

## Safety & Environmental responsibility



➤ Fire drill, Gunsan, Korea

**Safety and sustainability are essential aspects of our commitment to corporate responsibility. Our goal is to achieve world-class safety, health, and environmental (SH&E) performance across our operations to benefit our employees, communities and the environment.**

### Our commitment to safety

As a manufacturer of basic chemicals and materials, we deal with a broad range of hazardous and toxic substances in the course of our operations. Previous experience has clearly taught us that complacency is the enemy of safety. Our ongoing mission is to create a culture that emphasizes safety and good work habits in all aspects and areas of the workplace and beyond to protect the lives and health of our employees and local communities.

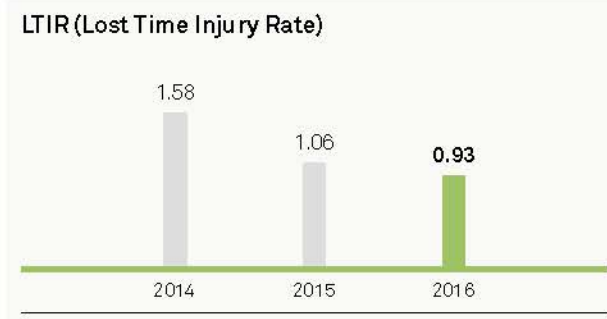
Our safety management system plays a key role in this mission. The CEO sets the tone by sending all employees a safety-focused email the first week of each month. A one-minute animated safety video automatically plays when employees logon to their groupware account every morning. The same video is also shown on cafeteria TVs during mealtimes for plant employees. Our instant safety reward program encourages vigilance in the workplace with cash awards for reporting potential safety issues. In 2016, the program awarded incentives to 48 employees. We also issued quarterly updates to our overseas travel pocket card with safety guidelines and more detailed local emergency contact information.

Our commitment to safety extends across our entire supply chain from raw materials to product delivery. We hold quarterly safety training programs and monthly meetings with suppliers and subcontractors to review performance and share feedback. We also require temporary workers to pass a safety training course before they are allowed to work on-site.

In 2016, we launched a number of new programs and initiatives to promote safety across the organization. All human resources training programs were updated to include at least one session covering relevant safety, health, and environmental topics. We adopted the hazard and operability (HAZOP) study methodology to systematically review and identify design and engineering issues that have eluded detection to date. We also initiated a bi-annual internal SH&E audit of each worksite, replacing a process that was previously conducted by the worksites themselves. In addition to these and many other activities, we established the OCI SH&E Excellence Awards to recognize the team that has achieved an exceptional level of safety performance over the past two-to-three years. The first grand prize was presented to the Quality Analysis Team at the Gunsan plant in January 2017.

Reviewing our safety performance, a total of five significant safety incidents occurred at our Korean manufacturing sites in 2016. None of these resulted in fatalities. The most serious incidents involved two separate chemical burn accidents attributed to improper chemical handling by the injured employees.

The remaining three incidents included two individuals injured while participating in a company-sponsored sports event and another person injured due to a fall while descending stairs. Overall, our lost time injury rate (LTIR) per million hours worked improved from 1.06 to 0.93 during the year as our focus on safety continued to enhance our performance.



### Our commitment to the environment

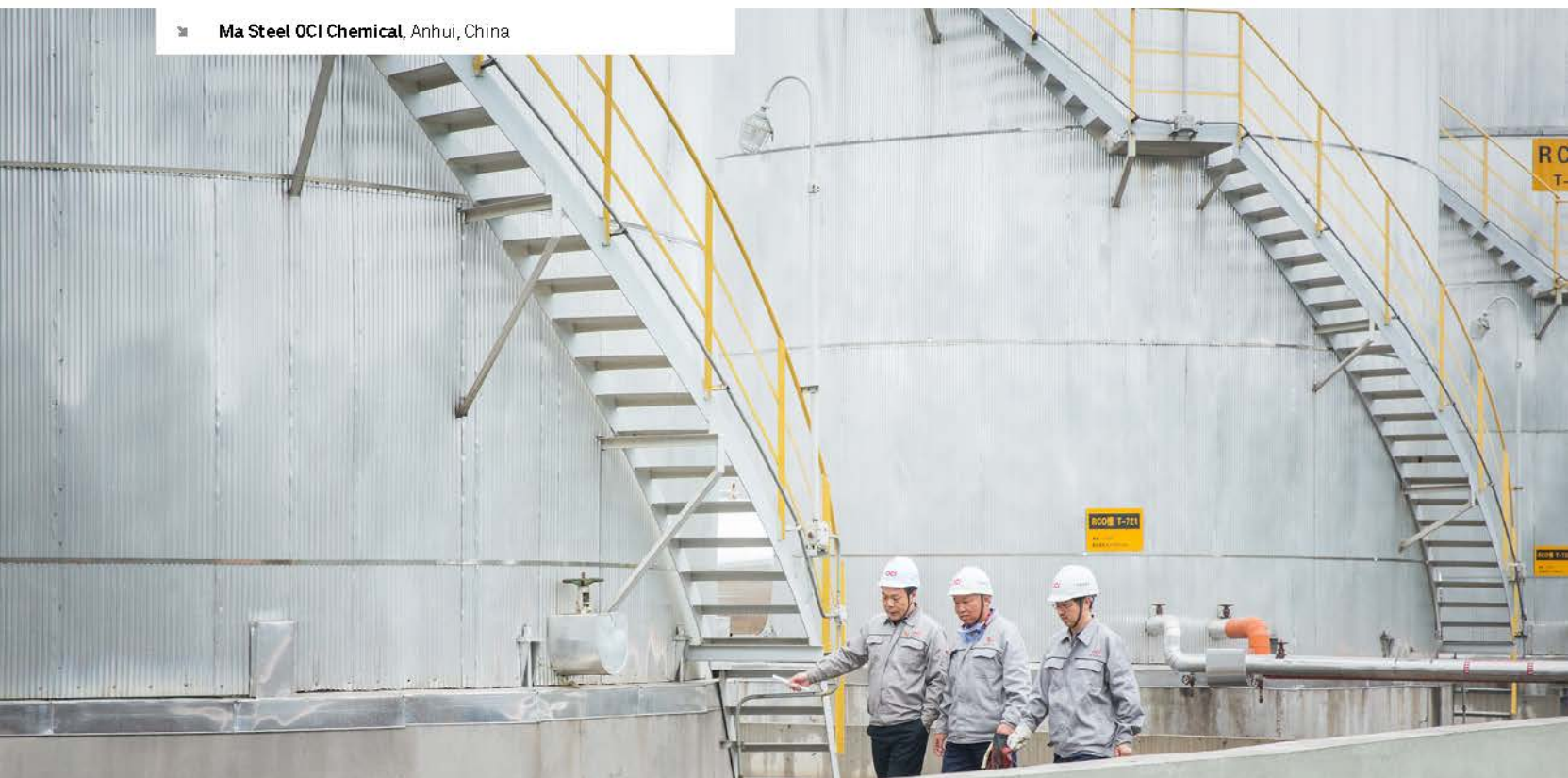
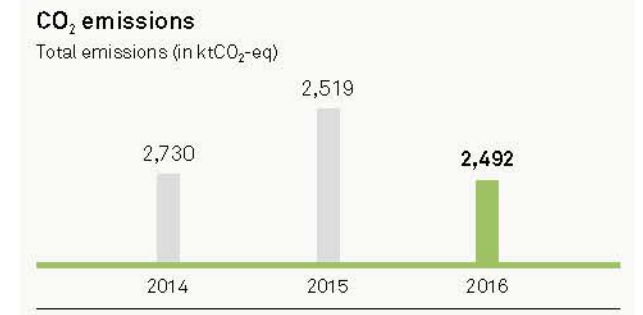
Our comprehensive approach to reducing the environmental impact of every manufacturing process at each plant site focuses on fundamentally reducing resource usage and pollution emissions at the source. Our focus on reducing per-unit consumption of energy, materials, and water encompasses process innovations and optimizations as well as increased utilization of by-products and recycling.

Energy consumption decreased 4.8% to 41,655 TJ (terajoules) in 2016, driven by energy saving efforts at all plants. Materials consumption increased by 4% due to higher plant utilization rates. Toxic chemical use increased by over 32% due to a change in materials to hazardous chemicals at the Gunsan plant. Waste generation rose by 6.6%. Our overall waste recycling ratio rose from 46.5% to 56.7% due to increased recycling of packaging material at the Gunsan plant.

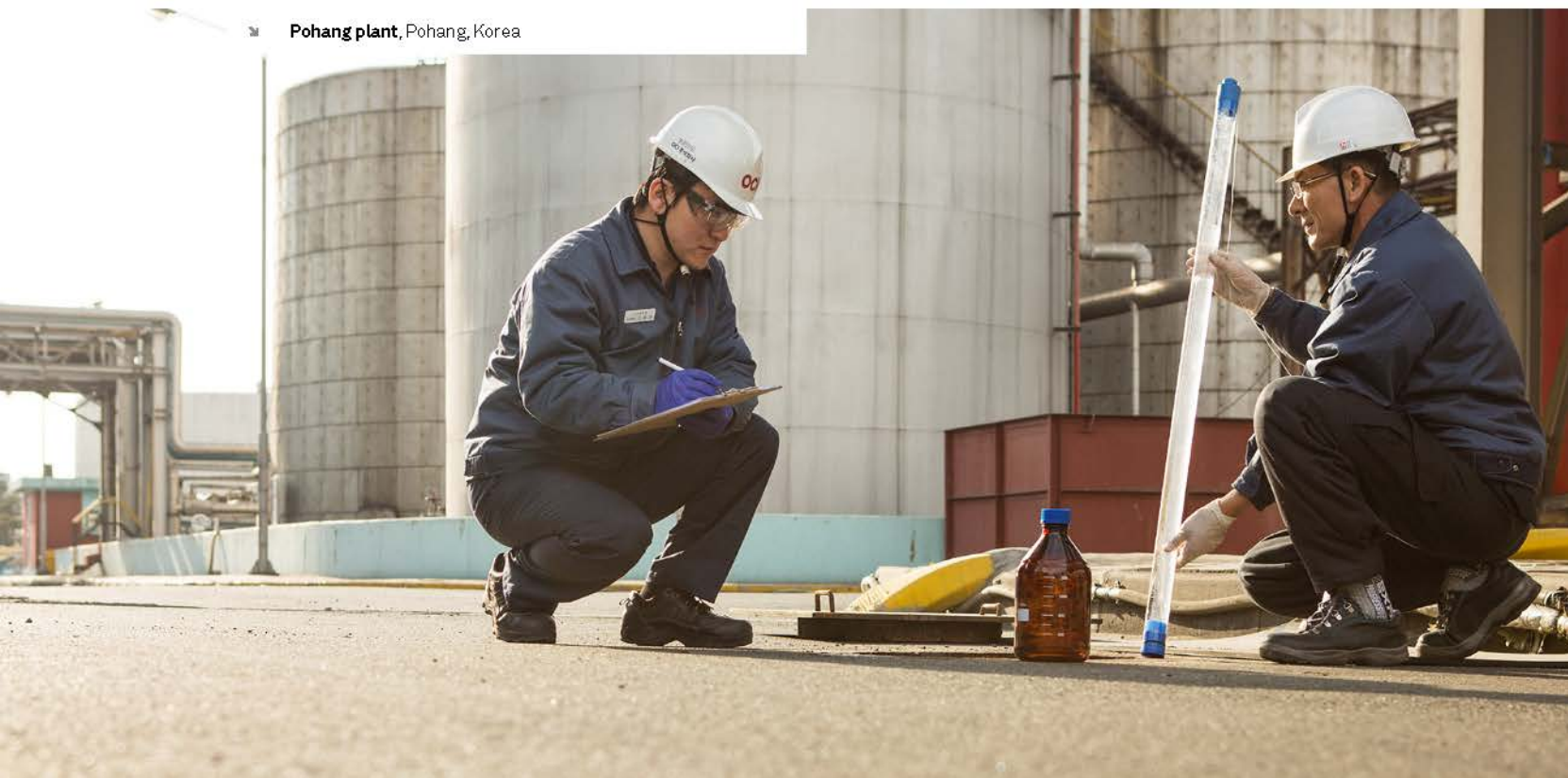
Korea's Act on the Registration and Evaluation of Chemicals (K-REACH) came into effect on January 1, 2015. We have been working to comply with K-REACH since 2014 and are currently on schedule to meet the Act's deadlines. In addition to government assistance to aid companies in their compliance efforts, the Korean petrochemical industry has a taskforce working on this to help member companies avoid or reduce duplicate effort and costs. Although compliance requires significant work and investment,

we share the belief that the new regulations will be beneficial to the industry over the long term.

We are an active participant in efforts to reduce both direct and indirect greenhouse gas emissions. During the second year of Korea's cap-and-trade emissions trading scheme in 2016, we reduced GHG emissions unit by 1.6% over 2015 by optimizing our processes to increase waste heat recovery and reduce heat input. We believe our ongoing GHG reduction projects combined with efforts to optimize our manufacturing processes will enable us to gradually decrease CO<sub>2</sub> emissions going forward as we work to achieve our emissions targets and comply with national goals.



Ma Steel OCI Chemical, Anhui, China



Pohang plant, Pohang, Korea