

Safety & environmental responsibility



Safety comes first in all our facilities

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

Safety commitment

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

Our safety management system plays

a key role in this mission. The CEO sets the tone by sending all employees a safety-focused email the first week of each month. A one-minute animated safety video automatically plays when employees logon to their groupware account every morning. The same video is also shown on cafeteria TVs during mealtimes for plant employees. Our instant safety reward program encourages vigilance in the workplace with cash awards for reporting potential safety issues. In 2017, the program awarded incentives to 58 employees. We also issued quarterly updates to our overseas travel pocket card with safety guidelines and more detailed local emergency contact information.

Our commitment to safety extends across our entire supply chain from raw materials to product delivery. We hold quarterly safety training programs and monthly meetings

with suppliers and subcontractors to review performance and share feedback. We also require temporary workers to pass a safety training course before they are allowed to work on-site.

In 2017, we launched a number of new programs and initiatives to promote safety across the organization. First and foremost, we upgraded our Management of Change (MOC) policies and systems to help ensure we avoid health, safety, and environmental risks as we continue to improve and upgrade our operations. This included the creation of a new MOC manual as well as as-built reviews of all plant piping and instrumentation diagrams. The entire MOC process itself was also migrated from an offline to an online system to enhance efficiency and effectiveness. Another key project for the year was the training of ISO compliance

staff on the latest versions of the ISO 9001 and ISO 14001 standards in preparation for upcoming re-certification audits.

In addition to the above activities, we continued to recognize excellence in safety performance at the OCI SH&E Excellence Awards. The grand prize was presented to RE Chem Team 2 at the Gunsan plant for its work to improve spray dryer management to minimize operating risk. The SH&E Team at the Pohang plant was also recognized for step 1 of a project to create an odor-free worksite.

Reviewing our safety performance, a total of six significant safety incidents occurred at our Korean manufacturing sites in 2017. None of these resulted in fatalities. Three injuries happened when performing maintenance tasks, two while conducting inspections, and one while moving equipment. Overall, our lost time injury rate (LTIR) per million hours worked increased from 0.93 to 1.40 during the year.



Environmental commitment

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

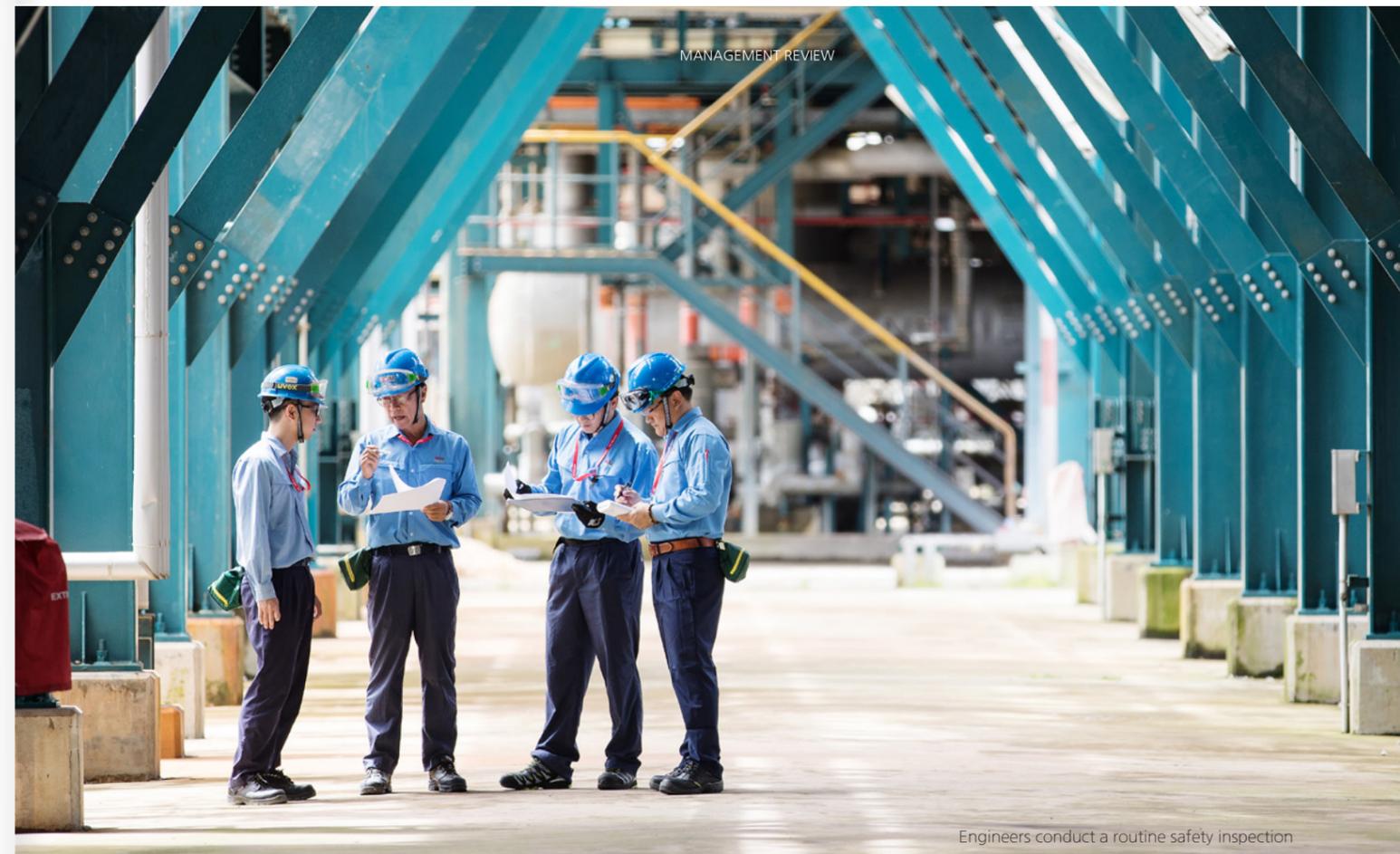
Energy consumption increased 0.5% to 41,861 TJ (terajoules) in 2017, driven by higher plant operating rates. Toxic chemical use increased by 33% to 136,342 tons as we adjusted our computation formula to more accurately reflect use. Materials consumption decreased slightly

from 285,292 tons to 283,400 tons. Our overall waste recycling ratio decreased from 54% to 39% due to a change in government recycling standards which excluded certain materials that were previously classified as recyclable.

Korea's Act on the Registration and Evaluation of Chemicals (K-REACH) came into effect on January 1, 2015. We have been working to comply with K-REACH since 2014 and are currently on schedule to meet the Act's deadline of June 30, 2018. In addition to government assistance to aid companies in their compliance efforts, the Korean petrochemical industry has a taskforce working on this to help member companies avoid or reduce duplicate effort and costs. Although compliance requires significant work and investment,



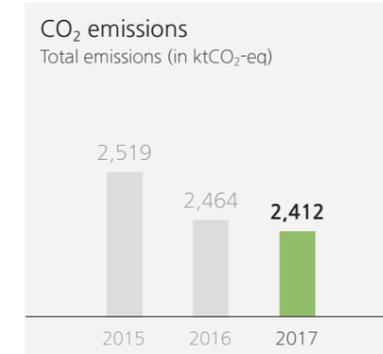
Polysilicon plant workers suit up for safety



Engineers conduct a routine safety inspection

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

We are an active participant in efforts to reduce both direct and indirect greenhouse gas emissions. During the third year of Korea's cap-and-trade emissions trading scheme in 2017, we reduced overall GHG emissions by 2.1% over 2016



primarily related to our decreased use of coal-based fuelstocks in our operations. We also reduced per-unit GHG emissions cost by 12% over 2016 as we focused on improving waste heat recovery and reducing heat input in our manufacturing operations. We believe our ongoing GHG reduction projects combined with efforts to optimize our manufacturing processes will enable us to gradually decrease CO₂ emissions going forward as we work to achieve our emissions targets and comply with national goals.