# "LIVING SUSTAINABILITY. TOGETHER"



INEOS STYROLUTION

Driving Success. Together.



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LEGEND



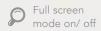












#### 1.1 EDITORIAL BY KEVIN MCQUADE<sup>1</sup>

#### DEAR VALUED STAKEHOLDER,

Sustainability is a major success factor for the future of INEOS Styrolution and firmly integrated into all of our decision-making processes.

The sustainability of our products, operations and business performance are of critical importance to our customers, investors, shareholders, employees and the communities we operate in. For customers a robust sustainability program has become a key criterion in their buying decisions. They look to their suppliers to provide sustainable solutions and products while insisting safeguards are put in place to ensure the safety, quality and regulatory adherence of our manufacturing operations and business conduct. That is why we address global sustainability concerns, for example in the areas of resource scarcity, energy efficiency, climate change and rising living standards in emerging and developing countries, by collaborating closely with our customers and business partners along the value chain.

Our approach to sustainability is multifaceted: With sustainable styrenic products and innovations, we provide genuine value to our customers. We also strive to be a good and welcome corporate citizen for the communities we operate in. As a good partner to our suppliers, we collaborate closely with them to further improve our social and environmental standards along the supply chain. We strongly believe that sustainable business management and practices will contribute to our company's long-term business success and strengthen our leading position in the market. In turn, our long-term success will be to the benefit of our employees, investors and shareholders.

As a business partner, employer and corporate citizen we stand for "Driving Success. Together.".

Since the inception of our company in 2011, we have driven various sustainability-related initiatives and integrated those into a unified framework: INEOS Styrolution's sustainability program. With the publication of our first qualitative report,

"Living Sustainability. Together.", in December 2015, we laid the groundwork for this first quantitative report, which complies with the GRI Sustainability Reporting Guidelines G4, the acknowledged benchmark reporting standard in this field. Since our last report was released, our sustainability program earned a silver rating from EcoVadis, an independent assessor of corporate sustainability performance. This external rating places us in the upper third of companies in the category of plastics manufacturing.

In our first GRI report, we provide further transparency on how continuous improvement is built into our operations and business practices. We establish quantitative baselines according to GRI-defined sustainability performance indicators and outline our achievements in 2015. Going forward, we are working on further solidifying our data metrics and setting specific sustainability targets.

Operationally, we will ensure that product developments meet our sustainability requirements right from the beginning of the innovation process. We will continue to improve the environmental footprint of our sites and further expand our sites' ISO energy and environmental certifications. We will drive our sustainability standards beyond the boundaries of our company



and deeper into the upstream and downstream of our supply chain. We will further embed our #1 priority safety culture and 'zero incidents' mindset among our employees and contractors.

As the market leader in styrenics, we strive to meet high standards in all areas of sustainability. We believe in its societal and commercial value, and furthermore, regard it as a lever for growth.

We are committed to annual and transparent reporting on our performance.

We look forward to fostering this dialogue with our stakeholders and continuing on our path of "Living Sustainability. Together.".

J

Kevin McQuade, CEO INEOS Styrolution

Click here to view the whole video editorial

1 BOARD MEMBERS' VIEW 4

### **1.2.** BOARD MEMBERS'

#### **VIEW**

"AS THE LEADING GLOBAL STYRENICS
SUPPLIER, WE HAVE TO ADOPT A SUSTAINABLE
APPROACH TO ALL OF OUR OPERATIONS.
ENSURING RESPONSIBLE BUSINESS PRACTICES
IN OUR PLANTS, THROUGHOUT ALL OUR
PROCESSES AND ACROSS THE ENTIRE
VALUE CHAIN IS A KEY ELEMENT OF OUR
SUSTAINABILITY DRIVE. THIS INCLUDES MANY
ASPECTS, FROM THE EFFICIENT USE OF
RESOURCES AND THE REDUCTION OF OUR
ENVIRONMENTAL FOOTPRINT TO ACHIEVING
ZERO INCIDENTS IN OPERATIONS, MAKING
INEOS STYROLUTION A SAFE AND SECURE
PLACE TO WORK."

Pierre Minguet - President of Operations

"FOR US, SUSTAINABILITY IS NOT MERE LIP SERVICE. A RESPONSIBLE APPROACH TO OUR PRODUCT PORTFOLIO IS KEY TO US. THIS MEANS LOOKING AT THE ENTIRE SUPPLY CHAIN – FROM DEVELOPMENT AND PRODUCTION TO TRANSPORT, SALE AND USE. BY OFFERING STYRENIC SOLUTIONS THAT DELIVER STRONG, SUSTAINABLE PERFORMANCE, WE WANT TO ENSURE THAT OUR CUSTOMERS' BUSINESSES AND END CONSUMERS' CHOICES BECOME MORE SUSTAINABLE."

Rob Buntinx – President Europe, Middle East and Africa



Board: Rob Buntinx, Pierre Minguet, Kevin McQuade, Alexander Glück and Steve Harrington

"WITH STAKEHOLDERS' GROWING INTEREST IN THE WAYS
IN WHICH ORGANIZATIONS BEHAVE IN RELATION TO THEIR
ENVIRONMENT, A CLEAR LINK HAS BEEN ESTABLISHED BETWEEN A
COMPANY'S SUSTAINABILITY PERFORMANCE AND ITS PROSPERITY.
NOW AND IN THE FUTURE, THE MOST SUCCESSFUL COMPANIES
WILL BE THOSE THAT INTEGRATE SUSTAINABILITY INTO THEIR
CORE BUSINESSES. THAT'S WHAT WE'RE DOING AT INEOS
STYROLUTION AND THIS IS WHY WE APPLY THE SAME STANDARDS
THROUGHOUT ALL REGIONS, GOING BEYOND REGIONAL OR
COUNTRY STANDARDS."

Alexander Glück – President Americas

"SUSTAINABILITY HAS BECOME INCREASINGLY
IMPORTANT ALL OVER THE WORLD. THIS APPLIES IN
PARTICULAR TO THE ASIA-PACIFIC REGION, WHICH
IS FACING DEVELOPMENT CHALLENGES THAT ARE
INFLUENCED BY RESOURCE CONSTRAINTS AND
GROWTH PRESSURES. OFFERING SUSTAINABLE
SOLUTIONS TO OUR CUSTOMERS IN THIS REGION WILL
THEREFORE BE CRITICAL TO ENSURING OUR JOINT
FUTURE SUCCESS."

Steve Harrington – President Global Styrene Monomer and Asia-Pacific



# SAFE AND SUSTAINABLE STYRENICS

# - SUSTAINABLE SUCCESS

For INEOS Styrolution, sustainability is not just about safeguarding our license to operate.
We go one step further:
To us, it is a lever for growth.

#### 2.1 KEY SUSTAINABILITY ACHIEVEMENTS 2015

SHE

**ENVIRONMENTAL PERFORMANCE** 

**HUMAN RESOURCES** 

of sites/ offices have formed joint management-worker safety committees

Total number of injuries: Average annual reduction between 2012 and 2015

In 2014 and 2015, more than

13,000 BBSO submissions per year

100%

of sites

audited

are 60% ISO14001 certified

in specific 15% reduction waste

externally 100% of our sites

are 40% of sites certified

8% reduction are ISO 9001

certified

ISO50001

in specific waste water

**EMPLOYEE DEVELOPMENT** 

process fully implemented in Europe



**SUSTAINABLE PROCUREMENT** 

LEGAL

**COMMUNITY** INVOLVEMENT

100% implementation of SUPPLIER CODE OF CONDUCT in terms & conditions

Requirement set in 2015 for suppliers covering 67% of total spend to be third-party assessed by end of 2017



**10** out of **15** sites

support their communities with

LOCAL PROJECTS and/or

**DONATIONS** 

#### **2.2** INEOS STYROLUTION

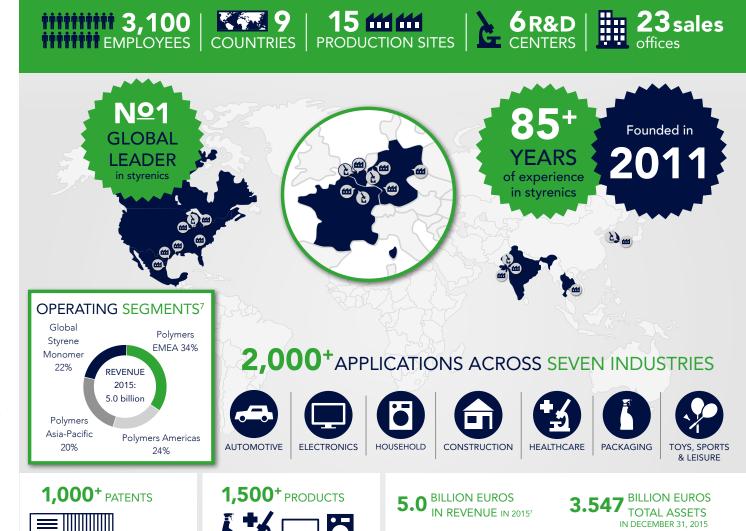
#### AT A GLANCE

INEOS Styrolution¹ is the leading global styrenics supplier with a focus on Styrene Monomer, Polystyrene, ABS Standard and Styrenic Specialties². With world-class production facilities and more than 85 years of experience, INEOS Styrolution helps its customers succeed by offering the best possible solution, designed to give them a competitive edge in their markets. The company provides styrenic applications for many everyday products across a broad range of industries, including automotive, electronics, household, construction, healthcare, toys, sports & leisure and packaging³. In 2015, sales were at 5 billion euros. INEOS Styrolution employs approximately 3,100 people, operates at 15 manufacturing sites⁴ in Canada, Mexico, the USA, Belgium, France, Germany, India, Korea and Thailand with 6 R&D centers and 23 sales offices around the globe.

INEOS Styrolution has four headquarters around the  $world^5$  – the global and EMEA headquarters for Specialties in Frankfurt am Main, Germany; the EMEA headquarters for Commodities and Standard Products in Rolle, Switzerland, the American headquarters in Aurora, USA, and the Asia-Pacific headquarters in Singapore.

INEOS Styrolution's operations are grouped into four operating segments (see infografic). The segments are supported by central departments that provide various services on a global or regional level.

The consolidation of our accounts includes all entities within INEOS Styrolution. For the avoidance of doubt, this excludes activities of INEOS ABS, Addyston, USA<sup>6</sup>. We provide distribution services for the INEOS ABS produced products, for which we receive a fee.



4,000+

**CUSTOMERS** 

3.627 KT OF

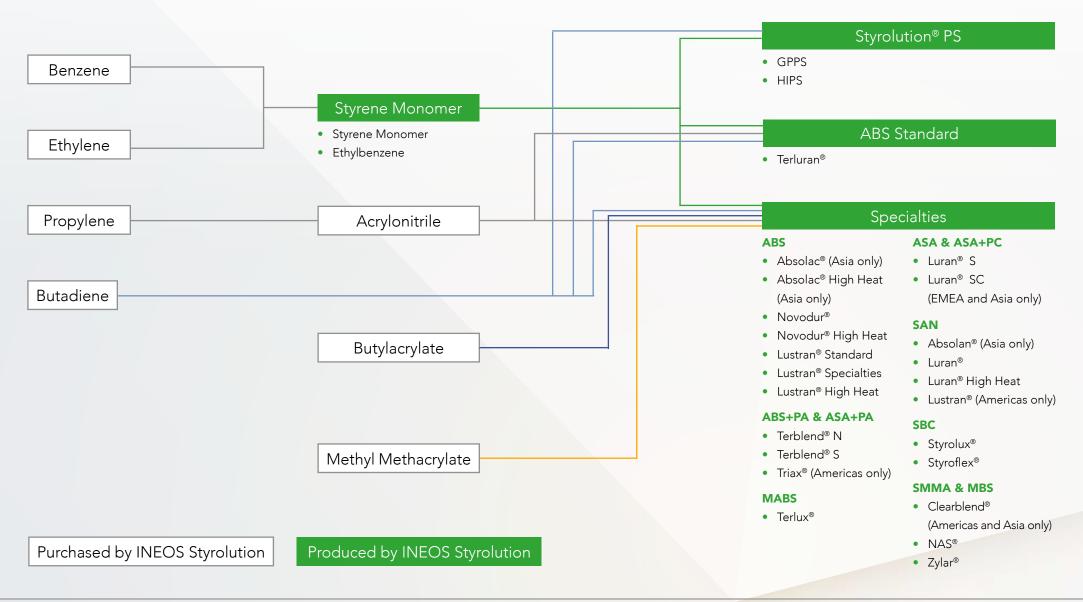
STYRENE MONOMER,

AND STYRENIC SPECIALTIES

POLYSTYRENE, ABS STANDARD

INEOS Styrolution product groups<sup>1</sup> and product lines of Styrene Monomer, Polystyrene, ABS Standard and Styrenic Specialties:

### PRODUCT SCOPE IN THE STYRENIC VALUE CHAIN



### OWNERSHIP **OVERVIEW**<sup>1</sup> Jim Ratcliffe Andy Currie John Reece **INEOS AG INEOS Industries Holding Limited INEOS Styrolution INEOS Styrolution** Switzerland SA Investment GmbH **INEOS Styrolution** Group GmbH Legal entities Legal entities Legal entities **Americas** Specialties EMEA Asia-Pacific

INEOS Styrolution is wholly owned by INEOS AG. The company Styrolution was founded October 1, 2011, as a 50:50 joint venture between the two shareholders, INEOS AG and BASF SE. In November 2014, INEOS acquired BASF's 50% share in

Styrolution. Since then, the company has operated as a stand-alone business within INEOS. On January 18, 2016, the company changed its name to INEOS Styrolution to reflect its ownership by INEOS.

### SIGNIFICANT CHANGES IN THE MANAGEMENT BOARD IN 2015<sup>2</sup>

As of January 2015, Kevin McQuade succeeded as the Chief Executive Officer of INEOS Styrolution Roberto Gualdoni, who led the company since its foundation in 2011. Prior to his current role, Kevin McQuade served as President of Europe, Middle East and Africa and President Americas. He has been member of the management board since INEOS Styrolution's foundation and held executive positions in various heritage companies.

In order to further strengthen the company's focus on the <u>Triple Shift growth strategy</u>, a new organizational structure was introduced effective March 1, 2015. Ever since, an even greater emphasis has been placed on operational excellence and efficiency through the nomination of new board members.

Rob Buntinx, former Senior Vice President Global Focus Industry and R&D, assumed the role as President of Europe, Middle East and Africa and Pierre Minguet, former Senior Vice President EMEA Manufacturing, assumed the newly created role of President of Operations. Both joined the management board reporting to the CEO.

Steve Harrington, now President Global Styrene Monomer and Asia-Pacific, took over the additional responsibility for the Asia-Pacific region, effective April 1, 2015. Hyung Tae Chang, former President Asia-Pacific, retired after 41 years of dedicated service.



#### 2.3 HOW WE DEFINE

#### **SUSTAINABILITY**

Like many organizations, INEOS Styrolution bases its definition of sustainability on 'Our Common Future,' the 1987 report of the World Commission on Environment and Development, which wrote: "Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs."

### THINK AND ACT RESPONSIBLY TODAY – FOR A BETTER TOMORROW

Applying this definition, INEOS Styrolution intends to operate and develop its business in a way that balances our current and future needs, taking into account economic, environmental and social factors so that we can sustain and further grow our business in the long term.

#### **2.4** THE VISION AND MISSION

#### **OF OUR SUSTAINABILITY PROGRAM**

#### A CLEAR, AMBITIOUS VISION

As the global market leader in styrenics, together with our stakeholders, we want to drive styrenics for sustainable applications and, thus, drive our company's success. We are convinced that sustainable styrenics and styrenic innovations can offer exciting solutions for challenges the world is currently facing, such as climate protection and accommodating rising living standards in emerging countries. Moreover, we put strong emphasis on safe and resource-efficient production, on valuing and respecting our employees, on fostering trusted and transparent relationships with our business partners and the communities we operate in.

As a leader in the styrenics industry, INEOS Styrolution is committed to meet discerning standards in terms of sustainability. For us, this is a business decision, as we are convinced that accomplishing long-term success together with our stakeholders can only result from truly sustainable business management.

#### **OUR MISSION**

To contribute to the sustainable development of styrenics along the entire value chain and enhance our sustainability standards, we want to:

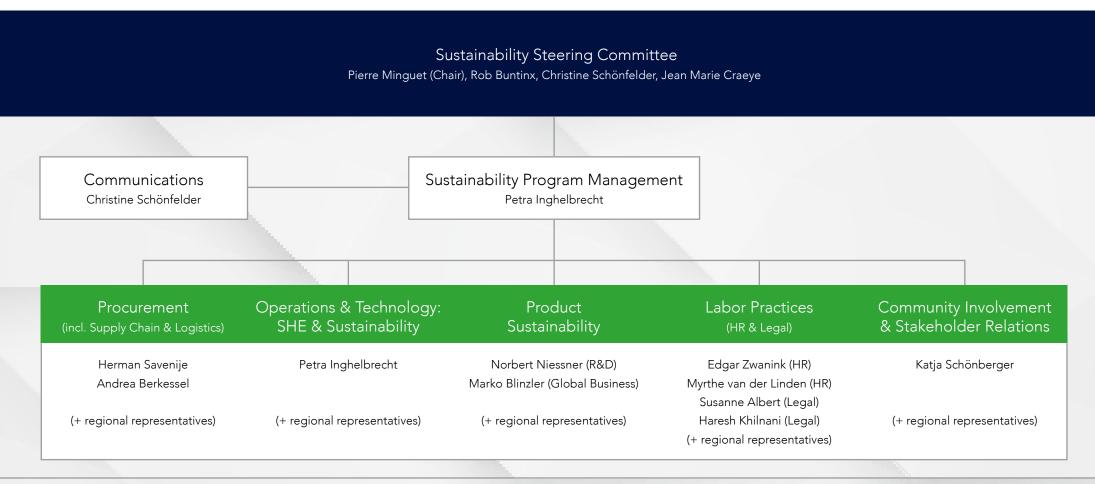
- Drive sustainable products and promote sustainable innovations collaborating with customers
- Guarantee responsible business management and sustainable investments
- Foster safe and reliable operations, use resources efficiently and reduce our environmental footprint
- Activate our suppliers in order to enhance sustainability standards along the supply chain
- Live up to highest standards with regard to compliance
- Operate as an attractive, reliable employer
- Support the communities we operate in
- Foster transparency, open dialogue and trust among stakeholders

#### 2.5 SUSTAINABILITY TEAM AND WORKING STRUCTURE<sup>1</sup>

### THE SETUP OF INEOS STYROLUTION'S SUSTAINABILITY PROGRAM

We have a dynamic team that manages our sustainability efforts in the various dimensions of the field. For each major area of activity listed below, we have established a workstream staffed with global and regional experts, who drive the implementation of our sustainability vision and mission. The responsibility for steering and aligning our company-wide sustainability strategy is with our steering committee on board level. The steering committee sets targets, gives strategic

guidance, creates and implements initiatives and ensures top management backing. Moreover, the team is supported by an internal ambassador group, formed by INEOS Styrolution colleagues of all functions, regions and levels. It is their role to promote sustainability within and outside of INEOS Styrolution.







#### 2.6 GRI-REPORTING

#### 2.6.1 METHODOLOGY

#### **ABOUT THIS REPORT**

INEOS Styrolution prepared its first quantitative sustainability report based on the principles of the Global Reporting Initiative's (GRI) fourth-generation (G4) sustainability reporting guidelines at the 'core' level<sup>1</sup>.

The Global Reporting Initiative is a non-profit organization established in 1997. It provides guidelines for companies' and organizations' voluntary reporting on their economic, environmental and social activities.

The collected data provides an overview of INEOS Styrolution's sustainability efforts between January 1 and December 31, 2015<sup>2</sup>, and covers the activities of all legal INEOS Styrolution entities worldwide<sup>3</sup>, which fell within the scope of the company's consolidated financial statements as of December 31, 2015. For the avoidance of doubt, this excludes activities of INEOS ABS, Addyston, USA<sup>4</sup>.

The financial information presented in this report is consistent with the company's audited consolidated financial statement and management report for the year ended December 31, 2015, which was prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations.

Following the December 2, 2015, release of our qualitative report on sustainability<sup>5</sup> "Living Sustainability. Together.", we continue our focus on disclosure and have added new parameters for 2015 reporting. We intend to follow an annual reporting cycle<sup>6</sup>, providing disclosure on our sustainability-related policies, practices and programs every year. Our setting of targets is work in progress and is intended to be included in our second GRI report. The content of this first GRI report has been validated by all internal stakeholders accountable for INEOS Styrolution's sustainability strategy and performance, including the management board. An external review<sup>7</sup> is intended at a later stage.

The GRI G4 Content Index<sup>8</sup> is based on the principles of the 'core' option and can be found at the end of this report.

For more information please contact Petra Inghelbrecht, Global Sustainability Manager.

# 2.6.2 MATERIALITY ANALYSIS, IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

In order to implement an effective approach to sustainability management and to ensure that our sustainability strategy addresses the expectations of our stakeholders, we undertook a materiality analysis with internal and external key stakeholders in 2014/2015 to identify, prioritize, validate and review relevant sustainability issues.

#### MATERIALITY ASSESSMENT PROCESS<sup>1</sup>

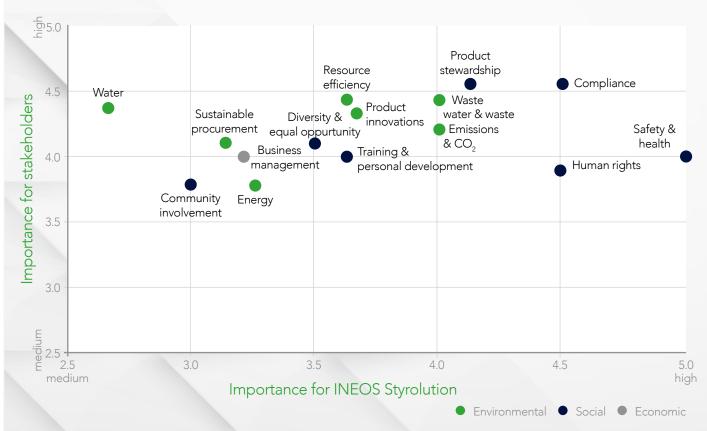
The preselection of material aspects was carried out by the company's sustainability team. Opting for a focused, effective approach, the team concentrated on particularly relevant sustainability aspects for INEOS Styrolution and which were deemed to be most pertinent to our stakeholders. The team also examined external benchmarks for the potential economic, environmental and social impact INEOS Styrolution has, and then preselected the 15 most important sustainability topics from the broad list of GRI material aspects.

Key internal and external stakeholders were identified based on their impact on our business operations and their knowledge of our business activities. The sustainability team then conducted a quantitative survey among employees from different management levels and regions, key customers and suppliers, investors, and interest groups to assess which topics they find material for our sustainability program.

The outcome of this study was assessed by our sustainability team and relevant departments, as well as evaluated

#### MATERIALITY OF SUSTAINABILITY TOPICS, AS PRIORITIZED BY

#### **INEOS STYROLUTION AND ITS STAKEHOLDERS:**



and compared to peer industry organizations by an external party. The internal and external findings were incorporated into an assessment matrix, discussed with the management board, and evaluated in light of the company's objectives, strategy and current development targets.

The materiality matrix above summarizes<sup>2</sup> these aspects, which have been translated into GRI indicators for external reporting. The results of the materiality assessment will be reviewed on an annual basis to confirm relevance and appropriateness.

#### MATERIAL ASPECTS, BOUNDARIES AND ACTION PRIORITY AREAS ALONG THE **VALUE CHAIN**

(within<sup>1</sup> and outside<sup>2</sup> our organization)

Matching our stakeholders' expectations against our own assessment helped us more thoroughly understand our sustainability performance across all of our activities, where action needs to be prioritized in terms of the material

aspects, and which topic areas we can influence with our actions.

Along the value chain, we have the possibility to take action with respect to the following individual aspects:

		MATERIALITY	GRI SUSTAINABILITY	DEFINITION	LINK TO	BOUNDARY OF THE ASPECTS			
		TOPICS	TOPICS	DEFINITION	CHAPTER	Suppliers	Production	Customer	
		Resource efficiency	Material	Management of our materials: Reduce the use of raw materials					
		Energy	Energy	Use of fossil fuels, electricity and other imported utilities (steam, etc.)					
		Water (use)	Water	Use of drinking water, surface water and well water for production	Responsible operations + Sustainable products				
	ENVIRONMENTAL	Emissions & CO <sub>2</sub> (& NO <sub>x</sub> )	Emission	Carbon dioxide emissions from our sites, caused by the use of energy and caused by other greenhouse gas emissions like CFCs – other air emissions like combustion gases and volatile organic compounds				•	
	Z Z	Waste water & waste	Effluents & waste	Includes waste water discharged at our sites and waste					
		Product innovation	Products & services	Optimize the resource efficiency of our products for our customers through innovation	<u>Sustainable</u> products			•	
		Sustainable procurement	Supplier environ- mental assessment	Procurement management which respects environmental and social criteria	<u>Sustainable</u> procurement				

						BOUNDA	RY OF THE	IE ASPECTS	
		MATERIALITY TOPICS	GRI SUSTAINABILITY TOPICS	DEFINITION	LINK TO CHAPTER		Production		
		Safety & health	Occupational health & safety	Ensure safety and health of our employees and contractors, strive for zero incidents	Responsible operations	•	•		
		Product stewardship	Customer health & safety Product & service labeling	Quality, health and safety of our products	<u>Sustainable</u> <u>products</u>				
	SOCIAL	Compliance	Anti-corruption Anti-competitive behavior Grievance mechanisms	Compliance to local and international standards on business ethics	<u>Compliant</u>	•	•		
		Human rights	Child labor Forced or compulsory labor		business partner	•			
		Training & personal development	Training & education	Training of employees, giving performance review and support people development	Responsible employer				
		Diversity & equal opportunity		Respecting diversity, equality of gender, nationality, religion and age	<u>employer</u>				
		Community involvement	Local communities	Contribution and support to local communities on environmental or social topics	<u>Community</u> involvement	•	•		
	ECONOMIC	Business management	Economic performance	Ensuring economic success of the company	Responsible business management				

#### 2.6.3 STAKEHOLDER DIALOGUE AT INEOS STYROLUTION

Engaging stakeholders and developing meaningful partner-ships with them over time is essential for INEOS Styrolution's long-term business success. We realize that regular, open and proactive dialogue with all relevant stakeholders helps us to understand their perspectives, expectations, key issues and needs. In this way, we are able to integrate them into our business decision-making processes wherever possible, ensuring that our strategy addresses the issues that are important to them. At the same time, a dialogue with stakeholders gives us the opportunity to explain our clear and

committed approach to sustainability as well as the value of our work, our products and services for society.

### IDENTIFICATION AND SELECTION OF STAKEHOLDERS<sup>1</sup>

Stakeholders in INEOS Styrolution business activities include<sup>2</sup> our customers, suppliers, employees, investors, financial experts and rating agencies, local communities, associations, universities, scientific institutions and external partners.





We have identified our key stakeholders as those who contribute to our economic, social and environmental performance. These are for example our investors, who are not only interested in our short-term but also in our longterm performance, our customers, who rely on our products and services and with whom we co-develop innovative applications, our suppliers, who are an integral part of our styrenics value chain and with whom we closely interact to deliver high performance sustainable products, as well as our employees, whose continued engagement is tied to the continued success of INEOS Styrolution. Other stakeholders include the local communities around our factories and offices, industry associations, which represent our interests as well as the interests of the whole chemical industry, and universities, scientific institutions and external partners, with whom we partner to develop new solutions that meet our customers' demands.

#### APPROACH TO STAKEHOLDER ENGAGEMENT<sup>1</sup>

#### **INVESTORS, FINANCIAL EXPERTS AND RATING AGENCIES**

We aim to provide clear insights into the company through transparent and continuous dialogue with investors, analysts and rating agencies. In doing so, we maintain the trust they have placed in us.

During our annual roadshows in London and New York, INEOS Styrolution's top management gives presentations and engages in Q&A sessions as well as numerous one-on-one meetings for investors. Furthermore, INEOS Styrolution provides regular information about its business performance, market and corporate developments and its outlook in interim reports, quarterly conference calls, ad-hoc disclosures and investor relations releases to registered investors.

In addition to our routine close dialogue with the capital markets, INEOS Styrolution also surveyed stakeholders in the capital market to evaluate its investor relations performance. The results suggest a high level of satisfaction with the quality of INEOS Styrolution's investor relations work.

We also provided our sustainability-oriented investors with information on the strategy of our sustainability program and the most important fields of our sustainability activities.

#### **CUSTOMERS**

True to our claim "Driving Success. Together.", we take pride in working with our customers to help them achieve their business objectives. Serving customers goes beyond providing top-quality styrenic products and services. The essence of our commitment includes providing clear and accurate disclosure of all relevant information, maintaining a proactive direct interaction with our customers on a regular basis as well as collaborating on issues of mutual interest.

We work closely with our customers by offering services ranging from innovation workshops all the way up to development support and co-development projects to solve polymer challenges. We carefully listen to our customers' needs, constantly search for new, valuable ideas and actively drive innovations and technologies in line with megatrends to give our customers a competitive edge in their markets. These needs increasingly involve the development of sustainable solutions, whether it is a question of manufacturing eco-friendly end products that can be recycled or finding ways to reduce the environmental footprint of production processes.

We position sustainability at the heart of all of our business management activities and aim to facilitate the sustainability efforts of our customers in the same way.

More on this topic can be found in chapter 3 "Responsible products".

#### **SUPPLIERS**

We understand our suppliers as key stakeholders. We believe that constant engagement and communication are essential for a longstanding partnership and mutually beneficial growth and success. To foster our sustainability standards along the styrenics supply chain, we choose our suppliers carefully and expect full compliance with our Supplier Code of Conduct, which outlines our minimum requirements for supplier behavior regarding sustainable business management. We continuously seek opportunities to improve operational processes and positively affect supply chain collaboration.

More information on our dialogue with our suppliers can be found in chapter 6 "A reliable partner to suppliers".

#### **EMPLOYEES**

A committed employee base is our company's most important asset and key to realizing our business and sustainability vision. We successfully work together as a global team based on the principles of open dialogue, transparency, reliability and mutual trust.

We regularly update our colleagues worldwide on important developments, providing information regarding strategic issues, business performance, policies, IT security, new developments and personnel changes as well as topics like research, innovation and sustainability. We pay special attention to safety and health and communicate safety standards and train employees in safe practices on a regular basis. We engage with our employees and contractors in many forms to keep Safety, Health and Environment (SHE) core to their work approach. We seek their input and feedback for a safer workplace, for example with our Behavioral-Based Safety Observation (BBSO) program, where colleagues can share concerns and give constructive feedback in order to ensure safe working conditions. For our internal communication we use various internal communication channels and media, like different formats of eMagazines, eNewsletters, informal intranet articles, email and video messages from our CEO and management board, posters, flyers, workshops, webinars and presentations or training materials, microsites on specific topics either accessible on our company intranet page, or distributed globally via email so that employees do not miss important information.

We also ask our employees to share their ideas, experience and opinions to take an active role in shaping their immediate work environment. Furthermore, we invest in their skills and knowledge, offering them opportunities to grow and

develop professionally and stimulate collaboration by submitting innovative ideas and projects for our innovations (INA) and outstanding ideas (IDA) awards. Actions like these support identification and help create employee pride. We also use different platforms for direct employee engagement on global, regional and local level. Regarding important corporate developments, we actively involve our employees in dialogue and encourage open discussion. These include group conferences, regional and subject matter specific formats such as our regular sustainability ambassador meetings and conference calls, workshops, townhall- and work council meetings.

You can find more information about our employees in chapter 5 "INEOS Styrolution as a reliable employer".

#### **ASSOCIATIONS**

Alongside our business operations, we are member of various national and international industry associations<sup>1</sup>, for example, the European Chemical Industry Council (Cefic), the Chinese International Chemical Association (AICM), which is a member of the International Council of Chemical Associations (ICCA), the Styrene Information & Research Center (SIRC), the Plastic Food Packaging Group in the American Chemical Council, the World Plastic Council and PlasticsEurope as well as local Community Advisory Panel organizations in the US, Canada and Mexico.

Together with industry associations, we want to drive high and well-designed sustainability standards in our industry. In cooperation with PlasticsEurope, we support 'Operation Clean Sweep' to address marine litter solutions. We also support 'Zero Plastics to Landfill by 2025,' which calls for a landfill ban of all recyclable and recoverable post-consumer

waste as well as the establishment of recovery-oriented collection schemes.

Due to memberships with those industry associations, we maintain a constant and constructive dialogue with professionals from business, science, government and the public sector.

More on 'Operation Clean Sweep'<sup>2</sup> can be found in chapter 4 "Responsible operations at INEOS Styrolution".

### UNIVERSITIES, SCIENTIFIC INSTITUTIONS AND EXTERNAL PARTNERS

In line with our claim "Driving Success. Together.", we work hand in hand with universities, leading institutes and partners to develop new solutions that meet our customers' demands. For example, INEOS Styrolution collaborates with Neue Materialien Bayreuth GmbH and the University of Bayreuth – partnerships which allow us to pursue frontline development projects. Further partners such as Süddeutsches Kunststoffzentrum, Washington State University and Fraunhofer LBF help us drive the development of customer-centric solutions. We see our partnerships as a way to steadily grow our innovation pipeline in both size and value, especially when it comes to creating styrenics solutions that contribute to a sustainable future. In a nutshell, our partnerships contribute to achieving significant R&D results that will drive INEOS Styrolution's position as an innovation leader to the next level.

#### **LOCAL COMMUNITIES**

INEOS Styrolution is committed to developing long-term and positive relationships with our local communities. We are aware of our social responsibility and want to make a difference in the neighborhoods we operate in.

INEOS Styrolution believes that community engagement is best led locally. Our employees serve as representatives to local advisory committees that meet regularly with their stakeholders to discuss solutions to issues the community might face, as well as provide recommendations and assistance. At local level we also drive initiatives that support the health and well-being of young and disadvantaged children and support charity, sports and education programs. These initiatives are driven by our employees who live in those communities.

More on our community involvement initiatives can be found in chapter 8 "Community involvement".



Our products are used across a broad range of industries, delivering sustainable benefits to both our customers and society as a whole.



#### 3.1 OUR MISSION: DRIVING

#### SUSTAINABLE STYRENICS

At INEOS Styrolution, we design our products to make a valuable contribution for our customers and society. We achieve this by taking a responsible approach to our portfolio along the entire value chain - from procurement, development and production to transport and sales, and from integration into customer processes to intended use. We want to offer styrenic solutions that deliver a strong sustainability performance and render our customers' businesses as well as end consumers' choices more sustainable. Together with customers and the scientific community, we engage in collaborative innovation of cutting-edge sustainable products. By driving product stewardship and quality management, we ensure compliance with product regulations and deliver safe, best-quality and high-performance products to our customers. Together with associations and our business partners, we are striving to achieve high and well-acknowledged sustainability standards in the styrenics industry.

### 3.2 STYRENICS: A MULTITALENTED MATERIAL

#### WITH SUSTAINABLE BENEFITS<sup>1</sup>

As the market leader in styrenics, INEOS Styrolution's business is guided by global megatrends such as urbanization, demographic changes, scarcity of resources, and the increasing importance of a healthy lifestyle and nutritional safety. These challenges are shaping the evolution of various industries and highlighting the need for sustainable applications. Energy-efficient, lighter weight automotive parts and resource-efficient, durable construction materials are just two examples of this.

Styrenics offer sustainable solutions to these demands, mainly due to the inherent properties of this versatile material. For example, styrenics are durable and weather-resistant, making them a long-lasting alternative to other materials. They also have a low density and a high stiffness compared to other engineering plastics, which allows the manufacture of lightweight applications with reduced transportation costs and fuel emissions. Styrenics can be thermally or post-consumer recycled without significant loss of properties, meaning new products can be created over and over again. When it comes to processing, styrenics offer even

more benefits in terms of sustainability. They can be processed at moderate temperatures and, due to their amorphous character, styrenics consume less energy during processing and cooling compared to engineering plastics like polyamides or polyesters. Most styrenics require no or only moderate pre-drying. Their processing window is broad and hence processing behavior is benign. Not only does this result in cost savings for our customers, it also significantly reduces the use of process additives.

### TAKING SUSTAINABILITY INTO ACCOUNT FROM THE START

INEOS Styrolution places great importance on a responsible approach to our product portfolio along the entire value chain. To monitor and report on our progress, we developed a "sustainability screening tool," an easy-to-use online system that allows us to identify the impact of new products throughout their whole development cycle until successful launch. Because not only product but also major application developments are evaluated analogously, the whole innovation pipeline can be measured against its sustainability impact.

The screening tool is based on a multi-criteria analysis evaluating the new solution in terms of its footprint. The criteria include material and energy savings during production as well as in application, the ability to be recycled, the toxicological profile and the emission of volatile organic compounds.

After this assessment, the new product or product application can be adjusted or further improved and may even be scored for advanced sustainability as the project progresses. A first comprehensive analysis of all GLOBAL R&D/IP global R&D and regional development **INCREASED ITS NUMBER** projects in our innovation pipeline shows that OF SUSTAINABLE PROJECTS BY our Global R&D/ IP unit, which drives 10% COMPARED TO 2014. OVERfundamental, mid-to-long-term oriented ALL SUSTAINABLE INNOVATION PROJECTS INCREASED BY developments, increased its number of sustainable projects by 10% compared to 2014. Even if regional development projects were included, which deal with short-to-mid-term developments and showed a slightly weaker footprint, the average level of sustainable innovation projects still increased by 2% in 2015.

#### SUSTAINABLE SOLUTIONS FOR A BROAD RANGE OF INDUSTRIES

Our high-performance products are used across a wide variety of industries, in many different applications that play a significant role in improving people's lives and making efficient use of resources.

#### DRIVING SUSTAINABLE **INNOVATIONS**

Superior performance and physical durability make our styrenics attractive for manufacturers along the entire automotive value chain. In addition, their low density compared to other engineering plastics makes them a sustainable solution for lightweight parts - helping minimize vehicle weight, and in turn increasing fuel efficiency. Combined with outstanding aesthetics due to low shrinkage and warpage, this explains why styrenics are the material of choice for many applications from rearview mirror housings and instrument panel trims to front grills and rear light housings.

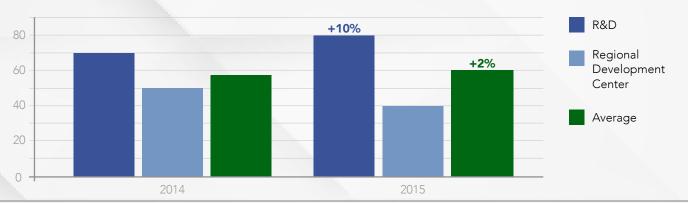


#### LURAN® HH-120 FOR HIGH-GLOSS AND LIGHTWEIGHT CAR SOLUTIONS

This lightweight solution not only combines low density with high stiffness and impact strength. It also offers high levels of clarity, brilliance and color intensity with a long shelf life, thanks to its outstanding resistance to heat and UV radiation, chemicals and scratches. The result is a material solution which can be used unpainted and which is 10% lighter than PMMA or other traditional materials. A car with six pillar covers made from Luran HH-120 saves about 90 grams of weight per car. This may not sound like much, yet considering 100,000 cars and an average mileage of 20,000km per year, savings of up to 20,000kg of CO<sub>3</sub> emissions can be realized. Luran HH-120 also has an advantage in injection molding cycle time, which also has a positive impact on CO<sub>2</sub> emissions.

For more sustainable solutions, click here.

### PROJECTS DRIVING SUSTAINABILITY



2% IN 2015

### THERMOPLASTIC FOAM INJECTION MOLDING TECHNOLOGY FOR LIGHTWEIGHT PARTS

Weight savings are not only a matter of pure material choice, but also of production procedures and preferably a smart combination of both. One example is foam injection molding with styrenic polymers, where a blowing agent is introduced into the polymer melt, causing the melt to expand after injection into the mold cavity. Using Terblend® N in such a foaming process results in weight savings of up to 10-15%. Compared to conventional material, like glass fiber reinforced polypropylene, superior mechanical properties can be achieved in combination with high surface aesthetics.





## STYRENIC COMPOSITES – A BRAND NEW DEVELOPMENT AREA ADDRESSING THE NEED FOR HIGH PERFORMANCE, LIGHTWEIGHT STRUCTURES

In comparison to conventional material, continuous fiber reinforced plastics offer not only the highest lightweight potential, but also a variety of functional advantages, combining mechanical strength with high aesthetical value. Based on Luran® and a proprietary, patented process technology, INEOS Styrolution developed a new type of high-performance thermoplastic composite. This novel structure is manufactured in very short cycle times, features very high stiffness, and high dimensional stability at extremely low weight. The high surface quality of this structure allows various aesthetic surface effects, such as film decoration, easy painting and printing. This composite sheet not only ensures aesthetics, safety and performance, it also addresses megatrends of our time, such as energy and resource efficiency in the automotive industry. According to recent studies in automotive engineering, such glass fiber reinforced plastics enable a weight reduction of up to 35% versus standard solutions made from steel. This material solution is still in the development phase and being tested for use in both automotive interior and exterior as well as in other industry applications.



Glass fiber fabric used in the composites.

ENABLE A WEIGHT
REDUCTION OF UP TO 35%
VERSUS STANDARD
SOLUTIONS

Styrenic composite after the molding process.



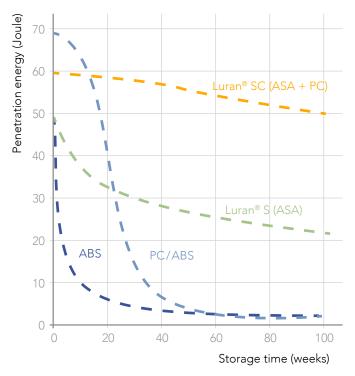
#### STYRENICS TO BUILD ON

Although INEOS Styrolution's materials are not always immediately recognizable where we live and work, they play an essential role in the building and construction industry. Our styrenics not only increase the value of buildings with, for example, UV stability at moderate cost, they also enable insulation and improve the quality of life for those who live in them, due to their high performance over a long life. In addition to their technical benefits, styrenics fundamentally improve the appearance of products – whether it is door panels, window profiles, decking or roof tiles.

#### **LURAN® S - A SUSTAINABLE PRODUCT LINE**

The INEOS Styrolution Luran S, an Acrylonitrile-Styrene-Acrylate-Copolymer (ASA), combines powerful and versatile properties such as excellent processablity, high-impact resistance and chemical resistance, as well as superior long-term performance under UV and heat exposure. Those advanced properties allow a durable, high-quality surface appearance and make this material ideal for unpainted exterior applications.

On the global market, ASA often competes with other impact-resistant polymers based on butadiene rubbers, such as ABS. Competitive products, however, can never reach the same heat and UV aging resistance as ASA. Due to its chemical nature, ABS starts to become yellowish and brittle when constantly exposed to heat and UV radiation. An additional painting step helps to protect ABS against UV irradiation. This measure, however, leads to an increase in energy consumption and emission of volatile compounds within the production chain. Aside from that, the coating layer cannot fully prevent the ABS from heat aging, resulting in increased brittleness over time. The accelerated heat aging test performed measures the impact resistance of samples after exposure to heat at 90 centigrades (see graphic).



Test results show that PC/ABS, for instance, starts at a higher level of impact toughness than ASA but also suffers from a significant drop of impact strength after a couple of weeks.

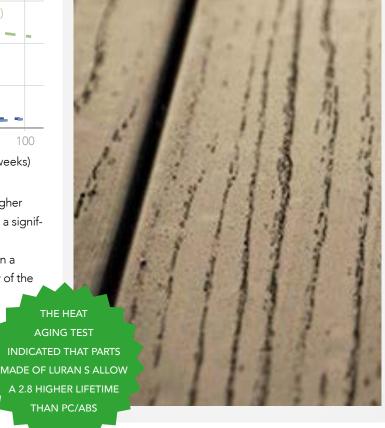
ASA loses impact resistance over time as well, however, in a much flatter progression. Assuming that the functionality of the technical solution requires at least 50% of ASA's initial impact strength, the test results indicate that, in spite of very demanding conditions, parts made of ASA allow a lifetime of 70 versus 25 weeks, which is 2.8 times higher than the life time of PC/ABS parts.

This material choice reduces the need for an early replacement and saves according to this example

### LURAN® S Q440 AS COEXTRUSION LAYER ON PVC FOR DURABLE DECKING

This solution enhances the appearance of outdoor decking. Lowest warpage, moisture absorption, best splinter and crack behavior at maximum outdoor stability result in a low-maintenance, weather-resistant, matte material that customers do not need to repaint.

For more sustainable solutions, click here.



### \* STYRENICS FOR SAFE AND RELIABLE HEALTHCARE APPLICATIONS

Whether they are being used for syringe bodies, drip chambers, inhalers, or labware – INEOS Styrolution healthcare applications offer a wide range of benefits to the customer. These include excellent impact strength, chemical resistance and ease of processing. We ensure utmost quality standards and commitment to product safety. By offering various healthcare packages, we offer designated products with one of the most comprehensive set of regulatory standards when compared to other resin suppliers. Through fixed resin formulations, various biocompatibility studies and adherence to regulatory standards around the world, we provide safe, superior products for the healthcare market. Our products are well balanced since they are designed to meet the physical demands of a targeted application, comply with existing regulatory standards while being aesthetically pleasing in the final product.



#### TERLUX® HD 2802 FOR STOPCOCKS

Stopcocks for fluid delivery systems made from Terlux HD 2802 provide excellent transparency, chemical resistance, rigidity and high-impact strength.

For more sustainable solutions, click here.



#### STYRENICS IN YOUR HOME

Our styrenics offer various advantages making them the material of choice for a vast number of household products where chemical and hot water resistance, shiny surfaces, stiffness and toughness are required. Their exceptional aesthetics provide excellent color consistency, and high gloss to many household products. Through a combination of high-quality products and cost-efficient production processes, we make technology more affordable – including for customers in emerging markets. Refrigerators, microwave ovens, coffee machines, air conditioners and mixers are just a few examples of the diverse styrenic applications for home appliances.



#### INJECTING COLOR AND COMFORT INTO VACUUM **CLEANING**

Novodur® P2H-AT was selected for use in the manufacture of attractive, colorful housings for water filter vacuum cleaners. The material's advantages include color stability, mechanical property retention and good processability. Due to the high stiffness and improved scratch resistance, compared to materials like polypropylene, Novodur enables aesthetic thin-wall and thus lightweight applications - making vacuum cleaning easier and providing more comfort for the end consumer.

For more sustainable solutions, click here.



#### **ENABLING THE DEVICES OF TODAY** AND TOMORROW

Wherever you find electricity in your home, you will find our plastics. Styrenics make electrical and electronic devices safer, lighter and more durable. Cost-efficient processability makes devices made from styrenics more affordable. INEOS Styrolution's products provide a wide range of benefits for this industry that can hardly be matched by other materials, such as chemical resistance, stiffness, toughness, aesthetic surfaces and high dimensional stability.



#### NAS® IN THE SPOTLIGHT

Lights have a multitude of functions in the electronics industry, such as signaling, decoration and night design. INEOS Styrolution's transparent styrenics have emerged as enablers of innovation in this field. For example, our styrene acrylic copolymer (NAS) offers a high degree of light transmission and optical clarity, as well as excellent processability and easy flow, compared to PMMA or PC. Since NAS has lower density and does not need pre-drying, it is a resource-efficient solution, too.

For more sustainable solutions, click here.

### Ä

### STYRENICS FOR SAFE AND HYGIENIC PACKAGING

Food packaging is not only a practical aid, it is also indispensable in protecting products: It keeps food fresher for a longer time which, in turn, helps reduce waste. Packaging materials must be hygienic, and must also ensure that the taste and quality of the foods remain unaffected. Our product portfolio ensures just that, offering suitable materials for everything from food packaging films to cups for beverages and fruits.



### MATERIAL SOLUTIONS THAT ENHANCE OUR CUSTOMERS' PRODUCTS' SUSTAINABILITY

### GREEN AND SUSTAINABLE WAYS OF ELECTROPLATING

Many applications in the household, sanitary and automotive sectors require the functionality and freedom of design offered by plastics. However, a shiny "metal-like" look is often desired as an additional feature to provide premium aesthetics. Apart from conventional painting, electroplating has proven to be an efficient and cost-effective solution to give also styrenic polymers, predominantly ABS, a convincingly metallic look. Due to its exceptional quality standards and consistency, INEOS Styrolution's Novodur® P2MC has established itself as the European market leader among the electroplateable ABS grades.

The electroplating process, however, is under critical observation of authorities due to the common use of hexavalent chromium (Cr(VI)) in the etching bath. Because the European Union has published a sunset date for the use of Cr(VI) in electroplated applications and processes (September 2017), the need for alternatives has been pronounced. INEOS Styrolution started collaborations with academia and a market leader in electroplating. The aim is to investigate new processes without the use of Cr(VI), while maintaining the high quality of subsequently metalized ABS surfaces. The studies proved the ability of P2MC to perform also in selected Cr(VI)-free processes. Permanganate etching for instance could lead to comparable adhesion quality and surface appearance.

#### **IMPROVED ABS LINER MATERIAL**

Refrigerators around the globe have a similar construction concept: The thermally isolating layer made of polyurethane is



foamed and thereby directly in contact with the inner liner, which is made from a styrenic material, such as ABS or HIPS. With a new generation of liquid blowing agents (LBA, for example, Trans-1-chloro-3,3,3-trifluoropropene) a more sustainable solution enters the market. It provides significantly lower global warming potential, no flammability, lower end-of-life management costs and better insulation properties compared to common blowing agents. However, common ABS and HIPS grades are not stress crack resistant against the new type of blowing agent. This was the starting point of INEOS Styrolution to invest in the development of improved ABS grades that particularly fit to the fridge liner production and use of LBA and ensure the requested fridge performance and quality consistency over its life time. This resulting new ABS grade, based on a proprietary, patented INEOS Styrolution technology, was successfully launched at the Chinaplas, the largest plastics and rubber trade fair in Asia in April 2016. Since then we are able to support our customers with this improved product – particularly in the Asian market – to produce a more sustainable fridge series for home applications.



"WE WANT TO SHARE
OUR EXPERTISE
AS THE WORLD'S
LEADING SUPPLIER
OF STYRENICS WITH

OUR CUSTOMERS. BY PROVIDING THEM WITH SUSTAINABLE SOLUTIONS AND ENGAGING IN THE COLLABORATIVE DEVELOPMENT OF SUSTAINABLE STYRENICS, WE GIVE OUR CUSTOMERS A COMPETITIVE EDGE THAT DRIVES THEIR OWN SUSTAINABILITY GOALS."

Norbert Niessner - Director Global R&D/Intellectual Property

#### RESPONSIBLE BUSINESS PRACTICES

#### **ACROSS THE ENTIRE VALUE CHAIN**

We place great importance on a responsible approach to our product portfolio along the entire value chain:

We collaborate closely with our suppliers and encourage them with our Supplier Code of Conduct to commit to high sustainability standards.

With our <u>sustainability screening tool</u>, we aim to ensure that product developments meet our sustainability requirements right from the beginning of the innovation process.

We drive continuous reduction in our environmental footprint by enhancing our operations' overall resource and energy efficiency and by reducing our emissions. In our supply chain, transport to and from our sites are mainly done by ships and trains. As we have production sites all around the globe, we are able to serve our customers from closer locations, which helps minimize transportation. At our customer's production facilities, our resins are energy-efficient in production due to lower processing temperatures in comparison to other engineering plastics and have a high flowability of the polymer melt, which also results in shorter cycle times. The low density of our materials, which allows more parts to be made per ton produced, and the high stiffness of our styrenics, which enable thinner walls, makes our products more resource- and cost-efficient.

In addition, resins from INEOS Styrolution enhance our customers' products' sustainability as they are high impact and environmental stress-cracking resistant, durable and long-living.

The following pages give an overview of our sustainable plastics solutions in their everyday use.

More on responsible production in our integrated INEOS Styrolution sites can be found in chapter "Environmental footprint: Highlight examples".



RESPONSIBLE PROCUREMENT
OF OUR RAW MATERIALS
AND SUPPLY CHAIN

COMMITMENT TO HIGH
 SUSTAINABILITY STANDARDS



DEVELOPMENT OF NEW SUSTAINABLE SOLUTIONS

SUSTAINABILITY SCREENING
TOOL



ENERGY- AND RESOURCE-EFFICIENT PRODUCTION OF GRANULES IN OUR PLANTS

- REDUCTION OF ENERGY USE
- REDUCTION OF RAW MATERIAL USE
- REDUCTION OF EMISSIONS
- MINIMIZATION OF TRANSPORT IMPACT & DISTANCES



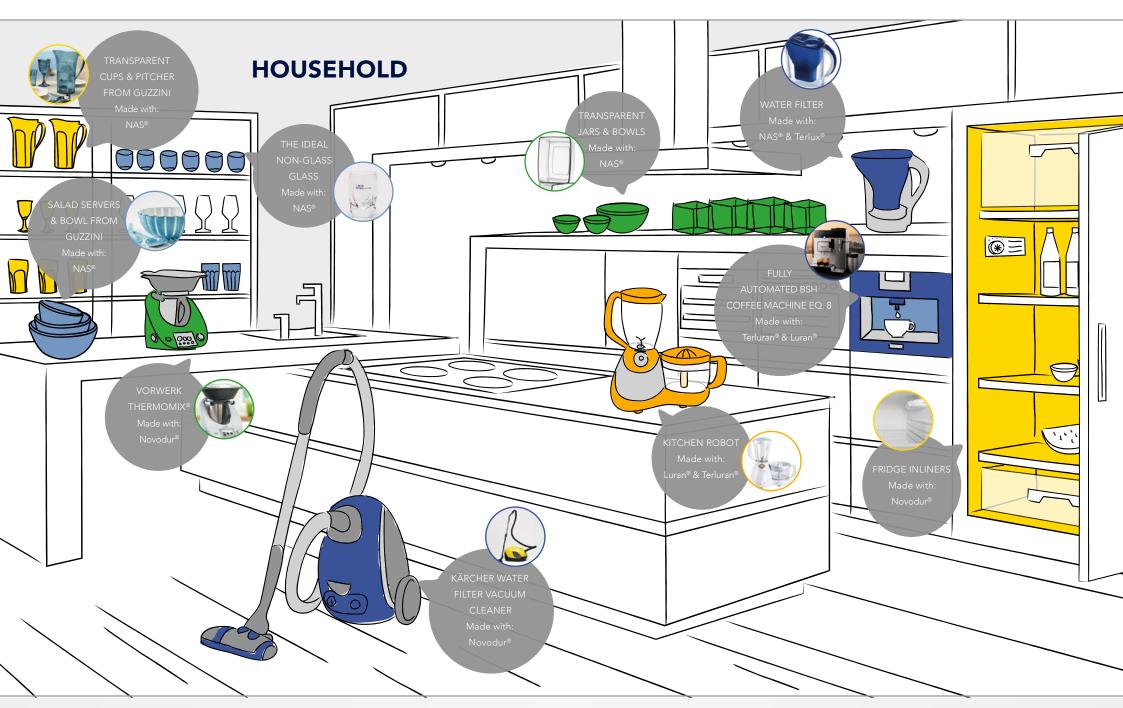
ENERGY- AND RESOURCE-EFFICIENT
PROCESSING AT OUR CUSTOMERS'
SITES

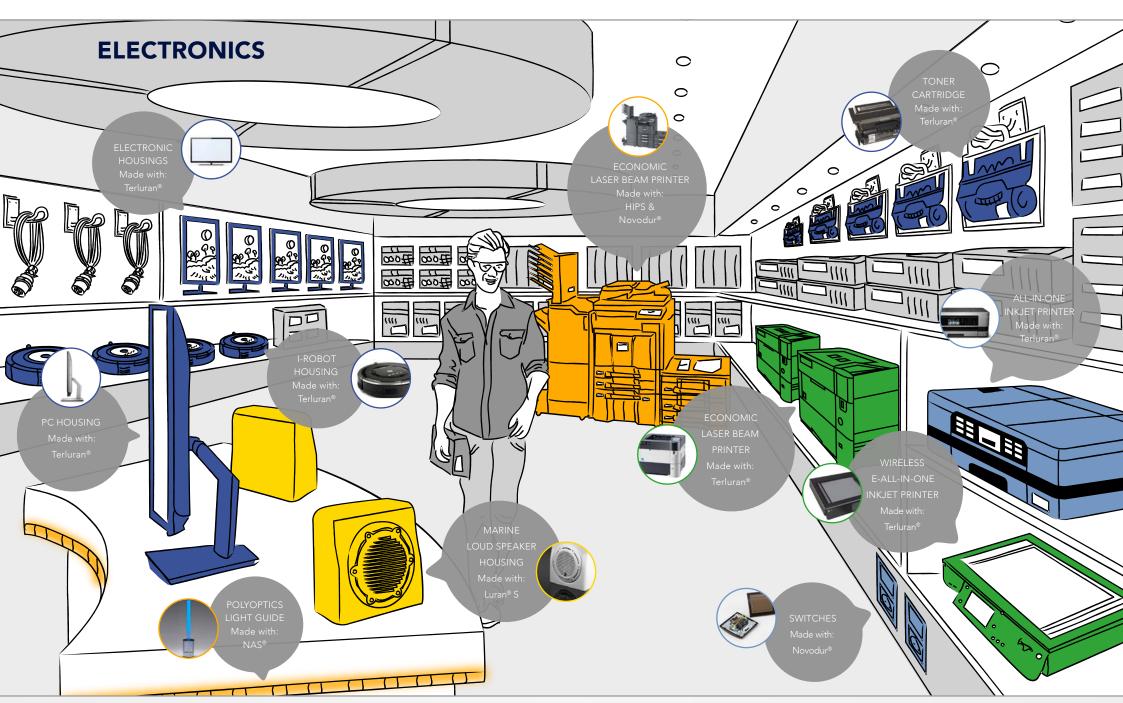
- ENERGY EFFICIENCY
- RESOURCE EFFICIENCY

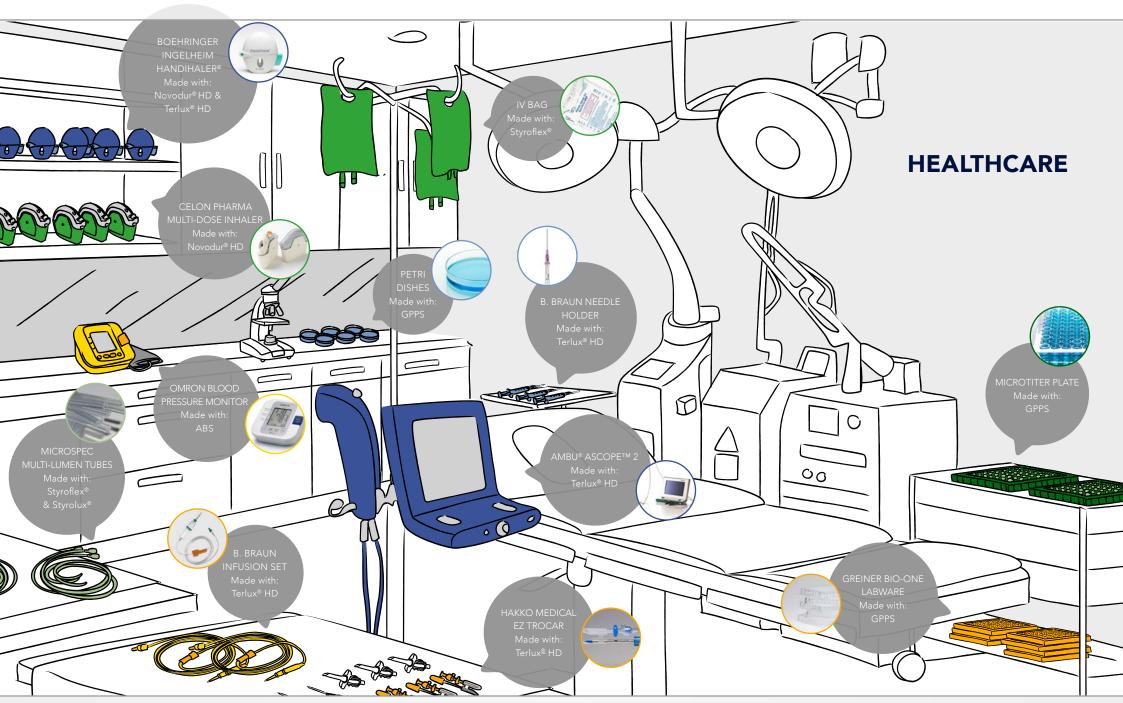


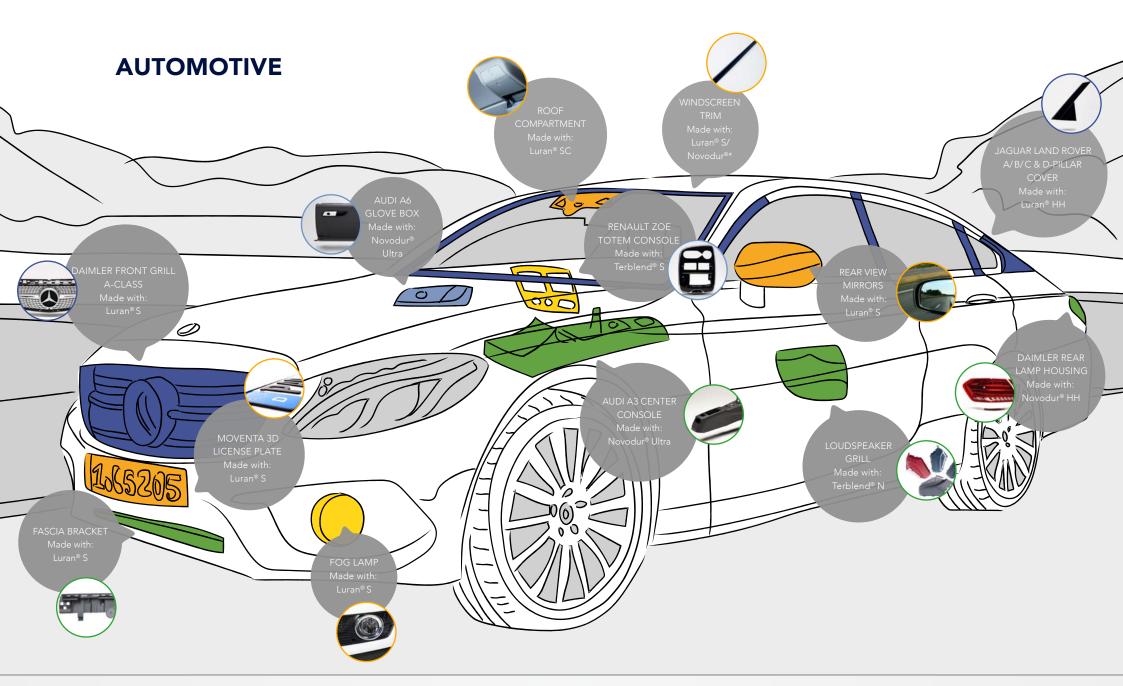
SUSTAINABLE IMPACT OF THE PRODUCT FOR THE END-CONSUMER

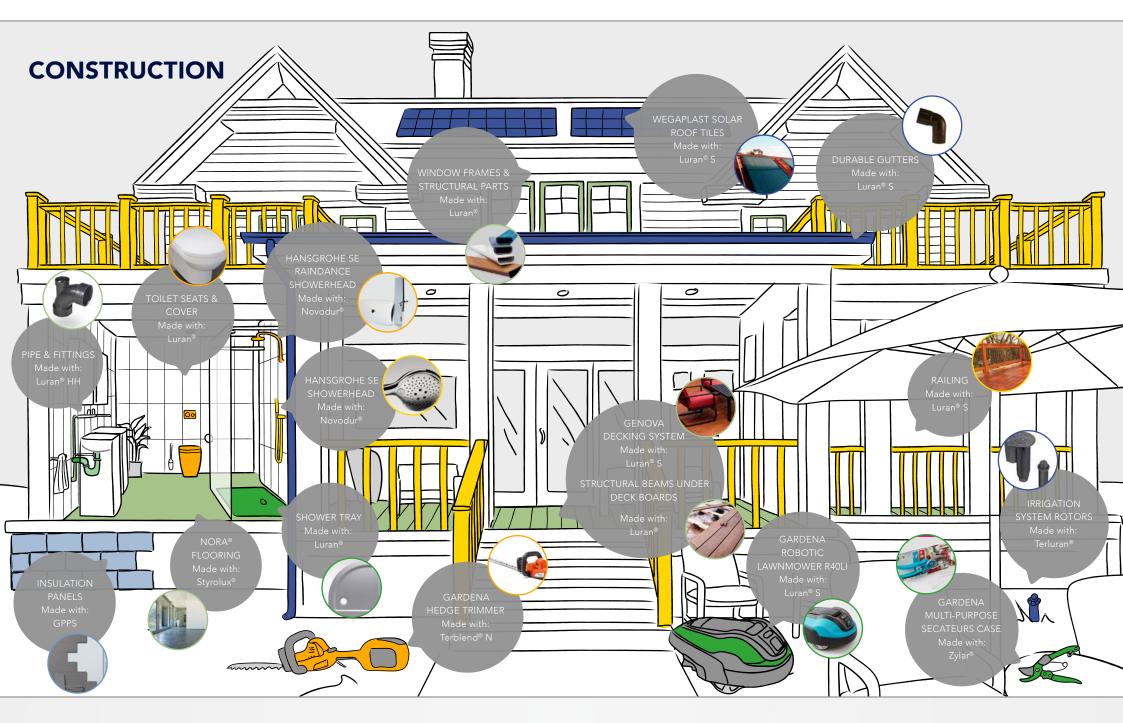
- IMPACT & ENVIRONMENTAL STRESS-CRACKING RESISTANCE
- DURABILITY & LONGEVITY

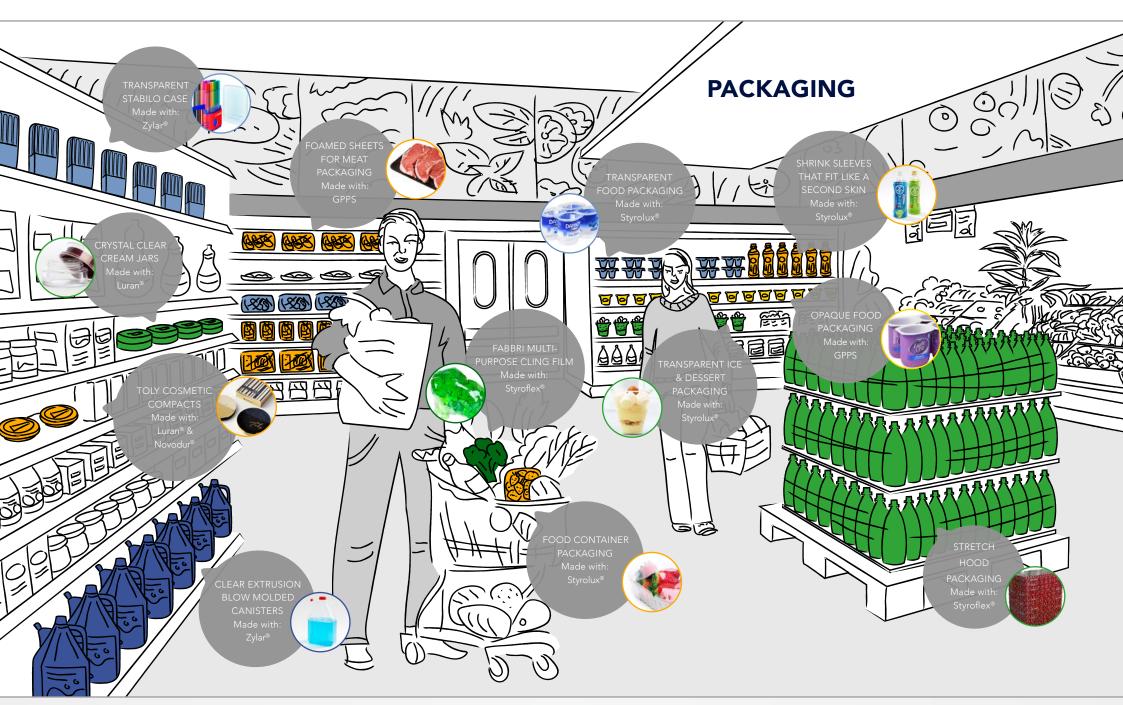














Chemical products such as styrene can involve risks when not handled properly. Therefore, complying with product regulations and delivering safe, top-quality products to our customers is at the heart of our business. INEOS Styrolution takes its responsibility very seriously for ensuring the safety of end consumers, business partners, employees and contractors who process our

#### **ALWAYS SAFETY FIRST**

materials along the value chain.

Ensuring compliance with all the various national and international regulations is an ongoing obligation and forms an integral part of our operations. We make sure that our styrenics and raw materials comply with legal requirements in all regions and industries we serve. For example, in the food packaging industry, our products meet strict standards, including those set by the European Food Safety Authority (EFSA) and the U.S. Food and Drug Administration (FDA).

In order to provide customer-centric regulatory support and proactively address global regulatory and product safety trends, we rely on our global network of internal experts. As specialists in chemical and product regulations related to our portfolio, they can offer regulatory consulting services to our own businesses and in certain cases – for example, when dealing with product approvals in different regions – directly to our customers.

#### PRECAUTIONARY PRINCIPLE<sup>2</sup>

As a responsible manufacturer, we manage the use of our chemicals in a responsible manner by applying the precautionary principle. The principle is an inherent part of our approach to risk assessment and risk management: We are familiar with and closely scrutinize our substances' properties, establish guidelines for safe handling and processing and will continuously review and update our criteria and guidelines for the development of new products. In all of our plants, the precautionary principle is an integral component in our management of change process, requiring a documented risk assessment for all process changes.

#### SUPPORTING OUR CUSTOMERS

To ensure product safety and to give our customers a competitive edge, we offer a comprehensive range of services. Via an online portal, we provide various important information - such as safety data sheets in various languages, technical data sheets and regulatory documents. In addition, a team of dedicated professionals is on hand to help our customers meet strict international regulatory requirements. This especially applies to customers from the healthcare industry. We offer our healthcare customers comprehensive medical service packages that go well beyond industry benchmarks, such as our Full Service HD Package or our Essential HD Package. The Full Service HD Package helps customers save time and money, so that they can focus their energies on product vision and design. For example, a Notification of Change (NOC) term of up to 36 months can be offered when signing a long-term supply contract. Furthermore, it comes with full regulatory compliance (USP class VI, ISO 10993, FDA and food contact compliance, Drug Master File, letter of authorization). Increased technical support (color and application development, design support, etc.) as well as an obligation of suppliers to control the specification of their raw materials are other characteristics of the Full Service HD Package. Moreover, it has specific medical grade nomenclature and long-term security of global supply availability. INEOS Styrolution leverages its expertise to engage in collaborative development projects that anticipate legislative changes, thereby generating value for our customers and creating a competitive advantage for all involved.

#### DRIVING SAFETY AMONG PEERS

To gain a broader market overview, assess product quality and minimize risks, we also work closely with industry associations such as Plastics Europe and the U.S. Styrene Information & Research Center. These partnerships help us better understand current and future regulatory developments, for example, by giving us access to studies on feedstock safety.

#### QUALITY IS KING

Our certified quality management system ensures the consistent delivery of high-quality products around the world, and is just as important as regulatory affairs in earning and maintaining the trust of our customers. The system is based on best practices and international standards such as ISO 9001. It is crucial in helping us keep the promises we make to customers in terms of quality parameters, such as consistently high technical product properties or delivery deadlines. The system facilitates on-time supply of products in a clean and serviceable condition.

#### PRODUCT RESPONSIBILITY<sup>1</sup>

INEOS Styrolution constantly monitors world regulations as they develop to anticipate requirements, to improve its products and to ensure compliance in all markets in which we operate. For example, in applying global inventory management, INEOS Styrolution has implemented automated tools such as the Substance Volume Tracking Tool for REACH to avoid non-compliance cases.

INEOS Styrolution makes use of an eShop on its website to provide up-to-date information to its customers on product stewardship, providing a wide range of information that can be downloaded at any time to assist customers in using INEOS Styrolution products effectively and safely. We provide over 3,000 downloadable safety data sheets directly on our website that cover our large range of products. They are provided in 32 languages covering the 40 different countries in which those products are sold. For customers who register on our website, more than 250 regulatory documents are available for download, including regulations on food contact, RoHS, REACH, and SVHC. Customers who download regulatory documents receive notification of updates.

To the best of our knowledge, no INEOS Styrolution operations were subject to regulatory non-compliances in 2015.

INEOS Styrolution produces polymers based on the major components styrene, acrylonitrile and butadiene. Our polymers are recognized to be safe in their intended use. Therefore labeling of our polymer products is generally not necessary. Styrene and ethylbenzene are labeled in compliance with regulations.



4 RESPONSIBLE OPERATIONS 36

#### **4.1** OUR MISSION:

# FOSTERING SAFE AND RELIABLE OPERATIONS

INEOS Styrolution continuously strives to improve production processes, use resources more efficiently and minimize its environmental impact for current and future generations. This includes working to ensure the safety of individuals, including our employees, contractors, partners, and external stakeholders.

The company's operating procedures continually seek greater efficiency in the use of energy and materials, improvements in the conservation of water, reduction of emissions, waste water and other waste through recycling, the recovery of by-products and end-product loss.

# **4.2** PUTTING OUR MISSION INTO PRACTICE: **MAKING SAFETY A TOP PRIORITY**

INEOS Styrolution is convinced that being a market leader goes hand in hand with an outstanding safety record and that all accidents are preventable. Incident-free operation is our objective. We take our responsibility for Safety, Health & Environment (SHE) very seriously and are fully committed to delivering a continually improving performance across all our operations.

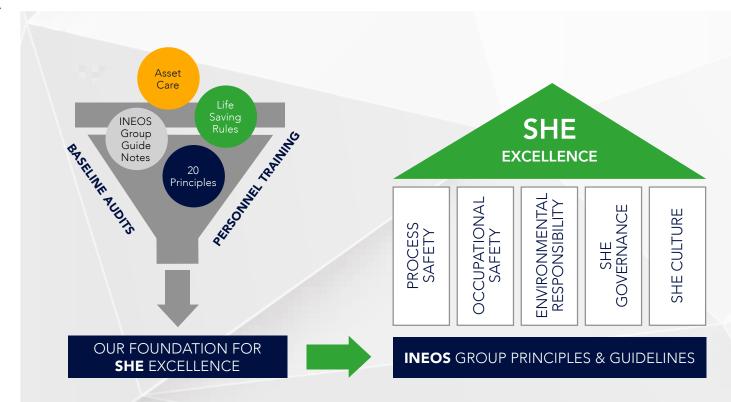
We strive to meet, and where practicable, exceed strict safety and health performance targets. We are transparent about our performance and publish our results locally and nationally, as required.

We have established a SHE culture of open dialogue, coaching and trust that reinforces our SHE performance. We aim to minimize the impact our facilities have on local communities and local environments. This means working in close partnership with community groups and key stakeholders to ensure that we are a responsible neighbor and partner. It is the responsibility of everyone at INEOS Styrolution to ensure the highest standards of safety and health in everything

that we do. Our commitment to safety starts at the top, with the management board being responsible for safety performance. All employees and contractors receive extensive safety training. They are also encouraged to participate in safety committees, contribute to incident learning, and suggest ongoing improvements in safety standards and procedures.

#### OUR GLOBAL SHE EXCELLENCE PROGRAM

Our global SHE Excellence program was introduced in early 2012 to establish high SHE standards and management systems right from the beginning of our company. In 2015, INEOS Styrolution integrated its SHE Excellence program into



#### **OUR SHE POLICY**

- The safety and health of our employees and neighboring communities as well as the integrity of their living environments have absolute priority over economic interests.
- INEOS Styrolution's SHE performance is a fundamental priority for the executive management team, who are ultimately responsible for it. Management will lead by example and allocate all required resources to achieve excellence in SHE performance.
- We believe that all accidents are preventable. Incidentfree operation is our objective.
- We measure, assess and strive for continuous improvement in our performance.
- We encourage a SHE culture of open dialogue, coaching and trust. We ensure that all employees understand their personal SHE responsibilities.
- INEOS Styrolution will operate in full compliance with applicable SHE laws and will maintain full transparency towards the responsible authorities.

Our approach to safety is rigorous and focused on three key areas, which cover activities both inside and outside our facilities:

- Process safety, which involves continual safety improvements to existing manufacturing processes as well as the design of new processes
- Behavioral-based safety, which involves instilling a safety culture among all our employees to ensure INEOS Styrolution is a safe place to work
- Product safety, ensuring that our products are used, handled, stored and disposed of responsibly by our customers

the INEOS Group's SHE Principles, Guidelines and Life-Saving Rules. In order to facilitate this effort, we developed and implemented a 'SHE Leader Training,' which covers all aspects of our SHE Excellence program and the expectations of INEOS. The training provides a common baseline for SHE understanding, is interactive with the employees, and includes a tool kit to help our leaders train their department employees and contractors. More than 300 of our supervisory personnel around the world have taken the training with the intent that they further train all of our employees and contractors.

#### **OUR SAFFTY PRINCIPLES**

We focus our attention on safety in both the processes we apply and the behavior we expect. Aligned with all other INEOS Group businesses, INEOS Styrolution follows two sets of 10

key safety principles that have become our 20 principles (20P). These 20 principles set the standard for the entire company. They define what is expected of all our employees, contractors and businesses on a day-to-day basis. They were developed using experience and learnings over the years from within all of INEOS, but also external learnings from major safety incidents worldwide.

Ten of our principles deal with process safety and are aimed at ensuring the right leadership and values are in place to maintain asset integrity. The other ten are Behavioral Safety Principles that focus on human factors to instill the right values and behaviors so that people understand that we do not put production ahead of their safety.







We do not want individuals on the plants to take unnecessary risks and therefore ensure proper risk assessments are in place. These 20 principles form the foundation for our SHE Excellence program. Our 20 Principles are embedded into regular training activities. Auditing and the exchange of best practices across regions and sites keep safety at the forefront of operations. Each site is measured on its adherence to these principles and on its performance regarding specific safety targets.

#### OUR BEHAVIORAL-BASED SAFETY OBSERVA-TION (BBSO) PROGRAM

BBSO has been a safety component at many of our manufacturing sites for over a decade. Starting in 2013, INEOS Styrolution established a BBSO program for all manufacturing locations and offices. The expansion of BBSO to all locations increased our awareness of potentially unsafe acts and workplace conditions, as well as organizational factors such as leadership and culture. In 2014 and 2015, INEOS Styrolution sites submitted more than 13,000 BBSOs per year.

#### SAFFTY COMMITTEES<sup>1</sup>

of INEOS Styrolution's workforce had access to formal joint management-worker and safety committees through their local work place. It is the company's intent to implement and formalize these committees at every location.

#### % COVERED BY SAFETY COMMITTEE

	Headcount	%
Covered by safety committee	2,948	94%
Not covered by safety committee	175	6%
Total	3,123	100%



"BBSO HAS DEFINITELY CHANGED OUR PERSPECTIVE ON SAFETY. WE HAVE MAINTAINED OUR FOCUS ON TECHNICAL ASPECTS, LIKE ENGINEERING OR SAFETY EQUIPMENT, WHILE EMPOWERING EMPLOYEES AND MANAGEMENT TO REMAIN SAFE ON THE JOB. I APPRECIATE THE WAY OUR COLLEAGUES LOOK OUT FOR EACH OTHER, SHARE CONCERNS, GIVE CONSTRUCTIVE FEEDBACK AND ENSURE SAFE WORKING CONDITIONS."

Robert Hodge – Vice President Global SHE

#### **OUR SAFETY PERFORMANCE REPORTING**

INEOS Styrolution reports on a monthly basis to its management board on all safety matters. In terms of key parameters, we focus on personal injuries, environmental performance, non-compliance with regulations, asset integrity, loss of containment, technical inspection, other high-potential incidents or near misses and behavioral-based safety observations (BBSOs).

Our safety key performance indicators (KPI) demonstrate that INEOS Styrolution has continued to improve from the start of the business in October 2011, and our company safety performance is on par with industry leaders.

Our safety KPI results include the injuries and worked hours of all of our employees and all contractors working at our sites. Beginning in January 2016, our Safety KPIs definitions and results were refined to include the worked hours and injuries associated with on-site logistics contractors. Safety data for previous years was also updated to include the on-site logistics contractors.

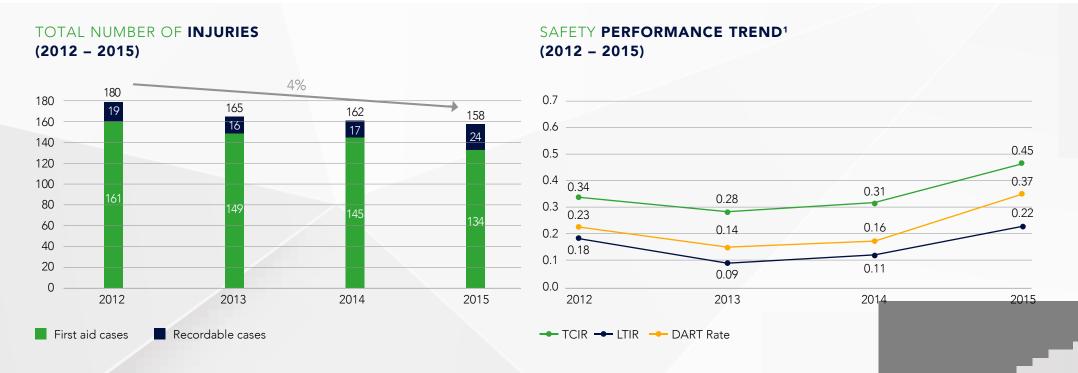
We encourage reporting of all injuries and incidents no matter how minor or severe. This ensures that we can investigate these incidents to learn what happened, share lessons learned and implement solutions to prevent future occurrence. We

use the OSHA definition for first aid and recordable cases to categorize all worker and contractor injuries. All of these cases combined represent the total number of work-related injuries across our business. Since 2012, we have realized a 4% annual reduction in work-related injuries.

TCIR = Total Case Injury Rate per 200,000 work hours (includes employees

LTIR = Lost Time Injury Rate per 200,000 work hours (includes employees

DART = Rate of injury cases involving days away or restricted transfer per 200,000 work hours (includes employees and contractors)



#### 4.3 PUTTING OUR MISSION INTO PRACTICE: IMPROVING OUR ENVIRONMENTAL FOOTPRINT

For INEOS Styrolution, full compliance with environmental regulations is a minimum expectation. Our sustainability program drives continuous reduction in our environmental footprint by enhancing our operations' overall resource efficiency and by reducing our emissions.

We look at the entire production value chain – from the responsible use of raw materials and optimization of processes at production sites, to more efficient distribution of products to customers as well as waste management and recycling.

The key drivers for our environmental management are:

- Reduction in energy use and emissions: We strive to continuously optimize the energy efficiency of our technology and operations
- Resource efficiency, including scrap reduction and waste management: Efficient use of raw materials, including reuse, recycling and recovery through optimization of our processes
- Efficient use of water: Reducing the use of water where possible and optimizing the water efficiency of our operations
- Reduction of air and waste water discharge by evaluating best available technology and prevention of accidental emissions by process control

Monitoring these key drivers is built into business processes at all of our sites and plants. We establish key performance indicators (KPIs) on resource efficiency and material yield, energy use, water use, waste management, and emissions. All data is thoroughly reviewed and validated by each level of management throughout our operations. In addition, these key drivers are integrated into all our capex projects and operational initiatives, and savings are tracked.

In addition to internal compliance and management systems, we performed external, third-part environmental audits to monitor our performance at all our sites worldwide. These audits are reviewed by our management board and action plans for further improvement are identified and implemented.

As a result of continuous efforts to improve our environmental performance from 2012-2015:

- 100% of our sites were externally audited
- 100% of our sites are ISO 9001 certified
- 60% of our sites are ISO 14001 certified
- 40% of our sites are ISO 50001 certified (including all European sites and Ulsan, Korea, our first Asia-Pacific site to achieve the certification)

INEOS Styrolution also works with external partners to reduce its environmental impact. For example, we work to eliminate pellet loss and are a signatory to Operation Clean Sweep (OCS). OCS is an international program run by the American Chemistry Council's Plastics Division, PlasticEurope and the Society of the Plastics Industry. It aims to prevent plastic pellet loss during production and transportation and thus its ultimate release into the aquatic environment. With the shared goal of zero pellet loss, we are embedding the initiative's good practices on containment of pellets in our management systems and day-to-day practices. "The global plastics industry is concerned about marine litter, and the issue raises concern in the public about the sustainability of plastic products, "says Petra Inghelbrecht, Global Sustainability Manager.

http://www.opcleansweep.eu http://www.opcleansweep.org

In 2017, as an extension of our emissions monitoring and tracking of their impacts, INEOS Styrolution will evaluate performance with a series of projects aiming to reduce our environmental footprint and thereafter establishing reduction targets for our global business. These targets will demonstrate our commitment to continuous, long-term improvement.



















#### 4.3.1. ENVIRONMENTAL DATA

#### KPI MEASUREMENT AND BOUNDARIES

#### **Boundary**

All data in this chapter represent a summary of environmental impacts measured for all INEOS Styrolution assets and legal entities at our 15 sites worldwide.

#### Scope

Performance data concerns the net impacts of INEOS Styrolution production activities, including emissions and consumption of resources. Only the net impacts of INEOS Styrolution are reported. Treatment of waste water or air emissions resulting from activities on behalf of neighboring plants are not reported.

#### Accuracy

Measuring, monitoring and collection of data for emissions and consumption is considered to be  $\pm 1/-3\%$ .

## RESOURCE EFFICIENCY AND WASTE REDUCTION<sup>1</sup>

Resource efficiency is central to our business and fundamental to our operational excellence. It is a driver in our numerous capital expenditures and improvement initiatives as well as in our daily work at our production sites. It is reviewed and internally reported, and we express our performance in resource efficiency as relative to material yield. In other words, producing more material with less input is the desired outcome.

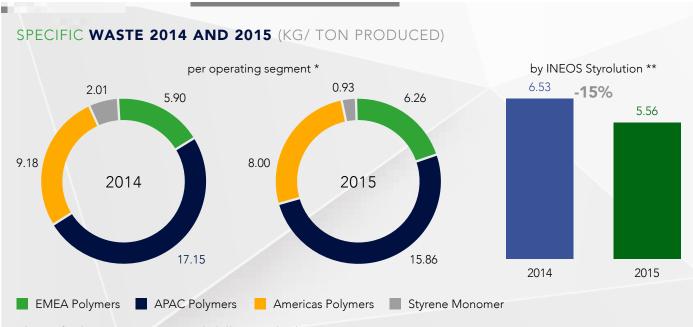
For INEOS Styrolution, waste management starts with optimal resource efficiency and the elimination of waste wherever possible. When waste is produced, we focus first on product recycling, followed by energy recycling, then incineration. Only in the absence of all these options is waste landfilled.

We began measuring our global performance in waste management in 2014. Since that time we have achieved a 15% reduction in specific waste (waste per ton produced). This improvement was due to several optimization projects as well as a 5% increase in tons produced. Plant turnarounds can also impact waste performance from year to year.

For these measurements, the definition of waste is in accordance with international standards and potentially stricter national legislation. Waste can include what can be recycled or recovered, recycled for production of energy, incinerated, composted or landfilled. It consists mainly of chemical waste, waste from INEOS Styrolution waste water

treatment plants and waste resulting from turnarounds, demolition projects at sites, and in a minor quantity, household waste. The main sources<sup>1</sup> are sludge from waste water treatment plants, the process waste from ABS Standard and Specialties, and the catalyst replacement in ethylbenzene styrene monomer (EBSM). This last waste stream is replaced less than annually, which explains deviations in waste volume over time.

INEOS Styrolution complies with local waste management regulations. Waste tonnage varies according to the chemical processes in place and the presence of utilities such as waste water treatment plants.



- \* Consists of total waste per operating segment divided by tons produced per operating segment.
- \*\* Consists of total waste produced by INEOS Styrolution divided by tons produced by INEOS Styrolution. This equals the weighted average of the specific operating segment's waste.

#### **ENERGY EFFICIENCY**<sup>1</sup>

Conscious energy use is integral to INEOS Styrolution's resource efficiency efforts and is a key driver in all optimization projects. We implement energy management systems and usage is measured, monitored and internally reported and evaluated. Over the past decade, we have completed a significant number of energy reduction projects, and each year our capex program includes numerous initiatives to improve energy use.

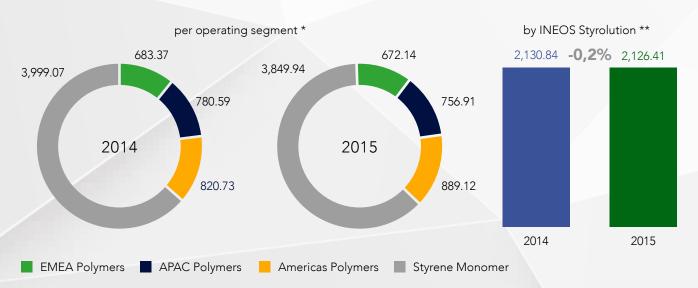
The grafics below show specific energy use (total energy use at INEOS Styrolution sites per total tons produced).

Energy use at INEOS Styrolution across our 15 sites involves fossil fuel, electricity, steam and other utilities like compressed air. Energy use varies according to the type of chemical processes in place, site-specific conditions, total tons produced as well as turnarounds.

From 2014 to 2015 we had a 0.2% reduction in specific energy use. This was achieved by a combination of energy improvement projects and the running of our assets at full capacity (which maximizes efficiency), which was partially offset by the impact of some energy increases in 2015 versus 2014 caused by plant turnarounds in 2014.



#### SPECIFIC ENERGY CONSUMPTION 2014 AND 2015 (KWH/ YEAR)



<sup>\*</sup> Consists of total energy consumption per operating segment divided by tons produced per operating segment.

#### WATER AND WASTE REDUCTION

Water is used directly in our production, and reporting the total volume of water use by source contributes to our understanding of both overall impact and potential risks. Clean freshwater is becoming increasingly scarce, and that scarcity can impact those production processes that rely on large volumes of water. In regions where water sources are highly restricted, water consumption patterns can also influence relations with stakeholders.

Therefore, water consumption and conservation as well as waste water generation and reuse are an integral part of our focus on resource efficiency. INEOS Styrolution plants, especially those in water stressed areas, are committed to responsible water use and exploring measures for implementing sustainable water management systems.

<sup>\*\*</sup> Consists of total energy consumption produced by INEOS Styrolution divided by tons produced by INEOS Styrolution. This equals the weighted average of the specific operating segment's energy consumption.

#### WATER USE<sup>1</sup>

Process water includes all water used at production sites except for cooling water. Water is drawn from surface water, wells or is imported from neighboring sites.

Our nearly 1% decrease in specific water use from 2014 to 2015 was achieved thanks to recycling, enhanced production and the impact of specific operational conditions.

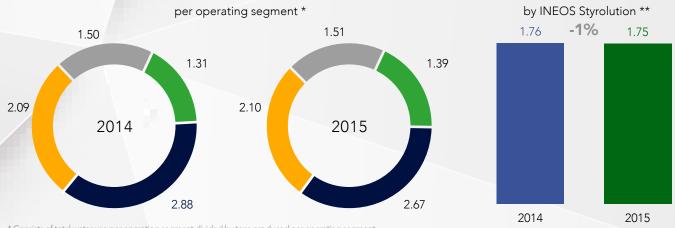
#### WASTE WATER<sup>2</sup>

The amount and quality of water discharged by our sites is directly linked to both ecological impact and operational costs. By progressively improving the quality of discharged water and reducing volumes, INEOS Styrolution reduces its environmental impact.

Waste water refers to all water discharged on site, which is always done in accordance with local legislation. It consists of all process waste water including contaminated cooling water. This can be direct discharge to surface water after internal water treatment, or discharge to external waste water treatment plants.

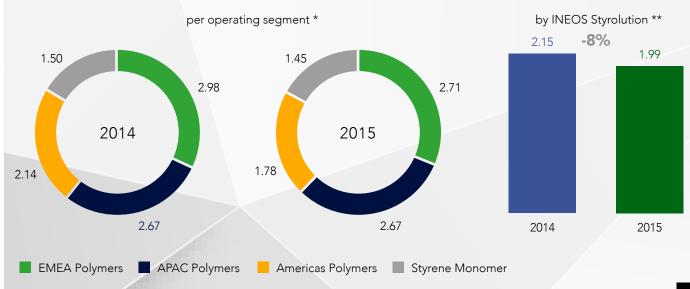
The 8% decrease in specific waste water 2014 to 2015 is due to more water recycling, better operational conditions, and increased production volumes which contributed to enhanced water efficiency.

#### SPECIFIC WATER USE EXCL. COOLING 2014 AND 2015 (M3/ TON PRODUCED)



\* Consists of total water use per operating segment divided by tons produced per operating segment.

#### SPECIFIC WASTE WATER 2014 AND 2015 (M3/ TON PRODUCED)



\* Consists of total waste water per operating segment divided by tons produced per operating segment.

<sup>\*\*</sup> Consists of total water use produced by INEOS Styrolution divided by tons produced by INEOS Styrolution. This equals the weighted average of the specific operating segment's water use.

<sup>\*\*</sup> Consists of total waste water produced by INEOS Styrolution divided by tons produced by INEOS Styrolution. This equals the weighted average of the specific operating segment's waste water.

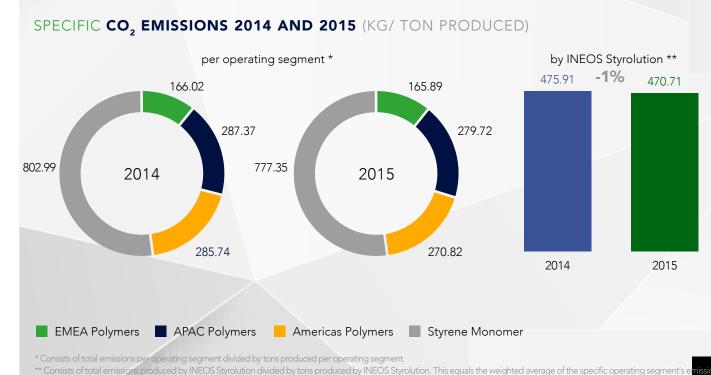
#### EMISSIONS AND CO<sub>2</sub> 1

Greenhouse gas emissions are considered the main cause of climate change and are governed by the United Nations Framework Convention on Climate and the Kyoto Protocol. Air pollutants also have adverse effects on human and animal habitats, leading to deterioration of health outcomes, air quality, acidification, and forest degradation. These effects have led to local and international regulations on air emissions, and reductions in regulated pollutants have demonstrably improved health conditions for workers and neighboring communities.

As part of its sustainability program, INEOS Styrolution places increasing value on reducing its emissions. Air emissions from manufacturing and combustion gases are monitored at each site. The measurements are done in line with national requirements in emission monitoring. The results are reviewed and evaluated for further optimization. We have been working to reduce our environmental impact by cutting carbon dioxide emissions, both in our own production and through collaboration along the entire value chain. New technologies have also been implemented to further reduce our impact.

#### CO<sub>2</sub> emissions, scope and boundary (see 4.3)

 ${
m CO}_2$  emissions are considered to be those resulting from the use of fossil fuel, electricity, energy sources like steam or other greenhouse gas emitting sources, converted to  ${
m CO}_2$  equivalents (such as diffuse emissions of freons from cooling installations). Measures represented in these graphs represent  ${
m CO}_2$  emissions produced at our sites.  ${
m CO}_2$  impact of transport to and from our sites are not included. For details on  ${
m CO}_2$  impact of product transport, see  ${
m CO}_2$  reductions resulting from supply chain.



The evolution of our  $CO_2$  emissions is similar to that of our energy use (see specific energy use above). However, the 1% reduction of  $CO_2$ -specific values from 2014 to 2015 is more pronounced than our nearly neutral progression in energy use 2014 to 2015. This is due to a shift in energy sources with different  $CO_2$  impact (fossil fuel versus electricity) and reduced  $CO_2$  emissions linked to chlorofluorocarbon losses.

## CO<sub>2</sub> REDUCTIONS RESULTING FROM SUPPLY CHAIN

Transport is an important factor in CO<sub>2</sub> emission. INEOS Styrolution relies on an intermodal distribution model of trains,

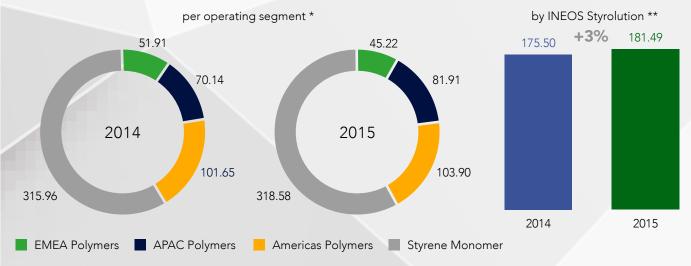
ships and trucks to find the most efficient route for the worldwide distribution of our products. The majority of the transport is done by ship or train. Because we have production sites worldwide, we are able to serve our customers from closer locations which helps minimize transport from other continents. In addition, INEOS Styrolution works together with specific bulk logistics partners to develop a new business model for our outbound logistics in Europe and to jointly reduce CO<sub>2</sub> in our supply chain. Today a joint reduction of CO<sub>2</sub> with our supply chain and customers is done on a caseby-case basis and will be further developed and refined in the coming years<sup>1</sup>.

#### NITROGEN OXIDE EMISSIONS<sup>1</sup>

The combustion of gases on site results in air emissions, and nitrogen oxide ( $NO_x$ ) is the most significant component of these combustion gases. The main sources for combustion gases are from internal steam production and from flares and other air treatments such as thermal oxiders.  $NO_x$  emissions from our production assets are reported and measured, according to local legislation requirements, at all 15 sites.  $NO_x$  emissions resulting from the export of utilities are not included.

The 3% increase in specific NO $_{\rm x}$  emissions 2014 to 2015 was mainly due to fluctuations in volume produced. Burners are run continuously, so their emissions are relatively constant from year to year. When fewer tons are produced, the measure of specific NO $_{\rm x}$  increases. Several initiatives have been implemented in recent years to reduce NO $_{\rm x}$ , like the installation of low NO $_{\rm x}$  burners. Likewise at our sites in Wingles, France, and Antwerp, Belgium, we have replaced our burners with new low NO $_{\rm x}$  burners. NO $_{\rm x}$  monitoring and reduction remains an ongoing future priority.

#### SPECIFIC NO<sub>x</sub> EMISSIONS 2014 AND 2015 (G/TON PRODUCED)



\* Consists of total NO<sub>x</sub> emissions per operating segment divided by tons produced per operating segment.

<sup>\*\*</sup> Consists of total  $NO_x$  emissions produced by INEOS Styrolution divided by tons produced by INEOS Styrolution. This equals the weighted average of the specific operating segment's  $NO_x$  emissions.



"INEOS STYROLUTION HAS ESTABLISHED GLOBAL MONITORING
OF ENVIRONMENTAL KPIS IN 2014, AND IN OUR SECOND YEAR OF
MONITORING WE ACHIEVED SEVERAL OVERALL REDUCTIONS. THIS
IS THE RESULT OF CONTINUOUS IMPROVEMENTS AND ENHANCED
RESOURCE-EFFICIENT PRODUCTION. WITH THIS REPORTING WE
SHOW OUR COMMITMENT TO TRANSPARENCY. WE WILL CONTINUE

TO ELABORATE ON THESE RESULTS OVER TIME AND FURTHER DEMONSTRATE OUR LONG-TERM COMMITMENT. FOR US AND FOR OUR STAKEHOLDERS. TOGETHER."

Petra Inghelbrecht – Global Sustainability Manager

#### 4.3.2 ENVIRONMENTAL FOOTPRINT: HIGHLIGHT EXAMPLES

The following section provides some examples of sustainability achievements at our integrated INEOS Styrolution site in Antwerp, Belgium. Results reported in this chapter apply only to INEOS Styrolution's plants at this site.

#### SITE-WIDE INITIATIVES, ANTWERP

The INEOS Styrolution production site of Antwerp consists of four plants that produce styrene monomer (SM), polystyrene (PS), acrylonitrile butadiene styrene (ABS) and styrene butadiene copolymer (SBC). Antwerp is certified in ISO 9001, ISO 14001 and ISO 50001.

Like most INEOS Styrolution sites, Antwerp is a network of production units where energy, utilities, by-products, intermediate product streams and waste can be exchanged to maximize the units' overall efficiency. For example, heat produced by one unit can be captured and used to drive a process for another. This integration not only drives greater efficiency, it helps us improve our environmental performance in areas such as emissions, water and energy use, and waste.

In addition, our four Antwerp plants operate within a large manufacturing complex that is shared by multiple chemical companies. Through cooperation with neighboring companies, our Antwerp facilities are able to minimize their environmental impact by re-using and upgrading by-products and utilities on site. For example, water generated in the production of SM is re-used as condensate for the central power-generating station of the entire complex.

In support of Operation Clean Sweep (OCS), our Antwerp site conducted baseline measurements in 2015 to assess and follow up its performance in pellet loss. It then initiated an awareness campaign with employees and contractors. The campaign began with the training of personnel who handle pellets on the importance of spill prevention and correct working procedures. For incentives, a bonus model system was implemented in the logistics department. Logistics personnel conduct daily checks of the loading and unloading areas as well as the warehouses. Throughout 2015, the site's logistics department invested an equivalent of 40 days on inspections of handling areas and warehouses. For ongoing awareness and education, videos were prepared and shared with drivers from external transport companies who serve the site, and supplemental posters were created and displayed for INEOS Styrolution employees.



Our site is currently evaluating how to further optimize 'end-of-pipe' sieves to the rain and waste water system for a 100-percent proof barrier at the perimeter of its production areas.

"OUR ANTWERP SITE IS A NETWORK OF MANUFACTURING PRODUCTION UNITS EQUIPPED WITH BEST-IN-CLASS TECHNOLOGY AND OPERATED BY A PROFESSIONAL AND COMMITTED TEAM. MINIMIZING OUR ENVIRONMENTAL IMPACT IS AN ONGOING WAY OF DOING BUSINESS, AND OUR TECHNOLOGIES AND PROCESSES BENEFIT FROM DECADES OF OPTIMIZATION BY EXPERIENCED PERSONNEL."

Toon van Melckebeke – Site Director INEOS Styrolution Belgium



#### PLANT-LEVEL INITIATIVES

Each of Antwerp's four plants continually looks for opportunities to improve its own environmental performance.

#### SUSTAINABILITY ACHIEVEMENTS IN STYRENE MONOMER (SM) PRODUCTION

SM is a basic building block for the production of dispersions, foams and polymers, and it is the backbone of the company's portfolio of styrenic polymers.

#### **Energy**

Antwerp's SM plant is the most energy-intensive unit of the site and has therefore long been a focus for energy efficiency improvement efforts. In 2015, through a systematic and continuous improvement process within the framework of ISO 50001, additional saving measures were identified and implemented including:

- Reducing the steam-to-product ratio
- Optimizing the raw material mix
- Fine tuning internal process parameters and product specifications
- Improving the combustion control of the industrial furnaces that provide heat needed for SM production.

The combination of these measures yielded a 3.5% reduction in the plant's steam consumption and nearly a 2% saving in gas consumption in 2015 compared to 2014.

#### Waste water

The production of SM results in waste water that is sent to a central treatment plant. In 2015, Antwerp reduced the amount of waste water over the previous year by 250,000 m³, a 35% reduction. Antwerp expects further reductions in 2016.

The reduction was achieved through various equipment enhancements that immobilized organic pollutants and lessened the use of anti-corrosion products. Specifically, our Antwerp SM team:

- Optimized the use of additives in the process
- Optimized the interaction between the polystyrene polymer plant and the styrene monomer plant
- Optimized the management of the filtration system at the monomer plant.

As a result of these combined efforts, more water was able to be recycled instead of being sent to the central waste water treatment plant.

## SUSTAINABILITY ACHIEVEMENTS IN POLYSTYRENE (PS) PRODUCTION

INEOS Styrolution® PS resins are a comprehensive range of general-purpose and high-impact polystyrene products. As a global producer with world-scale production facilities, INEOS Styrolution has broad technological competencies and product reach.

By implementing lower output  $NO_x$  burners, Antwerp helped mitigate the company's overall  $NO_x$  emissions. In addition, INEOS Styrolution is looking worldwide to improve pelletizers, which cut polymers into pellets. The employment of improved pelletizers could reduce scrap PS, improve safety, enhance energy efficiency, and reduce waste water. Antwerp contributed to this global search by implementing underwater pelletization and sharing best practices across global operations. This pelletization technique is now being used in some of our other facilities around the world. This implementation demonstrates the company's ongoing search for improved environmental performance.

### SUSTAINABILITY ACHIEVEMENTS IN ABS PRODUCTION

INEOS Styrolution is a global leader in acrylonitrile butadiene styrene polymers (ABS). INEOS Styrolution provides ABS products to meet a broad range of end-use applications.

For examples of ABS used for greater sustainability performance in the automotive industry, see chapter 3.2

#### **Energy**

The production of ABS is an energy-intensive process. Steam is used to drive sintering, a thermal process step in the production of the soft component of ABS in which smaller particles are bound together. Antwerp successfully reduced the temperature needed for sintering in 2014, decreasing steam consumption by 15,000 tons per year (a 17% reduction over previous years).

#### Waste water

Antwerp reduced waste water volumes by enhancing its recycling of water and providing additional treatment of waste water with flotation units.

#### Waste reduction

In its production of ABS, coagulate waste is formed as by-product during production of the copolymer. Currently, Antwerp is developing and testing post-treatment of coagulate waste to reduce the volume and make it more suitable for recycling. Results so far are positive and we continue to optimize the process.



"THE ENTIRE PRODUCTION TEAM
IS ENGAGED IN RUNNING THE
PLANT AS ENERGY EFFICIENTLY AS
POSSIBLE. WE ARE CONTINUOUSLY
LOOKING TO OPTIMIZE OUR PLANT
AND WASTE STREAMS. OUR MINDSET
HAS EVOLVED TO CONSIDER LIFECYCLE COST AND IMPACT AT THE
BEGINNING OF AN INITIATIVE, AND
THE RESULTS ARE WORTHWHILE."

Daisy Snauwaert – Process and Asset Manager ABS Antwerp

### SUSTAINABILITY ACHIEVEMENTS IN SBC PRODUCTION

Styrolux® and Styroflex® are INEOS Styrolution's styrene-butadiene block copolymer resins (SBC).

#### **Resource efficiency**

Through process optimization, Antwerp reduced the use of cyclohexane, a solvent required in the production process. The solvent is normally incinerated after use. This reduction in the use of the solvent results in less waste, reduced use of the raw material and the requisite energy consumed to produce and supply it, as well as lower emissions through the avoidance of incineration.

## 5.0 INEOS STYROLUTION AS A RELIABLE EMPLOYER

## EARN TRUST, GROW TOGETHER



The INEOS Styrolution team is our company's most important asset. The creativity, passion and expertise of our employees make INEOS Styrolution special and drive business success.



## 5.1 OUR MISSION: STRIVING TO BE AN ATTRACTIVE, RELIABLE EMPLOYER

INEOS Styrolution fosters sustainable relationships with its employees that build on fairness, reliability and trust. As stated in our corporate values, we "value and respect people." Team spirit and diversity inspire the daily work of our global team. We are committed to offering an appealing working environment with competitive remuneration and benefits as well as attractive opportunities for our employees to grow and develop professionally.

## 5.2 PUTTING OUR MISSION INTO PRACTICE: FOSTERING A HIGH-QUALITY WORKING ENVIRONMENT AND VALUE-DRIVEN TEAM

As the market leader in styrenics, INEOS Styrolution offers positions ranging from chemical engineering to operations management to business administration. In a competitive, global industry, our success hinges on our ability to attract and retain the most qualified and committed employees in each of the markets in which we operate. Market conditions and local legislation vary per country, and because of this our employment strategy and tactics are locally driven. Nevertheless, regardless of location, we are committed to offering employees an appealing working environment with competitive remuneration and benefits, as well as attractive opportunities to grow and develop professionally. Global diversity and team spirit characterize our daily work.

Our remuneration policy is geared – through higher variable terms – towards an above-average remuneration of employees, and is oriented toward the country-specific conditions within the chemical industry in all countries in which the company is active. We are always looking for people whose skills and aspirations are an optimal fit for the work they will perform. We welcome the best candidates and practice principles of equal opportunity for recruiting and advancement.

In 2014, we began tracking changes in our employee demographics by region and business unit based on gender and age. We do not track demographic data on race because definitions of racial minorities differ from country to country, and collecting such data in some markets is a violation of privacy laws. We will continue to track demographics on age and gender, and over time will have a clearer understanding of the impacts of our recruitment and retention strategies. For a description of the materiality of gender and age, see the relevant sections on the next page.

#### **EMPLOYMENT DEMOGRAPHICS DATA**

Working for INEOS Styrolution means being part of a dynamic, diverse and passionate team and collaborating with open and receptive colleagues from all over the world. The team benefits from a professional working environment featuring a variety of opportunities for learning and career growth.

In 2015, the INEOS Styrolution workforce averaged 3,123 employees, including permanent and temporary employees. INEOS Styrolution globally reported new hires by geographic region for the first time in 2015. This is shown in the upper table to the right.

#### DIVERSITY<sup>1</sup>

As a global company, internal collaboration and geographic mobility make employee diversity integral to our work. With 15 manufacturing sites in nine countries and 23 sales offices around the world, INEOS Styrolution employees are accustomed to working with people of diverse cultural backgrounds. Employees working at our global headquarters in Frankfurt, Germany, for example, represent 33 nationalities.

For our grievance systems and our Code of Conduct, please refer to chapter 7.

#### **GENDER**

Among INEOS Styrolution employees globally, 84% are male and 16% are female.

INEOS Styrolution truly believes in equal employment opportunity and diversity and acts accordingly. We apply equal opportunities for all applicants and employees regardless gender, age, nationality, religion, color or cultural background.

#### EMPLOYEES BY SEGMENT 2015 (NEW HIRES)

Operating segment	2015 average headcount	Percentage of total headcount	2014 average headcount	Percentage of total headcount
Polymers EMEA	1,179 (109)	38% (34%)	1,147	37%
Polymers Americas	528 (56)	<b>17%</b> (17%)	565	18%
Polymers Asia-Pacific	957 (116)	31% (36%)	942	30%
Global Styrene Monomer	323 (25)	10% (8%)	320	10%
Global Functions	136 (17)	4% (5%)	140	4%
Total	3,123 (323)	100% (100%)	3,114	100%

#### GENDER DIVERSITY BY SEGMENT 2015 (NEW HIRES)

Operating segment	Male headcount, 2015 average	Percentage of total headcount	Female headcount, 2015 average	Percentage of total headcount
Polymers EMEA	964 (80)	<b>82%</b> (73%)	216 (29)	18% (27%)
Polymers Americas	<b>424</b> (37)	80% (66%)	104 (19)	20% (34%)
Polymers Asia-Pacific	867 (111)	91% (96%)	90 (5)	9% (4%)
Global Styrene Monomer	275 (23)	85% (92%)	48 (2)	15% (8%)
Global functions	96 (13)	70% (76%)	40 (4)	30% (24%)

Higher gender diversity is also evident in our three regional headquarters, where categories of professional function are broader. The combined employee populations at our three regional headquarters average 57% male and 43% female. Our ongoing emphasis on diversity hiring in our regional headquarters is shown in the upper table to the right.

#### **AGE**

INEOS Styrolution believes that a diversity of generations ensures safe and reliable operations and that it facilitates the kind of dialogue needed for innovation and continuous improvement. Age diversity also assures long-term viability of the company by providing greater flexibility in succession planning for management and leadership.

For this reason, we track age diversity in each of our business units and regions, as well as employee turnover. Roughly half of the employee populations in EMEA, Asia-Pacific, and Global Styrene Monomer are 46 or younger. To further drive more generational balance, local INEOS Styrolution sites are focused on training and succession planning for younger employees.

The age structure of INEOS Styrolution in 2015 is shown to the right. The average age of new hires in 2015 was 34 years.

#### GENDER DIVERSITY BY REGIONAL HEADQUARTERS 2015 (NEW HIRES)

Regional headquarters	Male headcount, average	Percentage of total headcount	Female headcount, average	Percentage of total headcount
Global/EMEA (Frankfurt)	180 (25)	57% (56%)	138 (20)	43% (44%)
EMEA Commodities/ Standard Products (Rolle)	9 (1)	<b>69%</b> (100%)	4 (0)	31% (0%)
Americas (Aurora)	84 (11)	59% (52%)	<b>59</b> (10)	41% (48%)
Asia-Pacific (Singapore)	20 (1)	<b>60%</b> (100%)	13 (0)	40% (0%)

#### AGE STRUCTURE 2015 (NEW HIRES)

Age	AMERICAS	APAC	EMEA	GLOBAL	SM	Total
over 61	4% (0%)	0% (0%)	2% (0%)	3%	9%	2% (0%)
56 - 60	8% (8%)	8% (1%)	10% (3%)	9%	16%	9% (3%)
51 - 55	11% (12%)	19% (1%)	16% (6%)	10%	17%	16% (6%)
46 - 50	15% (8%)	22% (2%)	19% (7%)	19%	15%	19% (5%)
41 - 45	18% (12%)	19% (7%)	14% (11%)	14%	11%	16% (10%)
36 - 40	22% (19%)	13% (16%)	11% (12%)	17%	8%	13% (15%)
31 - 35	14% (14%)	11% (25%)	13% (17%)	18%	9%	12% (19%)
26 - 30	7% (12%)	8% (29%)	11% (25%)	9%	9%	<b>9%</b> (24%)
21 - 25	2% (12%)	1% (17%)	4% (14%)	1%	6%	3% (15%)
below 21	0% (1%)	0% (3%)	1% (5%)	1%	0%	0% (3%)

#### GLOBAL EMPLOYEE TURNOVER<sup>1</sup>

INEOS Styrolution strives to provide a setting for rewarding, life-long careers. We track both voluntary exits (resignations) and involuntary (redundancy, retirement, termination). In 2015, 217 employees left INEOS Styrolution, for a global employee turnover of 6.9%. Voluntary attrition was 2.2% and an additional 1.2% were retirements. This 6.9% turnover includes the exceptional event of the 2015 closure of the Trelleborg, Sweden site. Excluding this closure, 2015 global turnover was 5.5%.

In order to reduce our voluntary departures, we are working to get a better understanding of the motivations of those who resign. In 2016, we are tracking voluntary departures with more detailed categories. We are implementing processes to make exit interviews consistent across all regions and include more job levels. In addition to this new globally structured process, we are expanding a management development program to include the Americas and Asia-Pacific.

#### **EMPLOYEE TURNOVER 2015**

	Headcount	Percent
Resignations	69	2.2%
Terminations	47	1.5%
Redundancies	64	2.0%
Retirements	37	1.2%
Total	217	6.9%

## PERSONAL DEVELOPMENT AND PERFORMANCE MANAGEMENT<sup>2</sup>

INEOS Styrolution's performance management process is designed to provide the company and its employees with a consistent and fair process for aligning goals and performance expectations. Every employee and his or her direct manager form an annual "Target Agreement" consisting of specific, actionable goals. Feedback is formalized in an "Appraisal" at the end of the year, where performance against the goals of the Target Agreement are discussed.

An "Employee Development Interview" process was introduced for exempt employees in Europe in 2014. In 2016/2017, that process will be expanded for exempt employees worldwide. The employee and his or her manager discuss skills needed to perform their work, skills that might be needed to fulfill future requirements and aspirations, and professional development steps that can be taken to enable the acquisition of those skills. Under this process, an interview is mandatory at least every two years. However, an interview is encouraged to take place every year of the employee's career with the company.

Exempt employees	Percent
Exempt employees who report having a Target Agreement/appraisal review with his or her manager	95%
Exempt employees who report having an Employee Development Interview in 2014-2015 (Europe region only)	97% <sup>*</sup>

\*Equally distributed among men and women



While geographic transfers, temporary leaves, recent hires, and job changes within INEOS Styrolution prevent achieving 100% participation in these processes, the expectation of the company is that all employees participate in Target Agreement, Appraisals, and Employee Development Interviews. As part of its commitment to age, diversity, succession planning, and providing for life-long careers, INEOS Styrolution is implementing programs for Management Development Plans, Senior Management Development Plans, and Executive Development Plans.

INEOS Styrolution has targeted that 80% of its exempt employees complete Employee Development Interviews by the end of 2018.

## OPERATIONAL CHANGE AND COLLECTIVE BARGAINING<sup>1</sup>

INEOS Styrolution makes every effort to give a reasonable notice period to employees impacted by significant change, and we comply with all local laws regarding advanced notification of operational change. INEOS Styrolution has a proven history in recognizing and respecting all labor and employment laws in the countries in which it operates.

INEOS Styrolution gives its employees freedom to organize and collectively bargain. The company does not intend to impair the rights of any employees included in any collective bargaining agreement, or prohibit the lawful exercise of any rights guaranteed by any applicable legislation. In 2015, 72% of INEOS Styrolution's workforce was covered by collective bargaining agreements.

#### COLLECTIVE BARGAINING BY REGION 2015

Region	Number of employees covered by collective bargaining agreement	Percent of total headcount
EMEA (Antwerp, Wingles, Cologne, Ludwigshafen, Schwarzheide, Frankfurt)	1,181	85%
Americas (Sarnia, Altamira, Texas City)	182	23%
Asia-Pacific (Vadodara, Ulsan)	700	73%
Total	2,063	66%



"WE SUCCESSFULLY
WORK TOGETHER
AS A GLOBAL
TEAM BASED ON
THE PRINCIPLES
OF FAIRNESS,

RELIABILITY AND MUTUAL TRUST.

WE INVEST IN THE SKILLS AND

KNOWLEDGE OF OUR STAFF BY

OFFERING THEM OPPORTUNITIES TO

GROW AND DEVELOP PROFESSIONALLY."

Edgar Zwanink – Vice President Human Resources



6.0 A RELIABLE PARTNER TO SUPPLIERS

## ENCOURAGING SUSTAINABILITY ALONG THE VALUE CHAIN



INEOS Styrolution's efforts to monitor and enhance its sustainability performance are grounded in the activities of our own business. We believe, however, that our overall responsibility does not end at the company gates. We therefore examine sustainability performance along the entire styrenics supply chain, encouraging our suppliers to commit to high standards.

6 A RELIABLE PARTNER TO SUPPLIERS 56



# 6.1 OUR MISSION: ACTIVATING OUR SUPPLIERS IN ORDER TO ENHANCE SUSTAINABILITY STANDARDS ALONG THE SUPPLY CHAIN

INEOS Styrolution chooses its suppliers carefully, taking their sustainability standards into account. We expect all our suppliers – at a minimum – to comply with INEOS Styrolution's Supplier Code of Conduct. Moreover, we work with partners along the supply chain to jointly enhance our sustainability performance.

#### **6.2** PUTTING OUR MISSION INTO PRACTICE:

#### **ESTABLISHING THE SUPPLIER CODE OF CONDUCT**

By engaging our stakeholders on sustainability performance, we limit the risk of delivering products to the market-place that are not in line with our values or stated intent of our sustainability program. We also stimulate more sustainable practices, encourage improvement along the entire value chain, and evaluate the potential for joint savings. The cornerstone of our supply chain management is our Supplier Code of Conduct. It defines our minimum expectations and requirements in supplier standards, including labor practices and human rights, health and safety, environmental protection, ethics and fair business practices.

INEOS Styrolution expects from all of its suppliers full compliance with this formalized agreement. We are confident that adherence to the Supplier Code of Conduct not only helps our business to flourish, but also the businesses of our partners. We therefore continuously work with suppliers to enable ethical business conduct.

The Supplier Code of Conduct was first introduced in detail in August 2015 to a select number of suppliers. These suppliers were chosen based on the following criteria: The volume of their business with the company, the importance of

6 A RELIABLE PARTNER TO SUPPLIERS 57

that supply volume, the extent of their recurring business, and the nature of the existing agreement and service provision.

By January 1, 2016, compliance with the Supplier Code of Conduct was included in INEOS Styrolution's general terms and conditions of purchase and expected of all external business partners. By agreeing to work for or with INEOS Styrolution, it is expected that each supplier commits to the document's principles, which then also apply to the partner's subsidiaries and affiliates, their subcontractors and other business partners along their supply chain.

INEOS Styrolution expects its suppliers to proactively establish and maintain the standards outlined in the Supplier Code of Conduct and to be able to share adequate documentation upon request. To verify compliance, INEOS Styrolution reserves the right to audit and inspect suppliers' operations and facilities, either directly or through an accredited body, and request corrective actions if deemed necessary. If a supplier fails to comply with the Supplier Code of Conduct, INEOS Styrolution may take action against the supplier, including suspending or terminating business relations without any right to compensation, depending on the gravity of the violation and the specific circumstances.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY IN SUPPLY CHAIN<sup>1</sup>

In 2016, INEOS Styrolution began assessing the sustainability performance of its most strategic suppliers. These top suppliers, representing approximately 67% of our supplier spend, will be required to complete a third-party assessment in 2016 and 2017 that documents their performance in the

area of environmental impact, safety, and fair business practices. The assessment should result in a verifiable score card and be updated periodically.

We intend to include additional suppliers to this requirement, with the aim that 80% of our supplier spend be with companies who have completed such a third-party sustainability assessment by the end of 2020.



"AS A
RELATIVELY
NEW
COMPANY, WE
FIRST SET AN
EXAMPLE WITH
REGARD TO

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BEEN ATTENTIVE TO THE WAY OUR
SUPPLIERS ACT AND WE HAVE
ALWAYS CHOSEN OUR SUPPLIERS
CAREFULLY. NOW WE EXPECT
CONFORMITY WITH OUR SUPPLIER
CODE OF CONDUCT, AND WE NOT
ONLY TAKE THEIR SUSTAINABILITY
STANDARDS INTO ACCOUNT, WE
WORK WITH THEM TO JOINTLY
ENHANCE OUR SUSTAINABILITY
PERFORMANCE."

Andrea Berkessel – Global Procurement Performance Manager 7.0 COMPLIANCE AS FOUNDATION OF OUR BUSINESS SUCCESS

## COMPLIANCE -

FOUNDATION OF OUR BUSINESS SUCCESS



Compliance stands for conforming to applicable rules and doing "the right thing."

At INEOS Styrolution, we do not compromise on compliance and seek to ensure that our commitment to lawful, responsible, and ethical conduct is put into practice every day, everywhere.



## 7.1 OUR MISSION: LIVING UP TO HIGHEST STANDARDS WITH REGARDS TO COMPLIANCE

INEOS Styrolution is committed to complying with all relevant local, national and international laws. We want to live up to the highest standards regarding ethics, integrity and transparency and will not compromise our safety, health or environmental standards for any reason, including profit or production.

## **7.2** PUTTING OUR MISSION INTO PRACTICE:

## INEOS STYROLUTION'S COMPLIANCE PROGRAM<sup>1</sup>

INEOS Styrolution operates as a responsible corporate citizen, at all times and everywhere it conducts business. Regardless of business unit or location, we believe that the way we do business is as important as what we produce. In addition to compliance with all regulations, we operate with a global set of values. In some cases, the company's global standards exceed the requirements of local laws and regulations.

INEOS Styrolution and its leaders regularly articulate the company's policies on business integrity. We continue to

refine our policies, enhance understanding of them among employees and business partners, and enforce compliance in accordance the policies' intent.

The cornerstone of our Compliance Program is our Code of Conduct, which was revised in 2016. It defines and summarizes, in one framework, what we expect of our businesses and employees regardless of location or background. The Code of Conduct provides guidance in key areas and where needed, indicates where more detailed standards, policies, instruction and processes are available or will be issued.

To make sure that all employees fully understand our policies, the INEOS Styrolution Code of Conduct is continually available on a dedicated section of the INEOS Styrolution intranet, which is accessible to all employees.

To ensure that employees act according to the Code of Conduct and other relevant policies, updates are published quarterly and emailed to employees. In addition, an internal newsletter on compliance is regularly issued that, for example, highlights the policies themselves, explains updates, and provides concrete examples of compliant and non-compliant behavior.

The INEOS Styrolution Compliance Program also includes periodic trainings. Our first training on the Code of Conduct was completed in 2013-2014. While geographic transfers, temporary leaves, recent hires, and job changes within INEOS Styrolution prevented achieving 100% participation in this training, the expectation of the company continues to be that all active employees complete the training and be held accountable for the content of the Code of Conduct<sup>1</sup>.

Our Compliance Program ensures that INEOS Styrolution operates as a responsible corporate citizen, always and everywhere, by providing an organizational framework on global, regional and country levels.

The company's Compliance Program addresses various areas of risk, as shown in the graphic on the lower left.

#### CHILD LABOR

According to international convention, child labor is a crime. Although the chemical and plastics industry is not usually prone to this criminal abuse, INEOS Styrolution is vigilant to prevent it and has set clear criteria in both the 2016 revision to its Code of Conduct and its Supplier Code of Conduct of 2015<sup>2</sup>.

According to the company's Code of Conduct and Supplier Code of Conduct, only persons who are at least 15 years of age or the applicable minimum legal age, whichever is higher, may be engaged as employees. Legitimate workplace apprenticeship programs for educational benefit may be provided that are consistent with Article 6 or 7 of International Labour Organization's Minimum Age Convention No. 138.

#### COMPLIANCE TEAM ROLES AND RESPONSIBILITES



#### FORCED OR COMPULSORY LABOR<sup>1</sup>

All work performed for INEOS Styrolution has to be voluntary. There is zero tolerance for trafficking of persons or the use of any form of forced, bonded, slave or prison labor. No employee or contractor can be required to surrender any government-issued identification, passports, work permits or travel documents as a condition of employment. Contracts and/ or HR policies clearly mention the conditions of employment in explicit language understood by the employee. Employees shall be free to terminate their employment upon reasonable notice. There must not be imposed unreasonable restrictions on movement within the workplace or upon entering or exiting company-provided facilities.

### OPERATIONS SUBJECT TO HUMAN RIGHTS ASSESSMENT<sup>2</sup>

All operations are assessed with a view to compliance with the company's human rights policies, which are mirrored in the policies of Human Resources.

#### CORRUPTION3

The INEOS Styrolution Risk & Control Program performed an initial assessment of all operations in 2014 and identified a low risk related to corruption. Another assessment is being performed in 2016 and at regular intervals thereafter.

#### ANTI-COMPETITIVE BEHAVIOR4

All of our employees are prohibited from entering into any discussions, formal or informal agreements or understandings with competitors that may restrict competition.

Vigorous competition, free from collusion and unreasonable restraint, is the most effective mechanism for ensuring that INEOS Styrolution provides high-quality and well-priced products and services.

#### GLOBAL AND REGIONAL COMPLIANCE TEAMS

INEOS Styrolution maintains four Compliance teams: One Compliance team for each of our three regions and one global Compliance team.

Each of these four teams is made up of a representative from legal (chair), a representative from HR, a SHE representative, and a representative from the Finance organization.

Members of other departments and functions participate occasionally as members of the extended team. These can include Technology and Operations, Strategy and Procurement, Sales, Communication, and Tax.



Failure to comply with competition, anti-trust and other trade regulation laws in any jurisdiction in which we conduct business could result in serious consequences, both for INEOS Styrolution and the offending individuals, including significant civil and criminal penalties.

Each employee is responsible for becoming familiar with and complying with the competition laws relevant to his or her role and his or her business. Further guidance is provided to employees whose job function puts them at risk of non-compliance by regularly repeated, compulsory training on policies related to compliance with antitrust and competition law. This training was completed for such employees in Europe in 2014. In 2016, the participant base is being expanded to employees in all three of the company's global regions.

Should there be any doubt about the propriety of any transaction or course of conduct, the Code of Conduct instructs employees to contact the Legal Department immediately for direction.

To the best of our knowledge, in 2015 no INEOS Styrolution operations were subject to allegations of human rights abuse, child or forced labor, corruption, or incidents in anti-competitive behavior<sup>5</sup>. We can also confirm that to the best of our knowledge we did not incur any cases of employee discrimination in 2015<sup>6</sup>.

### MANAGING COMPLIANCE VIOLATIONS, INCLUDING GRIEVANCES<sup>7</sup>

Every employee is encouraged to report any confirmed or suspected violation of our Code of Conduct immediately to his or her manager, or to a member of our global or regional Compliance team (see above). If the employee does not wish to engage his or her manager, or any of the global or regional Compliance teams, INEOS Styrolution has contracted an external provider to operate a standardized Compliance Hotline. This global grievance mechanism is available for all sites, and the call can be placed anonymously if the caller prefers. It is available at all times (24 hours a day, 365 days a year) and is free of charge to the caller. In 2015, the Compliance Hotline received five calls. One was withdrawn, and four were fully investigated and resolved.

Each call received on the Compliance Hotline is categorized and tracked according to a variety of criteria, including:

- Labor practices (for example, health and safety, malpractice, allegations of ageism, animal welfare, assault, bullying/victimization, breaches of confidentiality, discrimination based on race, religion, gender, or any other cause, grievances with manager, gross misconduct, pay issues, privacy issues)
- Business practices (for example, anti-competition, breach of company policy, bribery, conflict of interest, corruption, facilitation payments, fraud, giving or receiving of gifts, harassment, sexual harassment, intimidation, money laundering, issues related to partners and third parties, political activity, quality issues, racism, security issues, substance abuse, unfair dismissal, unprofessional behavior, vandalism/ criminal damage, verbal abuse)
- Human rights issues





"WE HAVE INTEGRATED HIGH STANDARDS FOR ETHICS, INTEGRITY AND TRANSPARENCY INTO OUR DAILY WORK AND BUSINESS PROCESSES. WE FULLY EXPECT PERFORMANCE IN ACCORDANCE WITH THESE STANDARDS AND COMPLIANCE WITH ALL APPLICABLE LOCAL, NATIONAL AND INTERNATIONAL LAWS."

Susanne Albert - Chief Compliance Officer

**COMMUNITY** INVOLVEMENT 11111 11111 111 11111 11111

**TAKING ON** 

RESPONSIBILITY FOR THE

**NEIGHBORHOOD** 

Our responsibility does not end at our company gates.
On the contrary, we want to be an active and supportive member of the communities we operate in.



### 8.1 OUR MISSION: SUPPORT-ING THE COMMUNITIES WE **OPERATE IN**

INEOS Styrolution believes that community engagement is best led locally. This way we can steer best our activities towards where the most pressing needs are. We strive to be a good and welcome corporate citizen and want to make a difference in all local communities we operate in. We not only want to improve the quality of life at the company's various locations, we are also committed to developing long-term and positive relationships with our neighbors.

We place a strong focus on future generations and donate our efforts and money to drive initiatives that support the health and well-being of young and disadvantaged children. Therefore, we support local charity, sports and education programs and other areas determined by local community needs.

#### **8.2** PUTTING OUR MISSION INTO PRACTICE:

#### COMMUNITY INVOLVEMENT PROJECT REPORTS<sup>1</sup>

READY, SET, GO RUN FOR FUN: INEOS AND INEOS STYROLUTION FRANKFURT STAGE RUNNING **FVFNT FOR KIDS** 

An active lifestyle is key to health and well-being. This is why INEOS, INEOS Styrolution's parent company, launched the global GO Run For Fun campaign. With already more than 160,550 children participating so far, the GRFF is the world's largest running series for children, encouraging young people's participation in sports. In Germany, GRFF is under the patronage of Hermann Gröhe, Federal Minister of Health. In 2015, INEOS Styrolution's global headquarters in Frankfurt staged a local run with over 500 enthusiastic elementary school students aged between 5 and 11 years. The Frankfurt event was actively supported by employees from INEOS Styrolution Frankfurt, INEOS Melamines (Frankfurt-Fechenheim) and INEOS Paraform (Mainz) who volunteered as cheering track marshals, event organizers or fun entertainers. In response to the very positive resonance, in 2016, we are expanding our GRFF series with

now two events in Frankfurt and two events in Chicago, near to our Americas headquarters.



INEOS and INEOS Styrolution volunteer team 2015.

8 COMMUNITY INVOLVEMENT 65



The kit contains material as well as the exercise books for five experiments, with which primary school children are playfully introduced to the topics of science and plastic.

#### INSPIRING SCIENCE AT PRIMARY SCHOOL AGE

With our future generations in mind, we are committed to promoting educational projects. As the leading global styrenics supplier, we want to inspire interest in science among young people at an early stage by introducing primary school students playfully to the world of chemistry and plastics. In cooperation with PlasticsEurope Germany e.V. and the teacher training center lfbz of the Frankfurt University, INEOS Styrolution provides free teacher trainings as well as "Kunos coole Kunststoff-Kiste," an experimental kit for child-oriented scientific experiments.

Beyond our efforts for primary schools, we support doctorates at universities with scholarships, for example in the field of R&D.



The teachers perform the Kuno experiments at a workshop, before they take the experimental kit to class.



Chris Robbins awards the 1st place team of INEOS Styrolution's annual White Ball Massacre.

## INEOS STYROLUTION BAYPORT AND TEXAS CITY SWING THE GOLF CLUB FOR CHARITY

It may have a frightening name, but it is all for a good cause: INEOS Styrolution's annual White Ball Massacre, an annual charity golfing tournament staged by INEOS Styrolution Bayport and Texas City in association with contractors and suppliers. With the donations raised at the tournaments, INEOS Styrolution has donated more than \$250,000 to the education-focused children's organization Boys & Girls Harbor of LaPorte so far, an organization that serves as a refuge for young children and teenagers who find themselves in crisis due to neglect, abandonment, abuse or family hardship. "Boys & Girls Harbor of La Porte is a wonderful organization that is vital to so many families in our area, and we are excited about having the opportunity to partner with other sponsors and suppliers to provide support for such a worthy cause," states Chris Robbins, Site Manager, Gulf Coast.



The boys and girls from LaPorte are thankful for the fundraising and donation.

8 COMMUNITY INVOLVEMENT 66

### INEOS STYROLUTION ABS INDIA CONTRIBUTES TO COMBATTING RURAL POVERTY

According to our vision of contributing to a better India by supporting sustainable social and environmental development as well as mandated by local law, INEOS Styrolution ABS India issued a corporate social responsibility policy geared towards annually donating 2% of average net profits to charity. Those funds go to carefully selected organizations which dedicate themselves to this common goal. In close cooperation with the Mahavir International Foundation Trust, an NGO working for social welfare and children education in India, INEOS Styrolution procured clothes made from wool for almost 4,000 households in Katol, Nandesari, Moxi and Dahej. Volunteers from INEOS Styrolution ABS India went from door to door providing one unisex woolen jacket and one blanket per family. This is just one of many initiatives which aim to strengthen the long-lasting, positive relationships between us and the communities we operate in. According to our vision of supporting the health and well-being of young and disadvantaged children, we strive to meet local community needs by distributing writing materials to various primary schools, school shoes for primary school kids as well as providing scholarships for students from local schools. Other initiatives focus on sanitation. drinking water facilities, community welfare and empowerment of women – issues which are also subject to Indian Company Law.



The initiative has strengthened relationships with local villagers.



Cleaning for a good cause: INEOS Styrolution employees in Thailand.

## INEOS STYROLUTION'S THAILAND TEAM HAS A SPECIAL DAY ON THE BEACH: CLEANING UP MARINE LITTER

Dirty beaches, trash floating on the ocean's surface and animals tangled up in plastic bags or netting - marine life has been significantly affected by side effects of modern life. In an effort to help protect the natural marine habitat, 80 volunteers consisting of INEOS Styrolution employees and their families participated in the Ocean Conservancy's annual International Coastal Cleanup, the world's largest volunteer effort to clean up our ocean, waterways and coastlines from plastic. Our volunteers together with around 3,000 volunteers from 19 companies located in Map Ta Phut, supported the global initiative and collected a total of 14,600 kilograms of marine trash from Rayong's Mae Ramphueng Beach, Thailand. INEOS Styrolution Thailand is also committed to support social initiatives for children and young people. In cooperation with schools and communities located around Map Ta Phut, we organize the National Children's Day as well as support school kids by offering scholarships and sponsoring learning material.



School kids attending the National Children's Day in Thailand.



Supporting kids from the Wat Takuan School in Map Ta Phut, providing learning materials and sponsorships.

8 COMMUNITY INVOLVEMENT 67



A fencing system to protect the American bison.

#### INEOS STYROLUTION BAYPORT TEAM LENDS A HAND FOR PROTECTING WILDLIFE

With 370 species inhabiting an area of over 10 square kilometers, the Armand Bayou Nature Center, located in Pasadena on the Texas Gulf Coast, is the largest urban wildlife refuge in the U.S.. Visitors experience different ecosystems like wetlands, forests and marsh habitats. INEOS Styrolution Bayport has been actively supporting the Armand Bayou Nature Center since 2011, donating funds and sending eager volunteers on a regular basis. In 2015, ten INEOS Styrolution volunteers built a professional fencing system and, thus, contributed to protecting the American bison.



"AS A SUCCESSFUL COMPANY, WE WANT TO GIVE SOMETHING BACK TO SOCIETY. AT INEOS STYROLUTION, WE TAKE OUR ROLE IN SOCIETY SERIOUSLY: WE ACTIVELY SUPPORT THE COMMUNITIES WE OPERATE IN AND ALWAYS SEEK OPEN DIALOGUE WITH OUR STAKEHOLDERS."

Christine Schönfelder – Vice President Corporate Communications, Investor Relations, Advocacy and Change Management



Christmas presents for the local kids in need

#### INEOS STYROLUTION CHANNAHON RUNNING GIFT-GIVING PROGRAM AT CHRISTMAS

Every Christmas there are children who do not receive gifts because their families are struggling and cannot afford any holiday presents. To contribute that these children can enjoy the holiday season with their families, INEOS Styrolution employees from our U.S. Channahon site take part in the Salvation Army's Angel Tree Program, a corporate gift-giving program at Christmas, which provides around 14,000 deserving children with gifts of new clothing and toys. At this annual event, INEOS Styrolution employees and their families take angel tags off the company holiday tree and buy gifts for children of families in need to make a positive impact in their community during the holiday season.



We are taking an integrated approach to deliver a strong sustainability performance that benefits our customers and society. We are convinced that truly sustainable business management is a prerequisite for accomplishing growth and long-term success – for our customers and ourselves.

9 RESPONSIBLE BUSINESS MANAGEMENT 69



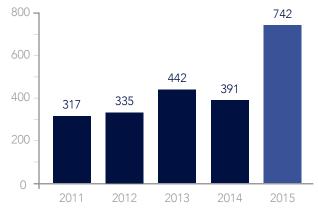
## 9.1 OUR MISSION: DRIVING GENUINE VALUE THROUGH SUSTAINABLE BUSINESS MANAGEMENT

INEOS Styrolution looks at sustainability as a genuine driver of growth and value: We are determined to support the market success of our customers by leveraging it as a competitive edge. In order to do so, we carefully listen to our customers' needs, continuously engage in collaborative innovation and position sustainability at the heart of our business management activities. We are constantly optimizing our own economic, environmental and social performance to deliver safe, best-quality and high-performance products that eventually render our customers' businesses as well as end consumers' choices more sustainable. By consistently pursuing our mission, we want to extend our track record of solid business performance, ensure sustainable growth and remain the preferred partner for our customers.

## **9.2** PUTTING OUR MISSION INTO PRACTICE: **FOSTERING SUSTAINABLE GROWTH**

By focusing on value creation for our customers, we are committed to driving sustainable growth and significantly increasing the value of the company. Since our foundation in 2011, we have significantly strengthened INEOS Styrolution's competitiveness in many business areas and have continuously delivered a strong business performance.

#### YEARLY EBITDA DEVELOPMENT (€M)



Today, we are the leading global styrenics supplier with access to customers in growth industries such as automotive, electronics and healthcare. We are well positioned in the higher-margin ABS Standard and specialties markets and have a strong asset footprint globally. We can rely on our broad product portfolio, considerable intellectual property and our world-scale commodity manufacturing platform with best-cost technology. We are now leveraging these strengths. The early completion of our synergy and integration program enabled us to introduce our growth strategy in 2013, earlier than expected.

## TRIPLE SHIFT STRATEGY FOR RESILIENCE AND SUSTAINABLE GROWTH

In order to enable sustainable growth, we set ourselves ambitious objectives: By 2020, we want INEOS Styrolution to prosper as a resilient, less cyclical, more diversified and more profitable business. This translated into the earnings target to grow our EBITDA margin beyond 10% by 2020. Already in 2015, we overdelivered on this target with an EBITDA margin of 15%. Nevertheless, our strategic drive towards higher resilience, lower cyclicality, stronger diversification and sustainable growth continues to be valid and we continue to execute our long-term growth strategy. As its name states, our Triple Shift strategy involves a shift in focus in three areas.

#### A shift towards higher-growth customer industries

To increase our own potential for sustainable growth, we place a stronger focus on five higher-growth customer industries, namely automotive, electronics, healthcare, construction and household. Growth in these industries is supported by global megatrends, such as energy efficiency, need for mobility and demographic change.

#### A shift in our portfolio towards higher value offerings

In order to meet the demands of the five focus industries, the second shift refers to a stronger focus on higher value Specialties and ABS standards grades. This shift is driven by customization and differentiation. It is reflected in our broad portfolio of more than 1,500 high-performance and value-added products, our large number of customized solutions, comprehensive service packages and our close relationships with key



customers and external partners. Our specialties business is continuously growing and is the largest and most stable contributor to INEOS Styrolution's EBITDA.

#### A SHIFT TOWARDS HIGH-GROWTH REGIONS

This shift includes strategically investing in emerging markets by expanding our assets and sales footprint, particularly in Asia. By 2020, INEOS Styrolution aims to substantially grow its sales in emerging markets. In EMEA and North America, we will continue to pursue growth in higher-growth industries with our standard ABS and specialties products.

The early achievement of our margin target shows that the implementation of our Triple Shift strategy is well underway. We have already completed a whole range of projects. For example, to accelerate customer-centric innovation and drive

growth, we have tailored our organizational structure to the needs of our customers: We bundled experience in globally coordinated industry-specific teams and firmly established and trained a global key management team to better serve customers that expect a global offering. INEOS Styrolution's global and regional R&D teams are networking closely, internally as well as with external partners such as universities, while strictly focusing on customer-centric innovation. With the independent research institute Neue Materialien Bayreuth and the University of Bayreuth, we continue our successful R&D partnership, which is a unique collaboration model for the plastics industry.

To further strengthen our leading position in specialties, we optimized our specialty production network in Germany. This enables us to better serve our customers and provide them with

secure sourcing alternatives for our global specialty grades. Moreover, we invested in production plants for the specialty NAS® in Ludwigshafen, Germany, and Decatur, USA, which enable us to offer customers greater flexibility and secure, long-term supply as well as greater lot-to-lot consistency.

A further important milestone to bolster our market position in Styrenic Specialties and Standard ABS was the integration of INEOS Styrolution's and INEOS ABS's marketing approach in the Americas. INEOS Styrolution now acts as the one face to the market and the single source to serve customers with a combined product and service portfolio under the INEOS Styrolution brand. Integrating the go-to-market approach not only significantly enriches our standard and specialty ABS offering, but also established INEOS Styrolution as the clear market leader in ABS in the Americas.

In Antwerp, we have debottlenecked our ABS plant for higher production capacity as well as a new capability to produce white ABS in addition to natural and black grades. This portfolio enlargement of ABS products taps a market in household we have not supplied before and enables us to better meet increasing customer demand. We are now in field trials with a new White Terluran® grade, which will provide our customers with unmatched product consistency in white ABS Standard.

We also significantly invested in the Map Ta Phut site in Thailand by improving and upgrading our specialty facility. This enables us to better serve the growing Asian specialties market.

In Mexico, a new production line for the styrenic specialty AMSAN® enabled us to expand our product offering and increase supply reliability in the region. This investment positions us for further growth throughout the Americas as well as in our core industries. It also reduces the necessity of imports from other regions. Our shift to high-growth regions is also underlined by further investments, such as a new ASA line in Korea and a new line for the high-performance styrenics specialty Absolan® at the Katol site in India. In addition, we recently optimized our organizational setup in Asia to become even more agile and focused in the fast moving Asian market. We continuously look for further profitable growth opportunities.

We are confident that the continuous execution on our Triple Shift strategy will ultimately translate into greater value for our customers in terms of the products and services we provide with even greater security of supply, while at the same time further strengthening our position as the global market leader in styrenics.

## 9.3 INEOS STYROLUTION'S RISK & CONTROL PROGRAM – AN INGRAINED PART OF OUR CORPORATE PROCESSES

As every company, INEOS Styrolution is exposed to various risks that could impact the achievement of our corporate objectives. Therefore, we established a comprehensive Risk & Control Program in order to identify, minimize and monitor internal and external risks on an ongoing basis. This program facilitates the oversight and management of risks and enables well informed and faster decision-making through an integrated risk reporting. We also established a sustainable and lean Risk & Control Governance structure that focuses on preventative measures and consulting. The scope of the Risk & Control Program entails the six key risk categories of Finance, Compliance, Operations, Strategy & Business, Human Resources and IT. For each, we identified risk topics which are regularly updated using a top-down and risk-based approach.







# FOR MORE INFORMATION PLEASE CONTACT

Petra Inghelbrecht Global Sustainability Manager

sustainability@styrolution.com

or visit our website at www.ineos-styrolution.com

#### GRI CONTENT INDEX FOR 'IN ACCORDANCE' - CORE

#### GENERAL STANDARD **DISCLOSURES**

GENERAL STANDARD DISCLOSURES	CONTENT	PAGE	CHAPTER	COMMENT
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G4-5	Location of the organization's headquarters	7	2	
G4-6	Countries with significant operations	7	2	
G4-7	Nature of ownership and legal form	9	2	
G4-8	Markets served	7	2	
G4-9	Scale of the organization	7	2	
G4-10	Employees by employment type, gender and region	51-52	5	
G4-11	Percentage of employees covered by collective bargaining agreements	54	5	
G4-12	Description of the supply chain	56-57	6	Partially addressed in Procurement chapter, will be further developed in GRI 2016
G4-13	Significant changes during the reporting period	9	2	
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STAKEHOLDER ENGAGEMENT				
G4-24	Stakeholder groups engaged	16	2	
G4-25	Identification and selection of stakeholders	16	2	
G4-26	Approach to stakeholder engagement and frequency	17-18	2	
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REPORT PROFILE				
G4-28	Reporting period	12	2	
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G4-34	Governance structure, incl. committees of the highest governance body	9, 11	2	
ETHICS AND INTEGRITY				
G4-56	Values, principles, standards and norms of behavior	59	7	

#### SPECIFIC STANDARD **DISCLOSURES**

MATERIAL ASPECTS	DMA & INDICATORS	CONTENT	PAGE	CHAPTER	COMMENTS
ENVIRONMENTAL					
Aspect: Materials					
	G4-EN1	Materials used by weight or volume	41	4	Qualitative statement
Aspect: Energy					
	G4-EN3	Energy consumption within the organization	42	4	
	G4-EN5	Energy intensity	42	4	
Aspect: Water					
	G4-EN8	Total water withdrawal by source	43	4	
Aspect: Emissions					
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	44	4	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	44	4	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	44	4	
	G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions	44-45	4	Partially, NO <sub>x</sub> emissions are reported

MATERIAL ASPECTS	DMA & INDICATORS	CONTENT	PAGE	CHAPTER	COMMENTS
Aspect: Effluents & was	ste				
	G4-EN22	Total water discharge by quality and destination	43	4	Partially, total waste water volumes are reported
	G4-EN23	Total waste by destination and type	41	4	
Aspect: Products & ser	vices				
	G4-EN27	Mitigation of environmental impacts of products and services	20-26	3	
Aspect: Supplier assess	sment				
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	57	6	
SOCIAL					
Aspect: Employment					
	G4-LA1	New employee hires and employee turnover	53	5	
Aspect: Labor/manage	ment relations				
	G4-LA4	Collective bargaining agreement	54	5	
Aspect: Health & safet	у				
	G4-LA5	Percentage of total workforce represented in health and safety committees	38	4	
	G4-LA6	Injuries, occupational diseases, lost days, and work-related fatalities	39	4	
Aspect: Training & edu	cation				
	G4-LA11	Percentage of employees receiving regular performance and career development reviews	53	5	
Aspect: Diversity & equ	ual opportunity				
	G4-LA12	Composition of governance bodies and breakdown of employees by aspects of diversity	51-52	5	Partially, breakdown of employees by aspects of diversity is reported

MATERIAL ASPECTS	DMA & INDICATORS	CONTENT	PAGE	CHAPTER	COMMENTS		
Aspect: Supplier assessment for labor practices							
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	57	6			
Aspect: Labor practice	s grievance mech	anisms					
	G4-LA16	Grievances about labor practices	62	7			
Aspect: Investment							
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights, including	60	7			
		the percentage of employees trained					
Aspect: Non-discrimina	ition						
	G4-HR3	Non-discrimination	61	7			
	G4-HR4	Freedom of associations and collective bargaining	54	5			
Aspect: Child labor							
	G4-HR5	Operations and suppliers having significant risk for incidents of child labor, and measures taken	60	7			
Aspect: Forced or com	pulsory labor						
	G4-HR6	Operations and suppliers having significant risk for incidents of forced or compulsory labor, and measures taken	61	7			
Aspect: Assessment							
	G4-HR9	Assessment	61	7			
Aspect: Supplier huma	n rights assessme	ent					
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	57	6			
Aspect: Human rights	grievance mechar	nisms					
	G4-HR12	Grievances about human rights impacts	62	7			

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MATERIAL ASPECTS	DMA & INDICATORS	CONTENT	PAGE	CHAPTER	COMMENTS
Aspect: Local communi	ties				
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	64-67	8	
Aspect: Anti-corruption	n				
	G4-SO3	Percentage of operations assessed for risks related to corruption and risks identified	61	7	
	G4-SO4	Communication and training on anti-corruption	60	7	
Aspect: Anti-competition	ve behavior				
	G4-SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	61	7	
Aspect: Supplier assess	sment for impacts	s on society			
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	57	6	
Aspect: Grievance mec	hanisms for impa	acts on society			
	G4-SO11	Number of grievances about impacts on society	62	7	
Aspect: Customer heal	th & safety				
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed	33	3	
Aspect: Product & serv	ice labelling				
	G4-PR3	Principles/procedures for product and service information and labelling	34	3	

## INEOS STYROLUTION