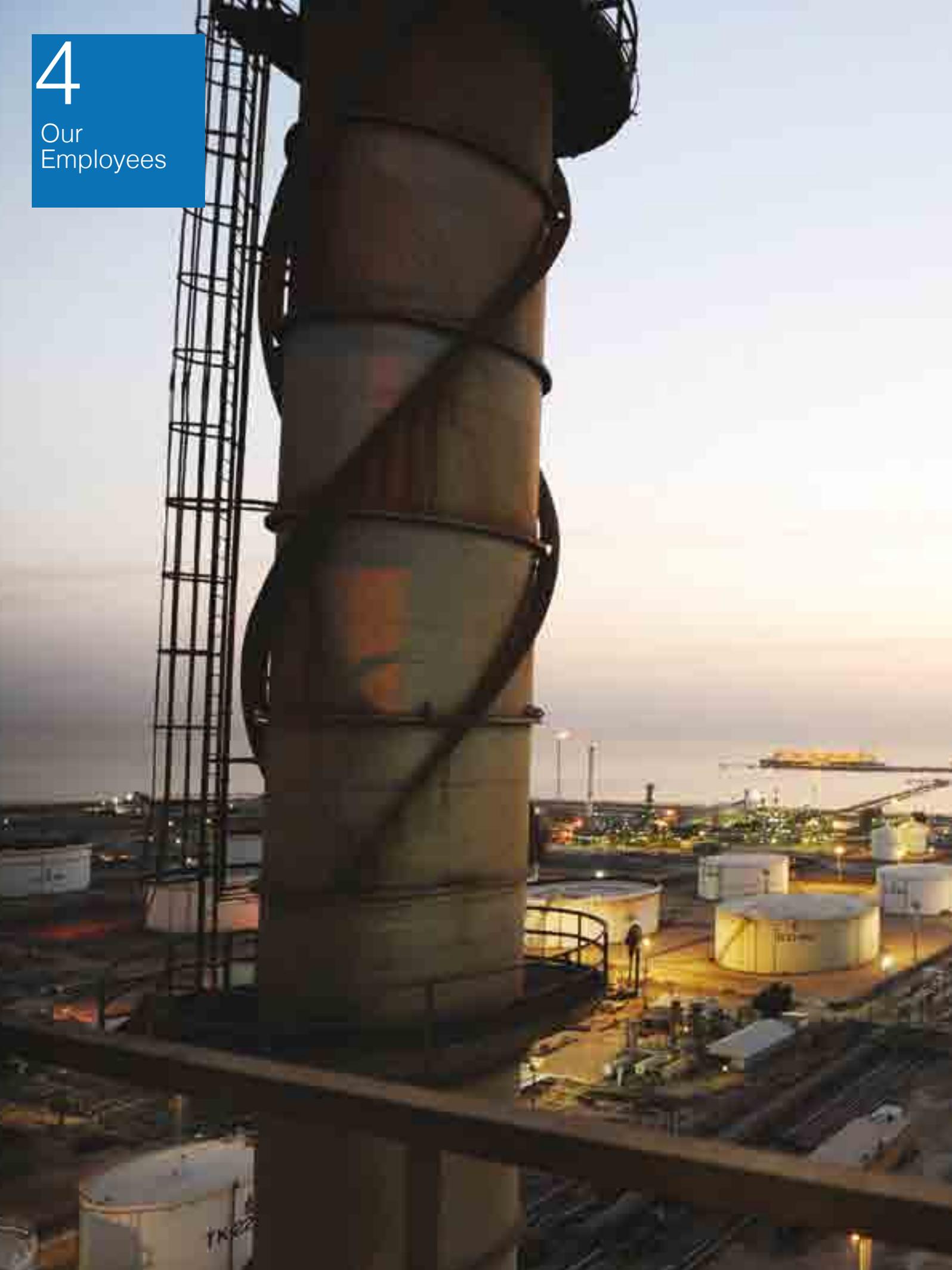
Contractors, suppliers and service providers are our business partners. They mobilise a huge number of manpower resources and logistics to fulfill their obligation to the company. We aim to keep them close to us, and engage with them in a systematic and regular manner. This is a continuous process that occurs throughout the year, and the following examples are meant only to serve as an indication to the importance the company gives to this group who are representative of the private sector. They add value to the national economy and constitute a major employment center for the youth graduates.

- Presentations were conducted during open debate sessions, mainly designed to explain to the private company executives the procedures and requirements for the suppliers and contractors qualification and the methodology by which the contractors qualification committee operates. This was intended to broaden the base of suppliers and contractors whom KNPC hopes to add to its business partnership. A similar session was arranged for delegations from Norway, the United Kingdom and the local Kuwait Industrialist Union
- A conference was held in early April this year in which the local manufacturers were extensively represented. The conference elaborated on the obstacles that may hinder cooperation between the company and the local contractors and to exchange views on the proper means to overcome those hindrances.
- KNPC assigned a special team of experts to undertake an extensive research on the local market capabilities and to explore the local business market in the implementation of KNPC's Mega Projects

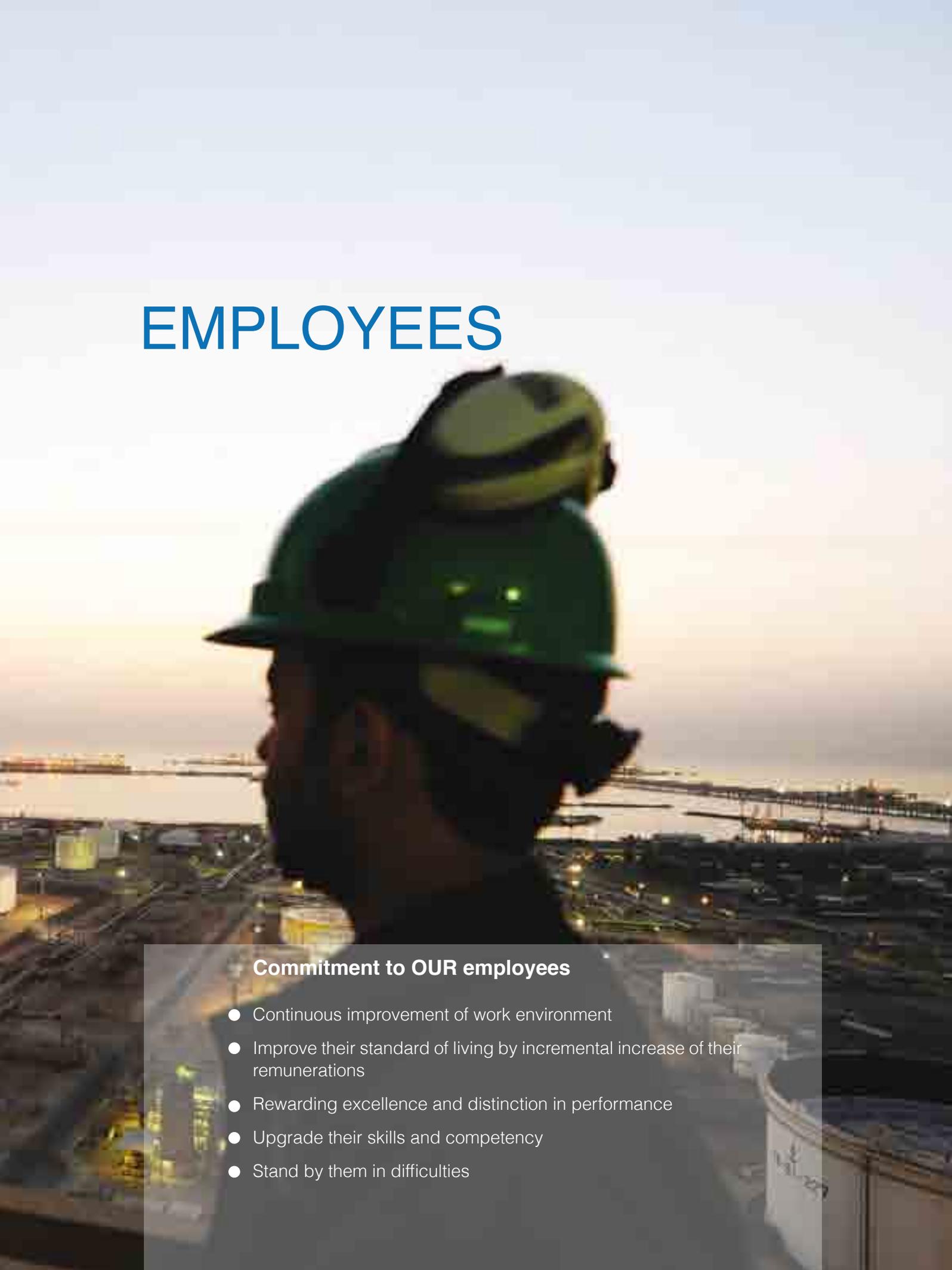


4

Our
Employees



EMPLOYEES

A silhouette of a person wearing a hard hat, looking out over an industrial facility at dusk. The person is in the foreground, and the background shows a large industrial complex with various structures and lights, set against a sunset sky.

Commitment to OUR employees

- Continuous improvement of work environment
- Improve their standard of living by incremental increase of their remunerations
- Rewarding excellence and distinction in performance
- Upgrade their skills and competency
- Stand by them in difficulties

EMPLOYEE DIVERSITY

In this reporting year, KNPC's manpower consisted of 5,805 employees, with a workforce of contractors totaling 6,941 persons. Our human capital is our primary asset at KNPC. We know that maintaining a talented, satisfied workforce is highly dependent on our mutual success. We are proud to have created a highly effective gender-equal workplace. In this respect we offer all our employees equal salaries, benefits, incentives, and treatment regardless of gender. We are also proud of the higher percentage of women being employed in senior management positions. We work to empower women in the workforce. In keeping with a high diversity index as well as meeting Kuwait's Vision 2035, we also focus our energy on hiring young and local talents.

We want KNPC to remain one of the most attractive employers in the market. This year alone the number of new hires totaled 180 local employees. As part of our initiative to empower the youth and as part of our Kuwaitisation policy, KNPC has hired 1100 Kuwaitis over the last five years. For more on our progress, refer to our Economic Contribution chapter.

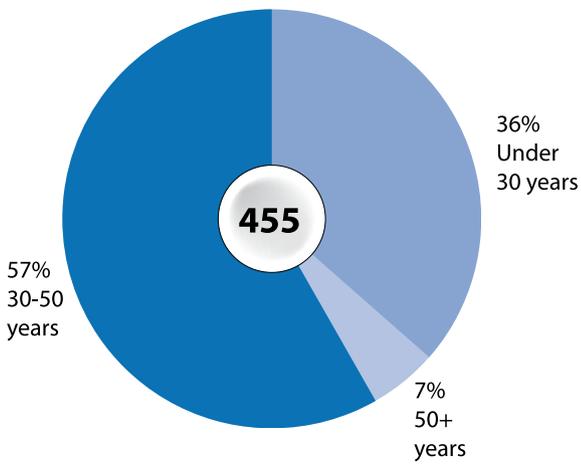
13%

Females employed are in senior management positions out of the total number of females

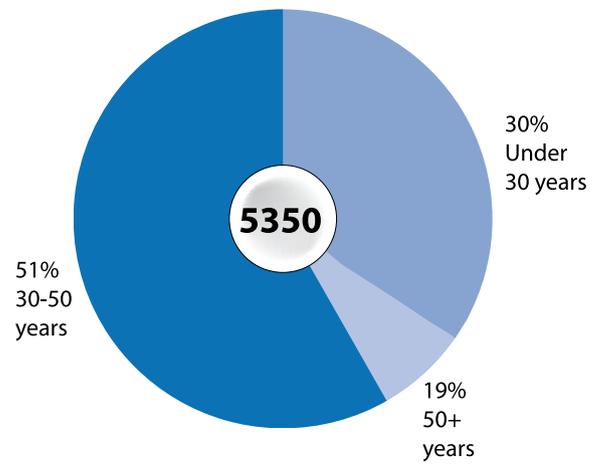
12.5%

Males employed are in senior management positions out of the total number of males

Full-time males at KNPC by age



Full time females at KNPC by age



EMPLOYEE TURNOVER RATES%



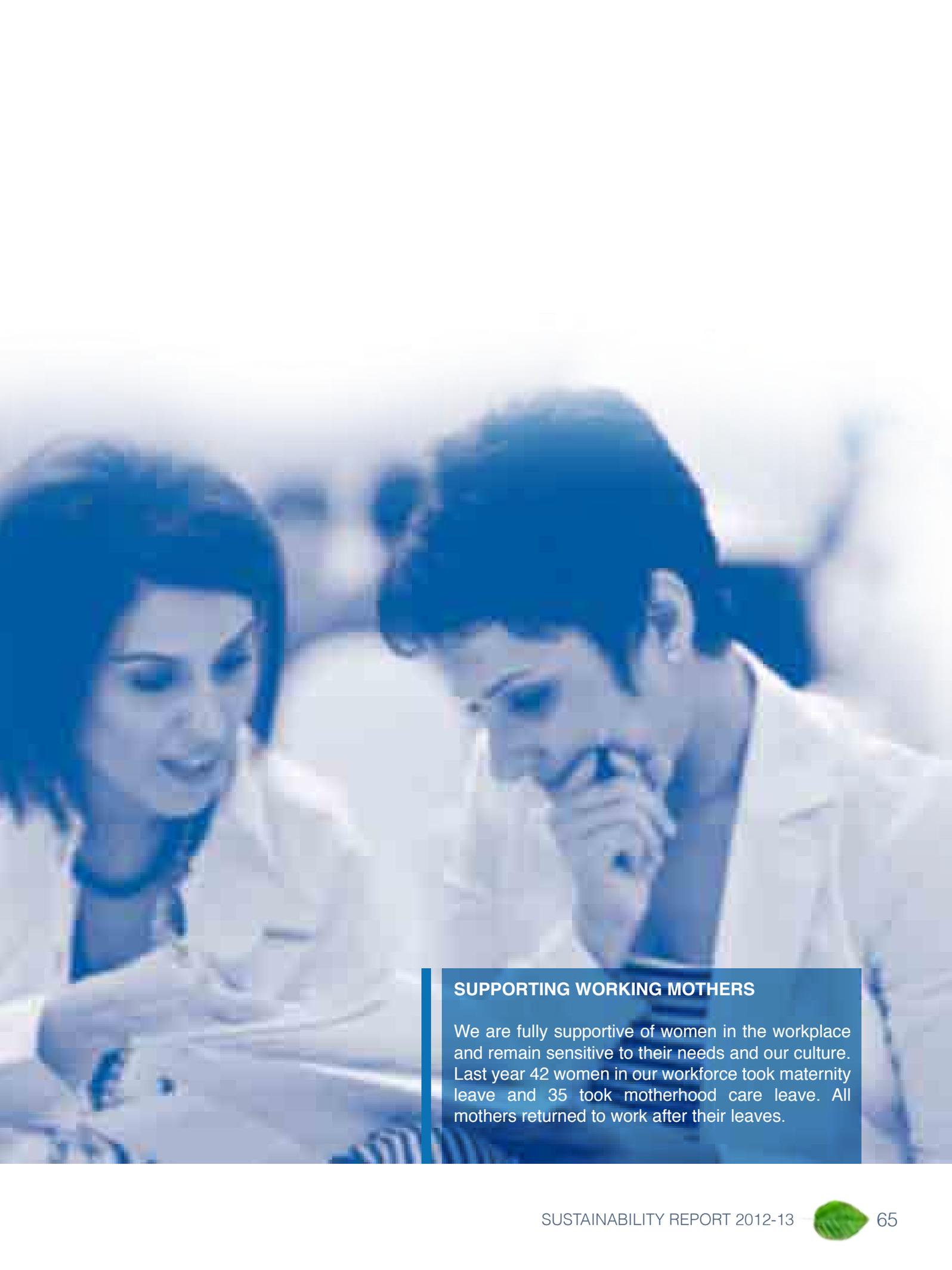
AN INVITING WORKPLACE

We consider our employees our most important assets. For this reason, their respective satisfaction and motivation is paramount in the company's performance and distinction. In our 2012/2013 annual report, our CEO attributed our record crude-oil throughput to the dedication and professionalism of our staff. There is indeed a culture of belonging which cascades to each and every department.

To ensure we attract and retain the best talent, we have an innovative and rewarding benefits package and allowances for our employees. We are in turn, grateful for their loyalty which allows us to remain a successful and sustainable organization internally and externally. KNPC conducts appraisal and career reviews for all employees, it is broken down by division leader who reviews/appraises their employees first before it is sent to the department manager for final review. These appraisal are conducted on a mid year and end year basis.

ALLOWANCES PROVIDED TO FULL-TIME EMPLOYEES AT KNPC

- All company employees are granted annual increment (depends upon his/her performance and ranges between 2.5% and 10% of their basic salary)
- All KNPC employees are entitled to cost of living allowances
- Shift allowance (KD 100 per month)
- Nature of work allowance on monthly basis (1st category KD150, 2nd category KD125)
- Irregular work schedule allowance
- Social allowance for all Kuwaiti employees according to job grade
- Child Social allowance for Kuwaiti Employees KD50 per child (KD100 for handicapped child)
- Educational Assistance - Non Kuwaiti employees at grade 13 and above are granted substantial assistance to cover 90% of tuition fees of their children between (4-19) years at the private schools, maximum limit (4 children)
- Marriage gratuity (for Kuwaiti's only)
- Free medical treatment to all employees and their families (KOC hospital and on site clinics at KNPC)
- Group life insurance
- A very rewarding Share of Success grant to all employees of the oil sector.



SUPPORTING WORKING MOTHERS

We are fully supportive of women in the workplace and remain sensitive to their needs and our culture. Last year 42 women in our workforce took maternity leave and 35 took motherhood care leave. All mothers returned to work after their leaves.



TRAINING & DEVELOPMENT

At KNPC, we ensure that all our employees receive continuous training and development. From the start of their careers at KNPC, new recruits are given a comprehensive orientation program which includes three days of health and safety, fire-fighting and first aid training. Going on, our dedicated Technical and Professional Ladder (TPL) program boosts the development of middle managers.

KNPC has a special department responsible for employees training and career development needs. We have instilled a mandatory 30 hours of training for each employee to attend per year, which can be attended locally or internationally. In addition to this, at our refineries employees undertake a minimum of 10 hours of specialized Health, Safety and Environment training. The training schedules are decided on the basis of the employees competency and level of experience but more importantly about how it will enhance their job responsibilities & skills. This is a testament to the level of the company's commitment to our employees.

AVERAGE TRAINING HOURS PER FTE

Female Employee	_____	23.61 %
Male Employee	_____	22.15 %

THE TOTAL HOURS DEVOTED TO TRAINING PERSONNEL WITHIN EACH CATEGORY ARE AS FOLLOWS:

• Top Management (Grade 0)	• 340 Hours
• Management (Grade 18-20)	• 14185 Hours
• All other Levels (Grade 17 & Below)	• 122205 Hours
• Total Hours	• 136730 Hours



Training & Career Development are drivers for
superiority in performance



5

Our
Safety



SAFETY

“

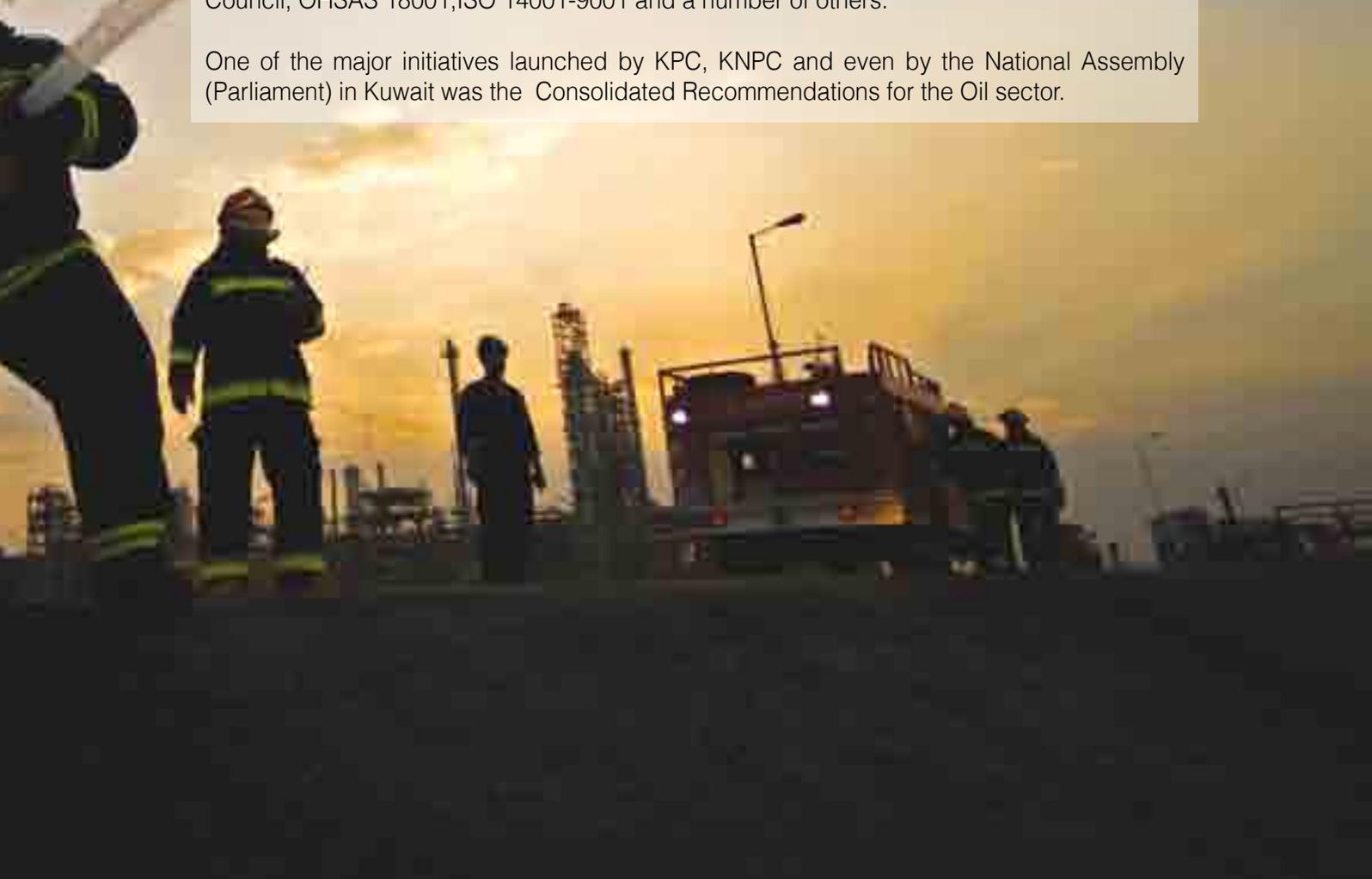
KNPC has always been focusing on adopting Health, Safety & Environment related best practice within the establishment. Beside the extensive training on HSE related practices, the company develops on continuous basis the safety systems and practices with a view to uplifting safety performance for the environment and personnel. Every safety related incident serves as an experience from which lessons are learnt and conclusions are drawn.

”

This is being done systematically where actual incidents or near-miss incidents are reported, analysed and when necessary investigated. Accountability is also a part of the system and serves the cause of transparency.

Obviously, training plays an important part in the HSE practice. The company Safety Training Centre at MAA received this year 58144 trainees from the company employees and the contractors labor force who were involved in 4614 programs from our different operation sites. Some of our employees, like fire fighting officers, are routinely delegated to attend training programs conducted by international firms in different countries. KNPC was awarded a number of prestigious awards for its safety record such as RoSPA, MERIT of the British Safety Council, OHSAS 18001, ISO 14001-9001 and a number of others.

One of the major initiatives launched by KPC, KNPC and even by the National Assembly (Parliament) in Kuwait was the Consolidated Recommendations for the Oil sector.



CONSOLIDATED RECOMMENDATION IMPLEMENTATION COMMITTEE (CRIC)

In response to a major incident that took place in 2000, KNPC in response to a new policy drafted by KPC started CRIC. The Consolidated Recommendation Implementation Committee (CRIC) applied, tried, approved and certified more than 58 safety recommendations. They were designed to promote safety at the plants and premises for people and assets. They set standards and regulations which must be followed for each action; such as entering confined spaces, issuing work permit, gas detection and declaration of emergency cases in the refinery, etc. In its capacity, as a permanent committee in KNPC, CRIC continues to carry out its custodianship of the consolidated Recommendations implementation and prevalence.

EMERGENCY RESPONSE PLAN (ERP)

We developed our comprehensive safety plan to cope with emergencies in the 90's. It was termed then as the Major Incidents Procedure Plan (MIPP). MIPP was upgraded this year and renamed as Emergency Response Plan (ERP) which is more consistent with the international practice.

Major upgrades include:

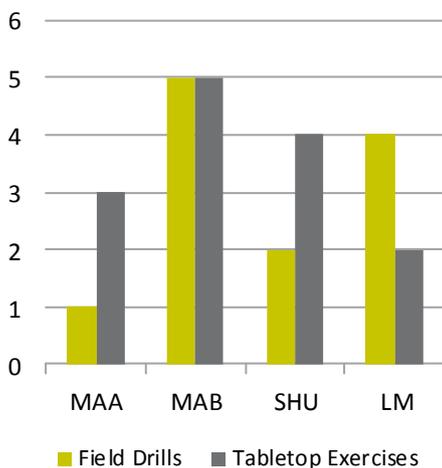
- Adoption of international terminology
- Introduction of Incident Command System (ICS) for managing emergency response
- Use of "PEAR" process for identifying and prioritizing emergency response key issues (PEAR represents PEOPLE-ENVIRONMENT-ASSETS-REPUTATION) in the same order of priority.

Implementation highlights:

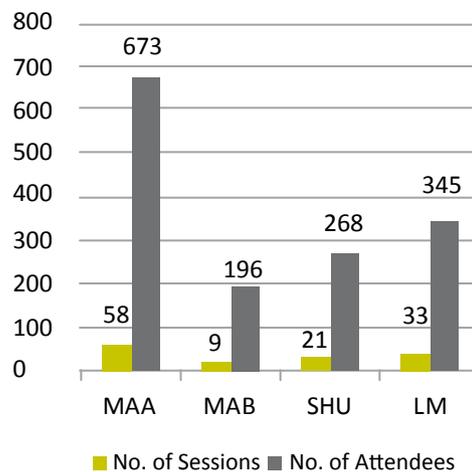
- Preparation of ERP Corporate Policy Manual. One for MAA Refinery, Shuaiba Refinery, MAB Refinery and the Local Marketing Depots
- Awareness campaigns, table top exercise, field drills and training of a total of 1482 site personnel from KNPC and the Contractors staff
 - Total switch over from MIPP to ERP was achieved by end of March 2013 at all sites

We believe that every one of our employees and contractors, whether in office or in the field, plays an important role in maintaining safe and reliable operations. It is not just good for business, it is the right thing to do. As a matter of fact, the company HSE training center provides equal opportunities for training to the company employees & contractors labor force. Thousands of them receive training at the center.

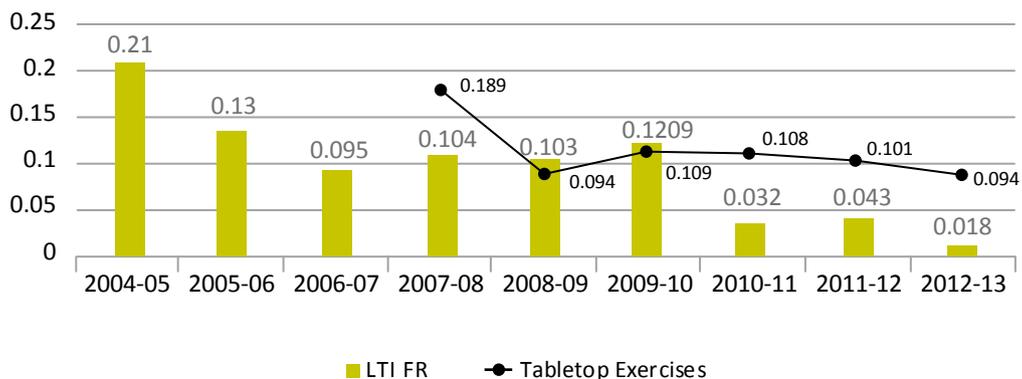
No. of ERP Tabletop Exercises and Field Drills (2012-13)



ERP Training (2012-13)



Company & Contractor Employees Lost Time Injury Frequency Rate (LTI FR) Between 2003/05 to 2012/13



RAISING PUBLIC AWARENESS



KNPC's ambition is to contribute to sustainable development, and we are proud to have received the following recognition.

A YEAR OF INTERNATIONAL RECOGNITION

KNPC was awarded during the period covered by this report with a number of prestigious awards for advanced environmental performance, health and safety as well as for social commitment and responsibility.

Celebrating Success

- 1st Place - CSR Network Arabia Awards 2012
- "Excellence in Environmental Projects and Products" - Offshore Arabia Award 2012
- KPC CEO HSE AWARD 2012
- Gold Medal - Royal Society for the Prevention of Accidents/UK RoSPA 2012

Historic Risk Rating

Shuaiba Refinery achieved a historic and exceptional Risk Rating Score of 96.1 during the Insurance Market Survey conducted in February 2012 by international insurance companies, which was indeed the highest ever received by a Kuwait Oil and Gas company. The other two refineries also came up with a high score.

OHSAS 18001

An internationally recognized standard for Occupational Health and Safety Advisory Service. Audited and recertified.

Official Registered Consultant

KNPC Projects Department PD-1 is the first department within the Oil & Gas sector in the GCC that has officially achieved the Bench Mark level in its current Project Management Practices with regard to Standardize, Measure and Control stages of Improvement and has been recognized by the Projects Management Institute as an Official Registered Consultant.

ISO 14001-9001

The importance of Quality Assurance Department at KNPC is demonstrated in its ongoing effort to improve the refinery products, services, and processes to promote production & administration performance. This ensures that the refinery equipment and assets are reliable and safe for operations as per the latest standard practices. We at KNPC strictly abide by international standards and laws.



6

Our
Community



COMMUNITY

Always committed to deliver consistent value adding service to our community

Social Targets

- We are fully committed to our responsibility towards the community
- We maintain productive partnership with NGO's to improve social welfare
- KNPC is the number 1 blood donor in Kuwait for the 3rd consecutive year
- We conduct awareness campaigns of the environment protection, safety and petroleum industry basics in around 15 schools every year
- We are maintaining our engagement and partnership with the contractors & suppliers through the contractors & suppliers council and the Suppliers Service Centre with a view to boosting our partnership

FOSTERING YOUTH RESILIENCY

(ANTI BULLYING CAMPAIGN)

Through years of experience, KNPC has learned that business success is deeply linked to society's progress. To promote such progress, we cultivate partnerships focused on education, health and safety.

On October 2012, KNPC signed a cost sharing agreement with the United Nations Development Plan (UNDP) to sponsor a two year campaign to highlight the dangers of all types of bullying. In association with the Kuwait Red Crescent Society volunteer team, we set out to reach high school students and motivate them to be productive members of society and to shed a light on the negative ramifications of bullying, whether they are the instigator or the victim. Our mission was to listen to their experiences and provide them with a positive outlook. We also decided to include a public awareness campaign to the parents so that they may be able to recognize the signs of bullying that have been documented by the sociologist who are joining the campaign.

Along with our public awareness campaign, we at KNPC have committed in the span of the two year campaign to collecting 1,000,000 signatures. The reason behind this extensive effort is our commitment to reaching the biggest number of people with our message, and at the end of the campaign we will have one million supporters standing with us.

We are bluntly aware that we are unable to completely eradicate bullying in Kuwait since it is not an isolated topic limited to only schools, has reached offices and public places. We at KNPC have made the move to be the leaders and pioneers to get people to start having a serious talk about this growing issue. As part of our CSR initiatives at the company, this campaign is our main priority and is a true testament to our commitment to our community and to the future of our youth.

The logo features the text "Anti-Bullying" in a large, black, handwritten-style font. Below it, the word "CAMPAIGN" is written in a smaller, blue, all-caps, sans-serif font. The text is centered and surrounded by several colorful, hand-drawn scribbles in shades of purple, orange, green, and blue, which resemble stylized hands or abstract shapes.

Anti-Bullying
CAMPAIGN

CHILD CAR SEAT

Campaign “Their safety is our Responsibility”



KNPC launched an awareness campaign to highlight the severe importance of the use of car seat for infants and toddlers. The Corporate Communication department recognized a growing bad habit throughout Kuwait of preventable accidents and fatalities among young children because they were not strapped into a car seat during car collisions. This is unacceptable tragedy mainly because it is preventable. Car seat are an affordable commodity, so the only excuse that some parents choose not to utilize them is purely linked to lack of education and awareness of their importance.

In this campaign that took place in January 2013, it was in association with the Security media department at the Ministry of Interior and other private companies. The slogan of the campaign was “their safety is our responsibility”. The purpose of this campaign is to shed light on the importance of using a child car-seat. Employees were able to ask experts about statistics of the car seats, such as ages of children that should be using a car seat or booster seat as well as installation and care for the car seats.

We at KNPC, are pioneers in the field of safety and we are clearly showing that our safety standards are not limited to our employees, but also extended to the employees families who are our concern as well. Their safety and well-being is extremely important, and this innovative campaign is portraying that.





OTHER SOCIAL CAMPAIGNS THAT WE PARTICIPATE IN:

- Celebrate Ability - An annual event to recognise the remarkable children living with special needs in Kuwait. This event is meant to highlight their abilities and talents and the recognition of the relentless commitment of their families. A group of our STAR volunteer take part in this effort. Special Team Acting Responsively (STAR) is a company wide volunteer program that consists our of our employee's. STAR volunteers are an intricate part of this event. The highlight of this day is when we host a bazaar to showcase and sell the artwork of the children and in turn all proceeds are then donated to a local charity in the name of the children.
- Hospital Visits - Corporate Communication Department continues to host bi-annual visits to the cancer hospitals, children's hospital, and the children's hospice to host parties and pay a visit in hopes of raising their morale.
- Kuwait Downs Syndrome Society sponsorship we have committed to a local organization that have committed themselves to provide a facility to assist children and adults living with Downs Syndrome in Kuwait.
- Care for children living with Autism. The Autism centre, and a number of schools that look after children living with autism they receive our support either by donating, libraries, computers or sponsorship of their sport activities.
- The company has the tradition of honouring children of our employees who perform at the top of their class at school.
- KNPC led a massive campaign to raise funds to help flood victims in Pakistan last year.

GRI 3.1 CONTENT INDEX





Ernst & Young Consultancy Co. WLL
Waleed Abdullah Saoud Al Osaimi & Partner
P.O. Box 74
18–21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2 295 5000
Fax: +965 2 245 6419
kuwait@kw.ey.com
ey.com/mena

The Board of Directors and Management
Kuwait National Petroleum Company
Kuwait

Independent Assurance Statement to Kuwait National Petroleum Company Management

Our Engagement

Ernst & Young, Kuwait was retained by Kuwait National Petroleum Company (the Company) to provide an independent assurance of its Sustainability Report (the Report) for the period April 2012 to March 2013. The Company's management is responsible for identification of material issues, content of the Report, engagement with stakeholders and its presentation. Ernst & Young's responsibility is to provide independent limited assurance on the Report content as described in the scope of assurance. Our responsibility, in performing our assurance activities, is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance except for the aspects mentioned in the scope.

Our Assurance Team

Our assurance team, comprising of multidisciplinary professionals, was drawn from our Middle East Clean Energy and Sustainability Services Practice, which undertakes engagements similar to this with a number of significant international businesses.

Scope of Assurance

The scope of assurance covers sites and indicators considered relevant to the Company and include:

- Data and information related to the Company's sustainability performance for the period 1st April 2012 to 31st March 2013;
- The Company's internal protocols, processes and controls related to the collection and collation of the sustainability performance data;
- Visits to the Company's head office and selected refinery offices where our work comprised review of the above mentioned indicators and interaction with the Company's team to understand current status of sustainability and progress made on commitments in the reporting period.

The Limitations of our Review

The scope of assurance excludes:

- Aspects of the data/information other than those mentioned under 'Scope of Assurance';
- The Company's statements that describes expression of opinion, belief, aspiration, expectation, aim of future intention;
- Review of "economic performance indicators" included in the Report which we understand are derived from the Company's audited financial records;

Our Approach

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE 3000) on which we base our conclusions.

The approach to the assurance exercise included interaction with key personnel to review the Company's internal protocols, processes and controls related to the collection and collation of sustainability performance data as per GRI-G3.1 guidelines. The Ernst & Young assurance team conducted review and verification of the data collection process, measurement methodology and general review of the logic of inclusion/omission of necessary information/data based on sampling principles based on risk assessments, limited to:

- Review of any major anomaly within the Report as well as between the Report and source data/information;
- Verification of the data and information reported at the manufacturing units and corporate office;
- Execution of audit trails of selected data streams and information to test the level of accuracy in collection, transcription and aggregation processes;
- Review of the Company's plans, policies and practices, so as to be able to make comments on the completeness of the reporting and the degree to which Ernst & Young believes the Report provides a fair and honest representation of the Company's activities.

Visit to the Company's locations

Ernst & Young team visited the Company's corporate offices and refinery offices (Mina Abdullah and Mina Al Ahmadi) to gain confidence on the data and selected claims presented in the Report. The sample data was tested for its integrity and accuracy. Assumptions made for arriving at final numbers against the sustainability performance indicators were understood and necessary clarifications were obtained. Appropriate evidences to support the conclusions in this assurance report were obtained. The stakeholder engagement process was reviewed through interviews with concerned personnel.

Observations

Our observations on the Report are as follows. These observations do not affect our conclusions on the Report in this statement.

- Through its second sustainability report, the Company has shown reasonable enhancement in its sustainability approach and has established a suitable system to monitor, capture and report the sustainability performance data.
- The Company has demonstrated the effort to prepare the Report on the basis of the G3.1 guidelines of the Global Reporting Initiative (GRI).
- The Company is committed to reduce its energy consumption and GHG emissions through series of projects including flare gas recovery, vapour recovery project, Leak Detection and Repair (LDAR) and Tarsheed.
- Currently, the stakeholder consultation is focused on New refinery project (NRP) and Clean fuel project (CFP). The company may extend its stakeholder engagement program to reach out its stakeholders to receive feedback on all material issues.
- There is scope for developing its materiality analysis further by incorporating external stakeholder views to delineate the most material issues for the Company.

Our Conclusions

On the basis of our review, and in accordance with the terms of reference for our work, nothing has come to our attention that would cause us not to believe that:

- The Report presents the Company's material performance covering indicators as mentioned in the scope of assurance;
- The Report contents present a fair, balanced and accurate overview of the Company's sustainability performance.



23 March 2014



Statement GRI Application Level Check

GRI hereby states that **Kuwait National Petroleum Company** has presented its report "A Message of Sustainable Growth" (2014) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 March 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The "+" has been added to this Application Level because <<org. name>> has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.



PROFILE			
INDEX	TOPIC	REPORTED	PAGE
Strategy & Analysis			
1.1	Statement from the senior decision-maker of the organization	Fully	Page 6
1.2	Description of the key aspects, risk, and opportunities	Fully	Page 6, CEO speech
Organizational Profile			
2.1	Name of the organization	Fully	Cover
2.2	Main assets	Fully	Page 15
2.3	Organizational Structure	Fully	Page 14
2.4	Location of organisations headquarters	Fully	Page 15
2.5	Areas of operation	Fully	Page 15, Kuwait exclusively
2.6	Nature of ownership and legal form	Fully	Page 10, Page 26 KPC, government property
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Fully	Page 54
2.8	Scale of the reporting organization	Fully	Page 25
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Fully	Page 8, no change whatsoever
2.10	Awards received in the reporting period	Fully	Page 70
Reporting Parameters			
3.1	Period Covered by the report	Fully	Page 8, Page 16
3.2	Date of the most previous report date	Fully	Page 7 (CEO speech)
3.3	Reporting Cycle	Fully	Every other year
3.4	Contact data	Fully	www.knpsc.com
3.5	Process for defining report content	Fully	Page 18-19
3.6	Report boundary	Fully	Page 16
3.7	Report Scope	Fully	Page 7 (CEO speech) Page 16, no limitations on scope or boundary of the report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, and other entities that can significantly affect comparability from period to period and/or between organizations	N/A	This is not applicable for our organization
3.9	Data measurement techniques and the bases of calculations, including limitation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI indicator protocols	Fully	Page 24, 25, 44,45, Balance scorecard page 20
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statements	Fully	Page 25, Measuring performance table
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Fully	Page 16, About the report
3.12	Table identifying the location of the standard disclosures in the report	Fully	Page 5, table of contents
3.13	Policy and current practice with regard to seeking external assurance for the report	Fully	Page 7 CEO speech, Page 9, Manager CCD speech
Governance, Commitments and Engagement			
4.1	Governance Structure of the organization, including committee	Fully	Page 18-19, SHEEC (HSE) LC
4.2	Chair of the highest governance body	Fully	Page 18-19
4.3	Board structure	Fully	Page 14
4.4	Mechanism for stakeholders and employees to provide recommendations or direction to the highest governance body	Fully	Page 19 (KFCM), Page 12-13 (Stakeholder engagement)
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Fully	Relating annual report 2015-2013, remuneration for Board of Directors remuneration - 44,541 Kuwaiti dinars
4.6	Process to ensure conflicts of interest are avoided	Fully	Page 18, 22
4.7	Qualification of the members of the highest governance body	Fully	Page 19
4.8	Internal statements mission or values, code of conduct	Fully	Page 18-19
4.9	Adherence to international codes, standards and principals	Fully	Page 26
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Fully	Page 19
4.11	Presubstantive approach	Fully	Risk management, Page 68
4.12	Externally developed economic, environmental, and social performance	Fully	Page 39, 40, page 22 (human rights)
4.13	Membership in associations and/or national/international advocacy organizations	Fully	Page 70
4.14	List of stakeholder groups engaged by the organization	Fully	Page 13
4.15	Basis for identification and selection of stakeholders	Fully	Page 12
4.16	Approaches to stakeholder engagement	Fully	Page 12-13
4.17	Key topics or concerns raised by stakeholders	Fully	Page 12

STANDARD DISCLOSURES PART II- DISCLOSURES ON MANAGEMENT APPROACH (DMAS)			
INDEX	TOPIC	REPORTED	PAGE
G3.1 OGS5			
DMA EC			
	Disclosures on management approach		
	Economic Performance	Fully	Page 25, 54, 55,56
	Market presence, including local content	Fully	Page 54-55
	Indirect economic impacts	Fully	Page 56-57
	Reserves	N/A	(KNPC is a downstream organisation)
DMA EN			
	Disclosure on Management Approach EN		
	Materials	Fully	Page 25 (Production on measuring performance table)
	Energy	Fully	Page 49 (Energy saved at the three refineries)
	Water	Fully	Page 45, 46
	Ecosystem services including biodiversity	Fully	Page 42,43
	Emissions, effluents and waste	Fully	Page 38, 39, 40, 41
	Products and services	Fully	Page 15, 54
	Compliance	Fully	Page 26, 30, 39
	Transport	Fully	Page 47
	Overall	Fully	Page 11, 37
DMA LA			
	Disclosure on Management approach LA		
	Employment	Fully	Page 60-62
	Labor/management relations	Fully	Page 18,19,22
	Occupational health and safety	Fully	Page 67, 68, 69, 70
	Training and education	Fully	Page 64
	Diversity and equal opportunity	Fully	Page 60
	Equal remuneration for women and men	Fully	Page 62
DMA HR			
	Disclosures on Management Approach HR		
	Investment and procurement practices	Fully	Page 25, 55
	Non-discrimination	Fully	Page 22
	Freedom of association and collective bargaining	Fully	Page 18
	Child Labor	Fully	Page 22
	Prevention of forced and compulsory labor	Fully	Page 22
	Security Practices	Fully	Page 67, 68
	Indigenous rights	Fully	Page 11, 31
	Assessment	Fully	CEO speech, Page 26-27 (Long term strategy)
	Remediation	Fully	Page 46, 47,48
DMA SO			
	Disclosures on Management Approach SO		
	Local Communities	Fully	Page 74, 75, 76
	Corruption	Fully	Page 23
	Public Policy	Fully	Page 21
	Anti-competitive behavior	Fully	Page 23
	Compliance	Fully	Page 21
	Emergency preparedness	Fully	Page 68-69
	Inventory resettlement	N/A	We do not report this disclosure item, as it is not applicable to our business practices. It has never happened.
	Asset integrity and process safety	Fully	Page 67, 68
DMA PR			
	Disclosure on Management Approach PR		
	Customer health and safety	Fully	Page 68, 69
	Product and service labeling	N/A	KNPC supply and products, fuel only to the markets, therefore no need for labeling, in period states, the octane number is clearly stated on the pump itself for customers choice
	Marketing Communications	Fully	Page 23
	Customer Policy	Fully	Page 23
	Compliance	Fully	Page 21
	Fossil Fuel substitutes	Partially	Page 42, the company's retain reserve project

Index	Topic	Reported	Page	Details
TOTAL ECONOMIC PERFORMANCE				
EC1	Direct economic value generated and distributed	Fully	Page 25	-KNPC has installed 2 FGRUS projects in the country. The first project is already registered as CDM project with the potential of earning 59,000 carbon credits/year. Other project are in the advance stage of registration. -We have installed 2 power plants in green house gas (GHG) from all its facilities as it was reported on pages 37,38, 39, 40, 41.
EC2	Financial implications and other risks	Fully	Page 39, 40	
EC3	Coverage of the organisation's defined benefit plan obligation	Fully	Page 39, 62	Kuwaiti termination benefit based on the oil sector law, considering PFSS regulations. Entitled for employees with 2 + years in KNPC
EC4	Significant financial support from the government	Fully	Page 22	KNPC does not receive assistance from the government except for the fuel that is sold within Kuwait.
MARKET PRESENCE				
EC5	Proportion of the lowest wage compared to local minimum wage	Not reported	Page 60, 62	We comply with local and national labor laws and regulations but we do not collect this data on group level, however, we reported that men and women receive equal wages.
EC6	Policy, practices, and proportion of spending on locally-based suppliers	Fully	Page 33,25	KNPC has a localization program to put 20% of the budget of mega projects more than 100 million dirhams back to be used in the country. This localization practice has not been implemented as of this report. capex/opex - Our suppliers and contractors come from all over Kuwait however, the country is not a 100% localization. We are exploring on different locations.
EC7	Procedures for local hiring and proportion of senior management hired from local community at significant locations of operation.	Fully	Page 24,56	
INDIRECT ECONOMIC IMPACTS				
EC8	Investments in infrastructure and services provided	Fully	Page 72,73 and community chapter	Explained through the NRP & CFP projects and through several social awareness campaigns
EC9	Indirect Economic Impacts	Fully	Page 25, 31-35	
OG1	Volume and type of estimated proved reserves and production	Not reported		Not applicable to context of KNPC, because it is a refining company
ENVIRONMENT				
MATERIALS				
EN1	Materials used by weight or volume	Fully	Page 11, 25	Being an oil refining company we buy crude oil from an upstream company, by weight. Amount is mentioned on pages 11 & 25.
EN2	Percentage of materials used that are recycled input material	Not reported		In 2010, we started the process of material segregation for recycling purpose. The system is working fine but it is still early to measure it. Amount is not available but it will become significant in the coming years. In other words the amount is currently minimal, that is why, it is omitted.
ENERGY				
EN3	Direct Energy consumption by primary energy source	Fully	Page 25	Our main energy sources are electricity from the Ministry of Electricity & Water and gas from upstream company, both sources are listed on page 25.
EN4	Indirect Energy consumption by primary source	N/A	Page 25	Our main energy sources are electricity from the Ministry of Electricity & Water and gas from upstream company, both sources are listed on page 25. Indirect energy primary source is not being used in our operations.

OG2	Total Amount invested renewable energy	Not reported		Not applicable to context of KNPC at this time
OG3	Total amount of renewable energy generated by source	Not reported		Not applicable to context of KNPC
EN5	Energy saved due to conservation and efficiency improvement	Fully	Page 49	Tarheed Campaign
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	Not reported		At this time not applicable to KNPC
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Fully	Page 49	
WATER				
EN8	Total water withdrawal by source	Fully	Page 45	
EN9	Water source significantly affected by withdrawal of water	Not reported		There is no information at this time that during the withdrawal process there is an affect.
EN10	Percentage and total volume of water recycled and reused	Not reported		Mechanism for correctly measuring was not available
BIODIVERSITY				
EN11	Location and size of land owned, leased, managed or otherwise controlled by the organization in areas of high biodiversity value outside protected areas.	Fully	Page 42	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not reported		No KNPC facilities has an impact on a protected area. We do not operate in protected areas. The omission of such information is due to non relevance
EN13	Habitats protected or restored	Fully	Page 42,43	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Fully	Page 43	
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and mitigated	Partially	Page 42	
EN15	Number of IUCN Red List species and national conservation status in areas affected by operations, by level of extinction risk.	Not reported		Not applicable to context of KNPC
EMISSIONS, EFFLUENT AND WASTE				
EN16	Total direct and indirect greenhouse gas emissions by weight	Fully	Page 38	
EN17	Other relevant indirect greenhouse gas emissions by weight	Not reported		KNPC runs three refineries and 39 filling stations. GHG's are measured because they are direct emissions and can be attributed to our operations. Indirect emissions that may cause indirect emissions. Not relevant to our operations.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Page 39	
EN19	Emissions of ozone-depleting substances by weight	Fully	Page 40	
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	Page 41	
EN21	Total Water discharge	Fully	Page 45	
EN22	Total weight of waste by type and disposal method	Fully	Page 47	
OG5	Volume of formation or produced water	Not reported		Not applicable to context of KNPC at this time
EN23	Total number and volume of significant spills	Fully	Page 44	
OG6	Volume of flared and vented hydrocarbon	Fully	Page 40	
OG7	Amount of drilling waste (kill mud and cuttings) and strategies for treatment disposal	Fully	Page 41, 46	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	Page 47	



EN65	Identify, assess, protect, decline, and bio-diversity value of oil and gas assets, and related facilities, infrastructure, water and runoff.	Not Reported	Not applicable to KNPC
PRODUCT AND SERVICES			
EN66	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Page 68 CRIC committee
EN67	Percentage of products sold and their packaging materials that are reclaimed by category	Fully	Page 25 Our only products are petroleum products. They come through pipelines to the end users, or to oil tankers.
OG8	Benzene, lead and sulfur content in fuels	Fully	Page 33
COMPLIANCE			
EN68	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance and environmental laws and regulations	Fully	Page 46,47 KEPCO (Kuwait Environmental Protection Authority) monitors all our activities even percentage of air, water and land pollution. No penalties or fines were imposed on KNPC.
TRANSPORT			
EN69	Environmental impacts of products and workforce transport	Partially	Page 48 Spent Catalyst, Sulphur
OVERALL			
EN80	Total environmental protection expenditures and investments by type	Partially	Page 39 Add gas removal project
LABOUR			
EMPLOYMENT			
LA1	Total work force by employment type, employment contract and region	Fully	Page 16
LA2	Total number and rate of employee turn over by age group, gender and region	Fully	Page 63
LA3	Benefits provided to full time employees that are not provided to temporary or part-time employees, by major operations	Fully	Page 52
LA15	Return to work and retention rates after parental leave, by gender	Page 63	
LABOUR/MANAGEMENT RELATIONS			
LA4	Percentage of employees covered by collective bargaining agreements	Fully	Page 22
LA5	Minimum notice period regarding operational change whether it is specified in collective agreements	Fully	It is a clear article in every employee contract. Notice period is 3 months.
OCCUPATIONAL HEALTH & SAFETY			
LA6	Percentage of total work force represented in formal joint management - worker health and safety committees that help monitor and advice occupational health and safety programs	Not reported	
LA7	Rates of injury, occupational diseases, lost days and absenteeism and no. of work related fatalities	Fully	Page 24
LA8	Education, training, counseling, prevention and risk control programs in place to assist work force members.	Fully	Page 64
LA9	Health safety topics covered with formal agreement with trade union	Not reported	Not applicable to KNPC
TRAINING AND EDUCATION			
LA10	Average hours of training per year employee by employee category	Fully	Page 64 Figure provided in percentages

LA11	Skill and lifelong learning management	Not reported	Training and development department have an extensive program that will fulfill this KPI however, it will be implemented out of the scope lining for this report.
LA12	Percentage of employees receiving regular performance and career development reviews	Fully	Page 62
DIVERSITY AND EQUAL OPPORTUNITY			
LA13	Composition of governance bodies and break down of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Not reported	An initiative has been proposed to fulfill the diversity and inclusion strategy by break-down according to gender, age. Breakdown is not listed because of recent changes in the oil structure. It will be reported in the next report.
LA14	Ratio of basic salary of men to women by employee category	Fully	Page 60
SOCIAL			
COMMUNITY			
SO1	Managing impacts of operation on communities	Fully	Community chapter
SO9	Operations with significant potential or actual negative impacts on local communities	Fully	Page 40,54 Community chapter (social), order control on communities around our refineries and gasoline vapour at our filling stations. Otherwise our operations do not effect the communities.
SO10	Prevention and mitigation measures implemented in operations with significant potential	Fully	Page 68
OG10	Number and description of significant disputes with local community and indigenous people	Not reported	Not applicable to Kuwait
OG11	Number of sites either being/or in the process of being decommissioned	Partially	Shuaiba Refinery, CRP chapter
CORRUPTION			
SO2	Percentage and total number of business units analyzed for risks related to corruption	Fully	Page 15
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Fully	Page 23
SO4	Actions taken in response to incidents of corruption	Fully	Page 23
PUBLIC POLICY			
SO5	Public policy positions and participation in public policy development and lobbying	Fully	Page 23
SO6	Total value of financial aid and in kind contributions to political parties, politicians, and related institutions by country	Fully	Page 23
ANTI-COMPETITIVE BEHAVIOUR			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and outcomes	Fully	Page 23 KNPC does not have any policy that can be seen as anti-competitive
COMPLIANCE			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Fully	Pages 32,37,39 The fines or sanctions mentioned here are not existing because KNPC abides by the valid laws and regulations.
OG12	Operations where involuntary resettlement took place	Not Reported	Not applicable to Kuwait
OG13	Number of process safety events, by business activity	Fully	Page 69
HUMAN RIGHTS			
HRI1	Percentage and total number of significant investment cases or that have undergone human rights screening	Fully	Page 18, 22 All our agreements include articles in respect of human rights the is mentioned

HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Fully	Page 22
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are also included in specific training programs, including the percentage of employees trained.	Fully	Page 64, 68
NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and actions taken	Fully	Page 23
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be significant risk, and actions taken to support these rights.	Fully	Page 23
CHILD LABOR			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	Page 22
FORCED AND COMPULSORY LABOR			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor.	Fully	Page 22
SECURITY PRACTICES			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not reported	
INDIGENOUS RIGHTS			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not reported	Not applicable to KNPC
HR10	Percentage and total number of operations that have been subject to human rights reviews	Not reported	The concerned department address such cases but they do not release them because of their confidential nature and sensitivity.
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	Not reported	Not applicable to KNPC operations

HR11	Number of grievance related to human rights filed or addressed	Fully	Page 18,22	Refer please to human rights section, method is available, number of cases will not be disclosed
PRODUCT RESPONSIBILITY				
CUSTOMER HEALTH AND SAFETY				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Fully	Page 40,47	Sulfur Handling
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health impacts of products and services, by type of outcomes.	Not Reported		There have been no reported incidents during this reporting cycle
PRODUCT AND SERVICE LABELING				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Not reported		Not applicable to KNPC
PR4	Cases of non-compliance related to product and service labeling	Not Reported		Not applicable to KNPC
PR5	Practices related to customer satisfaction	Partially	Page 12	Feedback received by KPC is reviewed and discussed by our CPD
MARKETING AND COMMUNICATION				
PR6	Adherence to standards and voluntary codes related to marketing communications	Fully	Page 23	
PR7	Cases of non-compliance relating to marketing communications	Fully	Page 23	
CUSTOMER POLICY				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	Page 23	
COMPLIANCE				
PR9	Fines for the provision and use of products and services	Fully		Those fines are not existing because the company abides by the law and K-EPA regulations.
OG14	Volume of benefits produced and purchased meeting sustainability criteria	Not reported		Not applicable to KNPC at this time

ACKNOWLEDGMENTS

The completion of our Sustainability report is a testament to the cooperation and hard work of the following people. Through their devotion and support we have come together to produce a detailed report to our stakeholders. For your devotion, we most humbly thank you.

Mr. AbdulHadi Al Ajmi
Mr. AbdulJabar AL Qahtani
Mr. AbdulAzeez Leeri
Ms. Abeer Mahmoud
Ms. Afaq Al Shatti
Mr. Ahmed Al Muzaiel
Mr. Ahmed Ibrahim
Mr. Ahmed Shehab
Ms. Alaa Mohammad
Mr. Asadullah Asmatullah
Mr. Ashok Lenka
Mr. Bader Al Bahoh
Mr. Dipinkumar Dave
Mr. Essam Al Merjan
Mr. Hassan Khalil Bazzi
Mr. Hemoud Al Reshoud
Ms. Khaleda Al Bander
Ms. Khaleda Al Sanad
Mr. Kripankar Swaminathan
Ms. Mai Al Ayoobi
Ms. Manal Al Rushaid
Mr. Marwan Al Nisif
Ms. Maryam Yassen
Mr. Mohammed Mansour Al Ajmi
Ms. Najat Al Ghareeb

Mr. Narayanan Vasudevan Jagdeeshan Narayanan
Ms. Rania Shuhaiper
Ms. Reem Al Nahas
Mr. Reyad Al Tourah
Ms. Reyouf Al Abdulrazzak
Mr. Saad Al Banwa
Mr. Sami Mallalah
Mr. Shafeeque P.P.
Mr. Sulaiman Al Mulaifi
Mr. Tareq Al Saifan
Mr. Wael Al Jasem
Mr. Waleed Al Hamad
Mr. Waleed Al Thuwaini
Mr. Yaqoub Al Haddad
Mr. Ziyauddin Abdul Razzak Dawre

Authors:

Mr. Ibrahim Saqer
Ms. Sarah Hashim

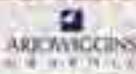
Photographer:

Mr. Yousef Al Qallaf
Al Nazaer Photographers

Design By:

Mr. Raed Abed - Al Nazaer Printing Press





ENVIRONMENTAL DECLARATION

September 2013

Product / brand: Cocoon Offset & Preprint

Paper Mill: Bessé-sur-Braye / Wizernes

Country of origin: France

Website: www.arjowigginsgraphic.com



Product Data

Cocoon is THE innovative range of extra-white FSC® Recycled certified papers. Cocoon offers an ultra smooth surface, consistent finish and excellent printability along with the best opacity. **By choosing Cocoon, you will never have to make a choice between whiteness and environmental credentials.**

- Cocoon Offset is a top quality, 100% recycled, uncoated offset paper with excellent whiteness (CIE 150)
- Cocoon Preprint is a top quality, 100% recycled, uncoated preprint laser paper with excellent whiteness (CIE 150)

Cocoon Offset is available in the following weights: 80, 90, 100, 120, 140, 160, 200, 250, 300 and 350 gsm
 Cocoon Preprint is available in the following weights: 80, 90, 100, 120, 140 and 160 gsm

For more in-depth product information, please request the Technical Sheet or visit www.arjowigginsgraphic.com

Certified Management Systems	Product Certifications
<ul style="list-style-type: none">  Quality Management Standard  Environmental Management Standard  Health and Safety Management Standard 	<ul style="list-style-type: none">  FSC® Recycled certified (No. FSC-C021878)  EU Ecocertification (No. FR011003)  HP Indigo certified  Age-resistant standard suitable for archives (LDX class 24-85)  National Association of Paper Merchants  PCF Process Chlorine Free  Toy safety  Heavy metal absence

Fibre sourcing and recycling

100% post-consumer fibres*, FSC® Recycled certified and PCF(Process Chlorine Free).

* Coming from Greenfield Mill, part of the ArjoWiggins Group, less than 200 km from Wizernes mill and less than 200 km from Bessé mill, where the paper is manufactured.

- Cocoon Offset is a top quality, 100% recycled, uncoated offset paper with excellent whiteness (CIE 150)
- Cocoon Preprint is a top quality, 100% recycled, uncoated preprint laser paper with excellent whiteness (CIE 150)



www.knpc.com