



BASF PETRONAS Chemicals Report 2016

Including Toray BASF PBT Resin



Chemistry Drives Sustainability



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About this report

"BASF PETRONAS Chemicals Sdn Bhd Verbund Site - Report" is published annually as a concise document about the company's development, progress and performance in regard to economy, ecology, and society. The reporting period for this publication is the financial year 2016. All data in the report are the combined 100% total from BASF PETRONAS Chemicals and 100% from Toray BASF PBT Resins which is located on the BASF PETRONAS Chemicals' site, without BASF Services.

Welcome

Message from the Managing Director

Dear friends and stakeholders

It gives me great pleasure to present BASF PETRONAS Chemicals – Report 2016, which documents our performance in balancing the economic, environmental and societal aspects of our business. Our commitment to sustainability is a pledge that we take to heart, and we continue to strive for improvements in all of these areas.

Despite a challenging economic year for us, we kept on track with our investments. The Integrated Aroma Ingredients Complex and 2-Ethylhexanoic (2-EHAcid) were successfully handed over from the project team to operations for commissioning with zero lost time injuries. We also broke ground on our production plant for highly reactive polyisobutene (HR-PIB).

BASF PETRONAS Chemicals received ISO9001:2015 certification for our Quality Management System and ISO14001:2015 certification for our Occupational Safety & Health Management System. These acknowledgements recognize our efforts to bring our health, safety and environment standards to a higher level.

While we have progressed in our sustainability journey, we are aware that there is still much to be done. We will continue to integrate sustainability into our business strategy and strengthen our contribution to the future as we play our part in the community.

Attracting the best talent and developing our people remain high on our priority list as the company celebrates its twentieth anniversary in 2017. As an employer of choice, we offer enriching growth to potential and current employees with structured development plans as well as targeted programs.

Thank you for your support and we look forward to driving sustainability and creating possibilities together.



A stylized, handwritten signature in black ink, consisting of a large, sweeping 'S' followed by a series of connected loops and a final horizontal stroke.

Stefan F. Beckmann
Managing Director
BASF PETRONAS Chemicals Sdn Bhd

BASF PETRONAS Chemicals Sdn Bhd

Shareholders



About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 114,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of about €58 billion in 2016. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS).

 Further information on BASF is available on the internet at basf.com.



About PETRONAS Chemicals Group

PETRONAS Chemicals Group Berhad (PCG) is the leading integrated chemicals producer in Malaysia and one of the largest in South East Asia. It operates a number of world class production sites, which are fully vertically integrated from feedstock to downstream end-products. With a total combined production capacity of over 10 million metric tons per annum, it is involved primarily in manufacturing, marketing and selling a diversified range of chemical products, including olefins, polymers, fertilisers, methanol and other basic chemicals and derivative products. Listed on Bursa Malaysia and with three decades of experience in the chemicals industry, PCG is established as part of the PETRONAS Group to maximize value from Malaysia's natural gas resources.

PCG is one of the top 10 companies in the FTSE4Good Bursa Malaysia (F4GBM) Index, out of 200 largest companies ranked by market capitalization. It is committed to ensuring that its business practices are in line with globally recognised standards for Environment, Social & Governance (ESG) practices.

 Further information on PCG is available on the internet at petronaschemicals.com.my

Members of the Board of Directors



En. Md Arif Mahmood

Chairman of the Board of Directors, BASF PETRONAS Chemicals Sdn Bhd and Executive Vice President, PETRONAS & Chief Executive Officer of PETRONAS Downstream Business (PETRONAS Group of Companies)



Datuk Sazali bin Hamzah

President and CEO, PETRONAS Chemicals Group Sdn. Bhd. (PETRONAS Group of Companies)



Professor Dr. Rainer Diercks (until March 2017)

President, Petrochemicals, BASF SE (BASF)

Succeeded by **Hartwig Dieter Michels** (as of April 2017)
President, Petrochemicals, BASF SE (BASF)



Gops Pillay (until February 2017)

President, Dispersions & Pigments, BASF (BASF)

Succeeded by **Andrea Frenzel** (as of March 2017)
President, South & East Asia, ASEAN, and Australia/New Zealand, BASF (BASF)



Dr. Stefan Beckmann

Managing Director, BASF PETRONAS Chemicals Sdn Bhd (BASF)

Environment and safety

At BASF PETRONAS Chemicals we never compromise on safety. This principle is anchored in our strategy and underlines our philosophy in operating our own facilities and dealing with third parties. Environmental protection, health and safety (EHS) as well as security, communication, and energy efficiency are embedded in our global Responsible Care® policy, which is applied to operations via our Responsible Care® Management System (RCMS). This policy and the RCMS are based on BASF's strategy and corporate guidelines and are binding for the whole BASF Group. Just as the company applies stringent standards to its own operations, we demand the same high standards of our contractors and suppliers. We choose carriers, service providers and suppliers not just on the basis of price, but also based on their performance in environmental and social responsibility.

Product stewardship

Local training sessions conducted at customer's site

We work to ensure our products are being handled and used properly after they leave our site. A number of local training sessions at customer sites were conducted in 2016. These included in-house training sessions on acrylic monomer handling for major customers. We also held a consultation session with our customer on how to build a small scale of butyl acrylate storage tank. On a regular basis, we support our customers with safety data sheets and product technical details, especially for our new 2-EHAcid and integrated aroma ingredients projects.

Transportation and distribution safety

- BASF TravelSafe Program applied at both site and office
- Guidance and training to employees on travel safety

BASF PETRONAS Chemicals implemented the global BASF TravelSafe Program requirements this year, and rolled out the program to all employees who travel for business purposes.

One of the tasks under this program was to identify employees who fell under the high risk category. Five sessions of Defensive Driving Training were scheduled for these employees from September to November 2016. The training was provided in collaboration with the local PERKESO 2016 and National Institute of Occupational Safety and Health.



Defensive driving training included an introduction to basic vehicle maintenance.

Process safety

2016 saw major activity in process safety, with the implementation of the pre-safety start up review for the new integrated aroma ingredients complex, which achieved mechanical completion in June 2016. This was needed to support plant commissioning and standardization of work processes within the site as the new complex comes on stream.

Improvement on process safety work processes was made on site with the introduction of comprehensive procedures for various processes including leak sealing procedures, organizational management of change and override and bypass procedures.

The process safety group also introduced the Process Safety Verbund – an internal process safety community consisting of members from operations, engineering and maintenance as well as the environment, health and safety team.



First meeting of the Process Safety Verbund.

Energy

■ Focus on efficient energy generation, reducing energy consumption in production

BASF PETRONAS Chemicals takes a three-pronged approach to responsible use of energy, focusing on efficient energy generation, reducing energy consumption in our production facilities, and developing products and technologies for increased efficiency in our use of available energy. In 2016, major efforts were made to upgrade the energy and resources grids at the site.

Generally, energy efficiency is linked to the demands of the different production plants on the site. Heat from production processes is not discharged to the environment, but utilized at other plants according to BASF's Verbund concept of integrated production.

In 2016, steam consumption decreased slightly to 2,165,368 metric tons (2015: 2,265,971 metric tons) due to slightly lowered production rates compared to the previous year.

Steam consumption (total) (metric tons)

2016	2,165,368	
2015	2,265,971	
2014	2,729,051	

In 2016, electricity consumption increased slightly to 337,326 MWh (2015: 312,854 MWh). This is due to higher use of electricity from the national electricity grid, because of a major revamp of the existing gas turbines which are usually used to generate electricity on site.

Electricity consumption (total) (MWh)

2016	337,326	
2015	312,854	
2014	330,457	

There was a slight decrease in fuel consumption from central power plants and boilers compared to the previous year, to 1,045,973 MWh (2015: 1,120,344 MWh), again due to slightly lowered production rates from certain plants compared to the previous year.

Fuel consumption (central power plants and boilers) (MWh)

2016	1,045,973	
2015	1,120,344	
2014	1,254,629	

Emissions to air

With the help of a continuous emissions monitoring system installed in the middle of 2011, in 2016 we continued to analyze emissions gases online. This system enables the feed of live data, 24 hours a day, for faster response and mitigation. This also ensures a more accurate reading and monitoring of emissions gases.

Greenhouse gas emissions decreased to 671,752 metric tons in 2016 (2015: 676,946 metric tons) due primarily to slightly lowered production rates compared to the previous years and also less unburnt butane in the 1,4-Butanediol (BDO) boiler.

Greenhouse gas emissions (total) (metric tons of CO₂ equivalents¹)

2016	671,752	
2015	676,946	
2014	720,750	

¹ CO₂ equivalents include: CO₂, N₂O, CH₄, HFC, PFC, SF₆

In 2016, our emissions of air pollutants were 437 metric tons, a decrease from the previous year (2015: 663 metric tons). This was because we experienced frequent boiler trips in one of our complexes. The boiler runs on natural gas, and the times when it was out of commission reduced the overall emissions of carbon monoxide and particulate matter.

Air pollutants² (without CH₄) (metric tons)

2016	437	
2015	663	
2014	940	

²Air pollutants consists of: CO, NO_x, NMVOC, SO_x, dust, NH₃/other inorganics

Water

Sustainable water use is a priority

We continuously seek ways to reduce water use in our production and we are evaluating further water protection and supply concepts at our site.

100% of the water supply at the site is from drinking water, as the main available water source, the same as in previous years. No supply came from surface water or ground water.

Total water supply increased in 2016 to 2.1 million cubic meters (2015: 1.98 million cubic meters), largely caused by greenfield usage due to the large number of construction and improvement projects on site and plant commissioning efforts, and also due to upsets at the existing plants.

Emissions to water (total): Organic substances (COD) (metric tons)

2016	122	
2015	168	
2014	153	

Emissions of organic substances to water (COD) decreased to 122 metric tons (2015: 168 metric tons) due to smoother running of the plant compared to the previous year.

Nitrogen emissions to water increased to 2.1 metric tons (2015: 1.6 metric tons) due to new waste streaming from the new integrated aroma ingredients complex, which started the process of coming on-stream in 2016.

Emissions to water (total): Nitrogen (metric tons)

2016	2.1	
2015	1.6	
2014	2	

Emissions of heavy metals to water decreased to 0.11 metric tons in 2016 (2015: 0.15 metric tons). This was due to a reduction of zinc additions to the cooling water system, as pipe corrosion issues were improved at the complexes.

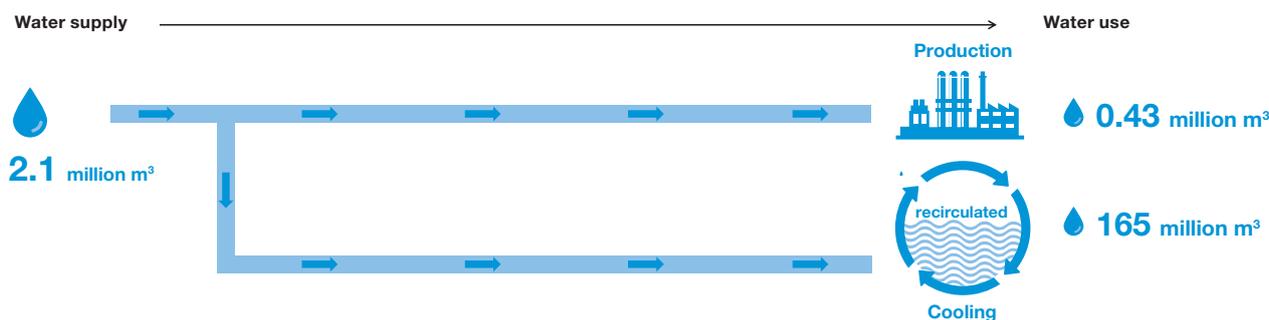
Emissions to water (total): Heavy metals (metric tons)

2016	0.11	
2015	0.15	
2014	0.18	

Water used for production rose marginally, to 0.43 million cubic meters in 2016 (2015: 0.42 million cubic meters). This metric refers to water that has come into contact with products, for example, when used for washing or as a solvent or a reaction medium.

Cooling water was also slightly higher, at 165 million cubic meters (2015: 162 million cubic meters).

Water consumption (million cubic meters)



While we used 165 million cubic meters of water for cooling and 0.43 million cubic meters of water for production in 2016, thanks to recirculation our actual water supply was only 2.1 million cubic meters.

Water supply (million cubic meters)

2016	2.1	
2015	1.98	
2014	2.15	

Water use (million cubic meters)

	Production	Cooling
2016	0.43	165
2015	0.42	162
2014	0.36	159

Waste

- **By-products from one plant are often used in another as starting material**

BASF PETRONAS Chemicals’ fundamental principle for handling waste is “avoid, reduce, and recycle”. We only dispose of waste after all recovery options have been exhausted, and we do so in a manner that reduces environmental impact. In this respect, the Verbund concept, i.e. the close integration of production processes, is one of BASF PETRONAS Chemicals’ greatest strengths; the by-products from one plant are often used in another as starting materials. Substitute fuels recycled from waste are also used in power plants and in some production plants.

In 2016, the total waste reached 9,164 metric tons (2015: 8,320 metric tons), of which 67% was recycled (2015: 58%). Both the higher amount of waste and also the higher rate of recovery can be linked to the increase in OXO Oil 900 sales for recovery.

Waste (total) (metric tons)

Year	Total Waste (metric tons)	Recycled Waste (%)	Recycled Waste (metric tons)
2016	9,164	67%	3,000
2015	8,320	58%	2,800
2014	7,584	66%	2,500

■ Amount of waste ■ Amount of recycled waste

We dispose of hazardous waste according to the regulatory requirements of the Department of Environment, Malaysia. Non-hazardous waste, along with waste categorized under “special waste management”, is disposed at the Jerangau-Jabor Landfill. There is no underground storage.

Waste disposal by incineration decreased to 12% in 2016 (2015: 16%), and can be linked to the higher rate of recovery of waste demonstrated in the earlier graph which correlates to less waste to be disposed either via incineration or to landfills.

20% of waste was sent to landfill in 2016 (2015: 25%), with no underground storage of waste at the site.

Disposal (%)

Incineration	12	■
Landfill	20	■
Underground storage	0	■

Emergency response

- **Emergency preparedness desktop drill conducted in 2016**

Both emergency response and crisis procedures are regularly reviewed with BASF regional input and updated as needed to ensure incidents are managed in a safe, effective and efficient manner.

To this end, a comprehensive review of the emergency response procedures is regularly conducted with an Emergency Preparedness Desktop Drill conducted by the BASF regional team in the middle of the year. This followed sessions in late 2015 to identify risks, mitigation plans and responsible people and departments as well as ensure that crisis communications statements were updated accordingly based on the identified risks.



Emergency preparedness desktop drill conducted by BASF regional team in May 2016

Security

- **Site is “Protected Area, Keypoint 1” under the Malaysian National Security Council, Prime Minister’s Office**
- **Security enforcers are on duty around the clock**

The BASF PETRONAS Chemicals Verbund site was audited and categorized as a “Sasaran Penting Keutamaan 1 (Protected Area, Keypoint 1)” under the Malaysian National Security Council, Prime Minister’s Office. The site is guarded 24 hours by our security enforcers who work on 12-hour shifts.

To ensure the company’s physical security measures comply with the requirements relevant to this status, an annual audit is conducted by the Chief Government Security Officer’s Office. This year’s audit was conducted in October 2016.

BASF’s regional security team also conducted a site visit in 2016 to ensure security compliance and implementation of best practices to meet global BASF requirements.

The company’s security team also conducts daily product vehicle inspections at the inward and outward inspection bays. Non-conformance instances were highlighted to both the local service providers and the supply chain department for necessary action to close gaps.

Business development

BASF PETRONAS Chemicals Sdn Bhd is a joint venture between BASF and Petroleum Corporation Petroliaam Nasional Berhad (PETRONAS), Malaysia's fully integrated oil and gas multi-national, under its subsidiary PETRONAS Chemicals Group (PCG). The signing of the shareholders' agreement in August 1997, with an initial investment of MYR3.4 billion, brought together a vast amount of experience, innovation, cutting-edge technology and an abundance of strategically-located high quality resources.

In 2016, due to a combination of weak market demands, over-supply and stiff competition, pricing, and currency effects, the combined sales of BASF PETRONAS Chemicals and Toray BASF were €470 million (2015: €566 million).

Sales (million €)

2016	470	<div style="width: 47%;"></div>
2015	566	<div style="width: 56%;"></div>
2014	749	<div style="width: 74%;"></div>

In 2016, BASF PETRONAS Chemicals announced the divestiture of two plants at the site, which were fully handed over to the new owners in late August 2016.

The BASF plants at site now stand at ten plants (including Toray-BASF PBT Resins) with six new plants coming on-stream in late 2016 and in stages throughout 2017.



Signing of divestiture agreement

Integrated Aroma Ingredients Complex

- Record safe working hours achieved in the course of the construction of the Aroma Complex

BASF and PETRONAS are building a \$500 million integrated aroma ingredients complex project at the BASF PETRONAS Chemicals site in Kuantan, Malaysia. In 2016, the construction project achieved 13 million safe working hours.



Employees celebrate ten million safe working hours at the aroma ingredients complex construction site, which later rose to 13 million.

The complex, which is built within the existing site in Gebeng, will house a facility to produce citral and its precursors as well as associated downstream plants to manufacture citronellol and L-menthol.

Some of the construction highlights in 2016 included the delivery and installation of a behemoth tower twice the height of the Statue of Liberty, the largest of its kind in the region.



The column will help ensure that menthol can be produced at a large scale for customers in the Asia Pacific region and worldwide.

HR-PIB plant breaks ground

Our new production plant for highly reactive polyisobutene (HR-PIB) broke ground in March 2016. The plant will be the first of its kind in South East Asia, with a total annual capacity of 50,000 metric tons of HR-PIB. The plant is expected to start production in the fourth quarter of 2017. HR-PIB is an important intermediate product for the manufacturing of high performance fuel and lubricant additives.



Plaque signing by Deputy Minister of the Malaysian Ministry of International Trade and Industry, Dato' Lee Chee Leong

New 2-Ethylhexanoic acid production plant

- First delivery to customers
- Annual capacity of 30,000 metric tons

The new 2-Ethylhexanoic Acid plant came on-stream as planned with the successful production of on-specification product in December 2016, with the first isotank product delivery to customers in China.

The new plant, with an annual capacity of 30,000 metric tons, benefits from backward integration into the site, allowing high delivery reliability and efficient use of energy and feedstock.

2-EHAcid is a chemical intermediate used as a compound, for example in production of synthetic lubricants and oil additives.



BASF PETRONAS Chemicals staff with the first tanker 2-EHAcid delivered to customers

Innovation and Expansion of Site for Future Growth

- Advanced production technologies and systems
- New products certified for Kosher compliance

We recognize innovation as one of the company's key drivers for growth. In particular, this includes adopting advanced technologies to improve performance at our main production site in Gebeng, Kuantan. In 2016, we made further progress on the Hibiscus Project, a program to improve site infrastructure, excellence and reliability in light of new investments coming to the site within the next several years.

Innovation efforts in 2016 continued to focus on three core goals: first, to increase the reliability of the existing production by identifying technical improvement measures; second, enable stronger ownership by skilled employees through optimizing processes and defining roles and responsibilities; and third, to prepare the site for expansion projects by implementing powerful organizational structures.

Concrete projects contributing to these goals include a new electricity sub-station; a new steam boiler; better handling of used fire fighting water; a drainage upgrade; a condensate polisher; and expansion of the waste water treatment plant. The BASF PETRONAS Chemicals Verbund site is currently almost 50% occupied and has huge potential for growth in the future due to the stable operations of this 20 year old company with the support and investment received from both shareholders, BASF and PCG.

BASF PETRONAS Chemicals received the ISO9001:2015 certification for its Quality Management System, and the ISO14001:2015 for its Occupational Safety & Health Management System. The new aroma ingredients products and 2-EHAcid were also certified for Kosher compliance in 2016 along with continued *Halal* certification at existing plants.



Views of some of the new infrastructure being built at the Verbund site under the site expansion program

Employees and society

Employees

Employees are the foundation of our excellent performance and ensure our long-term success: their skills, commitment and motivation make BASF PETRONAS Chemicals competitive and fit for the future. This belief is seen in the tangible efforts and resources the company puts into the development of the employees as well as into company sponsored activities to strengthen the team. As of the end of 2016, BASF PETRONAS Chemicals and Toray BASF Resins had a combined total of 904 employees (2015: 845).

Number of employees (as of December 31)

2016	904	
2015	845	
2014	702	

Recruitment and new graduate programs

- Substantial recruitment for the entire site due to site expansion
- First candidates recruited for “Grow” Graduate Program

We aim to attract, develop and retain the best employees, and allow them to fully realize their strengths and potential.

Recruitment efforts in 2016 increased significantly, in line with the expansion of the site. We also successfully recruited the first batch of four “Grow” management trainees into the organization. The “Grow” Graduate Program® brings graduates in on an 18-month program to expose them to the various departments within the company, with a position offered to successful candidates at the end of the period.

Major recruitment campaigns in 2016 included walk-in interviews at both the site and Shah Alam Office, as well as campus recruitment efforts at Universiti Malaya, Kuala Lumpur.

For the third year running, the company continued its sponsorship of the Taylor’s World Class Scholarship 2016, which gives the company first pick of potential hires from Taylor’s University.



Campus visits are part of the company’s recruitment strategy

Career development

- Internal and external training programs
- Competency development and overseas training to support new production facilities

We support the development of our employees with performance-based remuneration, targeted training opportunities and measures to balance work and family life. We provide our employees with the opportunity to grow with the organization. This is reflected in our strategic pillar, “Developing Talent for Growth”.

In 2016, we held several hundred programs including workshops on the company performance management system as well as core fundamentals. We also developed and trained internal coaches, who will co-facilitate with human resources department to run in-house coaching workshops in 2017 to reinforce the coaching culture in the organization.

Individual divisions also take specific steps to meet business needs. In 2016, the human resources department also facilitated a culture-building think tank for the operations division. Additionally, a competency matrix was approved to be rolled out for selected pilot groups in the operations team. With the development of the new integrated aroma ingredients complex and the HR-PIB facility, the company is focusing on developing employees’ competencies to ensure the training matrix covers the necessary ISO requirements. Overseas training continued in 2016, to ensure knowledge transfer takes place.

BASF PETRONAS Chemicals offers an education grant to support learning and career development. This was revised in 2016 to reflect current education costs, aligned and improved with clear objectives, roles and aspirations.

These efforts are recognized by the industry through awards such as the Anugerah Kecemerlangan Industri. BASF PETRONAS Chemicals participated in this award in 2016 and was acknowledged for its work in innovation.

Working at BASF PETRONAS Chemicals

- Flexi-hours system helps balance personal and professional life
- Remuneration and non-monetary benefits at better-than-industry standards

Employees have access to a range of options to balance work, family commitment and leisure. Under the company's flexi-hours system, employees are given some freedom in managing their working hours, while being responsible for completing the necessary 42 hours a week within the core hours of 9:00 am to 4:00 pm daily.

The company remunerates employees in accordance with or better than industry standards. In addition, non-monetary benefits include medical and dental benefits, insurance, Hajj Leave, education grants, and periodic medical check-ups. These help keep the company competitive in hiring and retaining the best talent.



The management team regularly holds dialogs with BASF PETRONAS Chemicals colleagues.

Diversity + Inclusion

Employees are offered equal opportunities at BASF PETRONAS Chemicals regardless of gender, race or age. In 2016, the largest proportion (51.8%) of employees at BASF PETRONAS Chemicals was in the 26 – 39 year old age group (2015: 51.2%).

Employee age structure (%) (as of December 31, 2016)

Up to and including 25 years	5.5	<div style="width: 5.5%;"></div>
Between 26 and 39 years	51.8	<div style="width: 51.8%;"></div>
Between 40 and 54 years	39.7	<div style="width: 39.7%;"></div>
55 years and older	3.0	<div style="width: 3.0%;"></div>

We place specific emphasis on diversity in our team to reflect the various disciplines and areas of expertise; and ensure a broad range of competencies to better meet the needs of all our business partners.



A multinational employee base and a commitment to balancing personal and professional life contribute to our success

Occupational health and safety

Occupational health

- Complete on-site team and medical facilities
- Industrial hygiene assessments at production site and offices

Our worldwide standards for occupational medicine and health protection are specified in a directive that is implemented by a global network of experts. Our global health management serves to promote and maintain the health and productivity of our employees.

BASF PETRONAS Chemicals employs an on-site medical doctor, a nurse, an industrial hygienist team and shift paramedics. Services offered by the occupational health team include occupational health, medical emergency services, health promotion, primary health care, medical fitness assessment, industrial hygiene, return to work assessment, and health training. Medical services on-site extend beyond employees to on-site contractors.

Programs and campaigns conducted by the Occupational Health team in 2016 included periodic medical examination, seasonal influenza vaccination, and the “Take it to Heart” campaign, part of the BASF global health promotion campaign, as well as Health Talks. Other programs included first responder life support, emergency medical drills, physical fitness assessment, health talks and blood donation campaigns at both Kuantan site and the Bukit Jelutong office.

The industrial hygiene team plays a vital role as the first line of defense. Several major assessments conducted by the industrial hygiene team in 2016 included conducting a chemical health risk assessment at the site’s waste water treatment plant, and analyzing the scheduled waste storage and product chemical warehouse (in collaboration with BASF’s Asia Pacific team).

The team also conducted noise exposure monitoring for oxo (synthesis-syngas) operations technicians and the company’s security enforcers.

Other activities included an office ergonomic assessment for the Bukit Jelutong Office office occupants and a manual handling ergonomic assessment for warehouse keepers at the central spare parts warehouse in Gebeng, along with an indoor air quality monitoring exercise at the acrylics complex office building.



The Fire Response team in action during a Medical Drill in 2016

Occupational safety

- Lost time injury rate for employees and leased personnel at 1.1 per million working hours
- Five million safe working hours recorded for new investment construction activities

We strive to provide a safe and healthy work place and ensure that safety and environmental issues are incorporated into planning and operations. In 2016, the lost time injury rate for employees and leased personnel was 1.1 per million working hours, slightly lower than the previous year (2015: 1.3).

Lost time injury rate - BASF and leased employees (per million working hours)

2016	1.1	<div style="width: 110%;"></div>
2015	1.3	<div style="width: 130%;"></div>
2014	0.7	<div style="width: 70%;"></div>

In 2016, there were no lost time injuries among contractors for the fourth year in a row. There were also no fatalities.

The reduction in lost time injury rate in 2016 was supported by strict enforcement of the “SafetyFirst Rules” program, which aims to ensure that all activities are carried out by employees and contractors in a safe manner, and any non-compliance is not tolerated. SafetyFirst Rules are introduced to avoid any major accidents which may lead to fatalities and aim to improve the safety performance of the company. This program is intended to supplement safety rules and regulations imposed by BASF PETRONAS Chemicals, and any laws and regulations applicable at the location where the works are being carried out which must also be observed at all times.

At BASF PETRONAS Chemicals, we continuously strive for better control and safe working environment within our premises. In 2016, we made fire retardant uniforms mandatory: all vendors, contractors and visitors entering operations areas at the BASF PETRONAS Chemicals site will need to wear manufacturers’ certified fire retardant uniforms. The full enforcement of the fire retardant uniform began on January 1, 2017, with exceptions for certain construction zone areas.

Social commitment

Our economic success depends on trust and social acceptance from our neighbors. Social engagement is an important, integral part of the company’s annual calendar with activities and engagement projects running all year long.

Social engagement

- Balok beach and river cleanup programs with other companies in Gebeng Industrial Area
- Collaboration on safety and emergency response

BASF PETRONAS Chemicals collaborates with neighboring companies and associations in the Gebeng Industrial Area in the annual Balok beach and river cleanup programs. This year’s program included an Eco-Race activity aimed at raising awareness of Balok River conservation in a fun and healthy way and engaging all ages of the society. A beach cleaning and environmental quiz activity was also organized under the program.

Other community activities and initiatives in 2016 included the annual program with Malaysian Nature Society of Pahang State in addition to hosted site visits.

By collaborating with neighboring companies and established non-governmental organizations in community activities, as well as areas like safety and emergency response, we encourage a joint approach which supports the business and ensures maximum use of resources to engage fully with the local community.



Social engagement includes hosting site visits. Here, we see the Malaysian Minister for International Trade and Industry visiting the site.

This collaboration is a reflection of the “Verbund” approach in our community work, where we combine the know-how and contacts of external organizations with our own resources to maximize our outreach.



Staff and volunteers during the annual conservation event with the Malaysian Nature Society of Pahang



Replanting mangroves near Kuantan is a regular activity

Further information

Contact

Corporate office

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Kuantan Integrated Chemical Site

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BASF PETRONAS Chemicals Sdn Bhd (451307-K)

Kuantan Production Site:

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