



**Going Green
for Tomorrow**

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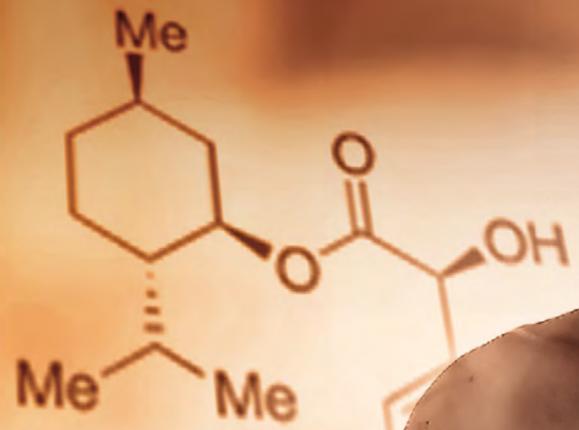
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Introduction

Statement from the Special Administrator

Dear partners,

For OLTCHIM S.A., 2017 was a new year of transformation and challenge. Having been in a reorganization process since 2013, which envisages the implementation of operational, corporate restructuring measures, as well as the sale of company assets in accordance with our modified reorganization plan, we have succeeded this year in achieving extremely good financial results. This demonstrates that OLTCHIM is on the right track and that it is still one of the most important chemical companies in Romania and a reference name on the country's economic map.

In the following pages, I invite you to go through our first Sustainability Report entitled "Going Green for Tomorrow" that presents our economic, social and environmental outcomes. The Sustainability Report is elaborated in accordance with the Global Reporting Initiative (GRI) Standards and meets the provisions of the MPF Order no. 1938/2016 and MPF Order no. 2844/2016 which transpose the requirements of the most important European legislative act in the sustainability area at national level, the European Directive no. 95/2014 on the presentation of non-financial and diversity information. Along with the Administrator's Annual Report, the Sustainability Report contains the most important non-financial information necessary for understanding the development, performance and market position, as well as the impact of OLTCHIM S.A.'s activity, topics identified through an extensive materiality process that targeted both internal and external stakeholders. Material non-financial topics are structured within the framework of the three sustainability pillars - economic, social and environmental - and present our objectives, responsibilities and goals, the management approach, as well as the indicators we use for measuring the progress.

Regarding our social performance, we are committed to identifying and implementing the best programs and technologies in the production process that allow us both to provide quality products and expand our client portfolio and to protect the lives, integrity and health of our workers, contractors and the community in which we operate. We intend to improve and diversify communication channels with our suppliers and other stakeholders, to mutually understand our needs and expectations, and together to contribute to the

Bogdan Stănescu – Special Administrator



development of a network based on the sustainability principles. Considering that for the industry in which we operate, innovation is a factor for stimulating development and competitiveness, through annual research and development activities we are able to introduce new products or assortments that meet the new needs of our clients and contribute to the environmental protection.

At the same time, we are preoccupied for the continuous improvement of the environmental aspects, especially the significant ones, through the implementation of environmental management programs that aim to respect all our environmental obligations, setting concrete objectives and pursuing realistic targets, all based on respecting the Romanian environmental legislation and alignment with the European one.

Thus, this report represents the commitment of OLTCHIM S.A. to have a responsible and legal behaviour consistent with our values and principles towards all stakeholders, to build trust relationships with all our partners and clients and to create add value for the local and national economy.



Report Profile

Methodology, Definitions and Principles

Reporting period

The data presented in the Sustainability Report refer to the calendar year January 1st to December 31st 2017.

Reporting cycle

Annual.

Date of publication

29. 06. 2018

Content of the report

OLTCHIM S.A. developed its own methodology for elaborating the content of the report, which took into consideration also the Global Reporting Initiative (GRI) principles for defining report content and the principles for defining report quality.

The topics presented within this report were determined based on a materiality analysis that we conducted in 2018 following the recommendations of the GRI Standards and in accordance with the provisions of MPF Order no. 1938/2016 and MPF Order no. 2844/2016 which transpose the requirements of the European Directive no 95/2014 on the presentation of non-financial and diversity information by certain entities and large groups of enterprises. In defining the topics presented in the report, we took into account the opinion of our most important stakeholder categories reflecting the information they need in order to better understand the development, performance and market position of OLTCHIM S.A. as well as the impact of our activities on the environment, society, employees, respecting human rights and the fight against corruption and bribery.

In this respect, the Sustainability Report represents the compliance of the OLTCHIM S.A. for reporting the non-financial information for 2017 year by publishing a separate report. Also, this report was developed in

conformity with GRI Standards: Core option.

In drafting the Sustainability Report, OLTCHIM S.A. has benefited from the support of an external consultant, INNOVA Project Consulting, the Romanian consulting company specialized in elaborating non-financial and sustainability reports.

Assurance

The content of the report has not been audited by a third party through an assurance process.

Contact point for non-financial issues

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OLTCHIM S.A.

ПОЛУАЦЕБИЈА
Индустријална ежа линија

Company Profile

OLTCHIM Group consolidates the financial statements of Oltchim S.A., whose activity is predominant within the group, of Sistemplast S.A. and associated companies in which Oltchim S.A. holds between 20% and 50% of the share capital, only with the profit calculated according to the contribution to the share capital.

Sistemplast S.A. was established on 12.02.1999, with headquarters in Râmnicu Vâlcea, Uzinei street no.1, whose main activity since 2016 is to perform maintenance and repair works. The share capital is 7,700,162 lei, with the following shareholder structure:

OLTCHIM S.A.	94.40%
Charity Holdings S.A.	5.20%
Other shareholders	0.40%

The company has collaborative relationships with Oltchim S.A. as well as with other companies. The associated companies are as follows: Euro Urethane SRL - Râmnicu Vâlcea, Oltquino SA - Râmnicu Vâlcea and Protectchim SRL - Râmnicu Vâlcea.

Euro Urethane S.R.L. is a company in which OLTCHIM S.A. holds 41.28% of the share capital, the remaining 58.72% being held by PCC SE. The headquarters of the company are in Râmnicu Vâlcea, Uzinei Street no.1. The object of activity is the manufacture of toluene di-isocyanate, provision of services for developing protection of parts, installations, transport means. In 2017 the company did not carry out any activity.

Oltquino S.A. is a joint venture, set up on 19.12.1994 with the following shareholders: OLTCHIMS.A. with 46.64% of the share capital, Inquinosa Spain with 52.99% shares and Spanish private individuals 0.37%. The company's headquarters are in Râmnicu Vâlcea, Uzinei

street no. 1. The main activity is the production and marketing of chemical products. In 2017, the company did not have any production activity.

Protectchim S.R.L. is a company established on 27.02.2003. The ownership of OLTCHIM is 30% of the share capital, the rest being owned by individuals. The headquarters of the company are in Râmnicu Vâlcea, Uzinei street no.1. The company was established by outsourcing the "Rubber Coating" and "Investment-Constructions" activities of OLTCHIM S.A. Its activity is the provision of construction services, insulation works and anti-corrosion protection. The company is in insolvency proceedings as of 08.03.2017.



OLTCHIM S.A.'s Reorganization Plan

We are one of the largest chemical companies in Romania, being a reference name on the country's economic map. Our business activity consists mainly in the design and production of chlor-alkali, oxo-alcohols, petrochemicals, other chemicals, including services and technical assistance and their import and export trade.

At the time of the Sustainability Report publication, OLTCHIM S.A. Râmnicu Vâlcea is in the stage of judicial reorganization according to Decision no. 892 / 22.04.2015 in the insolvency file no. 887/90/2013, which confirmed the reorganization plan of OLTCHIM S.A. proposed by the consortium of judicial administrators composed of RomInsolv SPRL and BDO Business Restructuring SPRL. Thus, starting with the date of the insolvency proceedings (30.01.2013), the activity of our company is carried out according to the procedures regulated by the provisions of Law no. 85/2006 on insolvency proceedings.

The reorganization plan of OLTCHIM S.A. provided as reorganization modality the operational restructuring, the corporate restructuring and partial / total conversion of public creditors' claims into shares, as well as the sale of the company's activity.

The term of execution of the Plan was 36 months from the date of its confirmation, with the possibility of extension under the specific law. At the trial date, 23rd of November 2016, the court confirmed the extension of the duration of the Judicial Reorganization Plan execution for up to 1 year, an extension approved at the General Meeting of Creditors on the 22nd of August 2016, thus the Plan should be implemented until April 2019.

At the General Meeting of Creditors, on 6th of March 2017, it was approved the modification of the reorganization plan of the company's activity, by the categories of creditors (secured debts, salary claims,

budgetary claims, essential suppliers' claims as well as unsecured debts).

The modification refers exclusively to the sale method of OLTCHIM S.A. (all remaining procedures in the plan are in effect), in the sense that the offer and sale of assets will be conducted on 9 functional asset packages and not transferring the assets and current activity to OLTCHIM SPV, since the initially approved method does not respect the economic discontinuity principle, in the EU opinion, which might generate the risk of recovering the presumed State aid from the buyer(s).

Following this change, the General Meeting of OLTCHIM S.A. Creditors, conducted on 18.12.2017, approved the contract for the sale of the majority of the Company's assets to Chimcomplex S.A. Borzești, meaning operational packages of assets (1-5 and partially 7) grouped in: the plants for the production of Chlor-alkali, Oxo-alcohols, Polyols, Site services, Railway wagons and part of the PVC plants.

According to the provisions of the contract, the actual transfer of the assets sold is subject mainly to certain suspensive notices and conditions, such as: the notice of the Competition Council, the CSAT notice and the full payment of the asked price.

Financial assistance received from the Government

Tax cuts
(5% tax exemption on profit)

	2015	2016	2017
Financial assistance received from the Government			
Tax cuts (5% tax exemption on profit)	0 RON	0 RON	225,591 RON



OLTCHIM S.A.

OLTCHIM S.A.'s Products



OLTCHIM S.A.'s Products

The Company has a wide range of high quality products that are used in multiple areas.

The main product categories produced by OLTCHIM S.A. are:

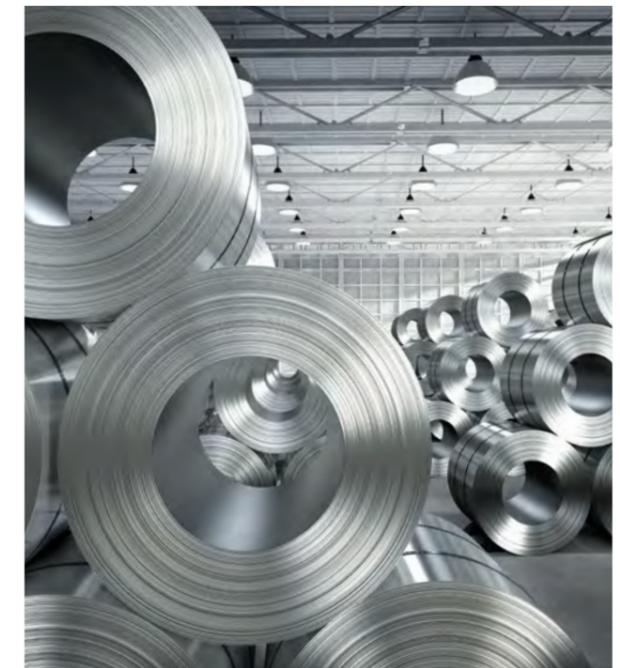
- **Inorganic products:** caustic soda (liquid, block, flakes), hydrochloric acid, liquid chlorine;
- **Macromolecular products:** polyether-polyols for polyurethane foams;
- **Organic synthesis products:** propylene oxide, propylene glycol and oxo-alcohols.

The basic production of the company is structured in two operating areas: Râmnicu Vâlcea Chemical Platform and Bradu Petrochemical Platform – Pitești.

In the structure of **Râmnicu Vâlcea Chemical Platform** there are the following production sections: Membrane Electrolysis Plant (produces liquid caustic soda, hydrochloric acid and chlorine gas), Chlor-alkali Plant (produces soda block and soda flakes) Propylene Oxide Plant (produces propylene oxide), Polyols Plant (produces polyether polyols and propylene glycol), Special Polyols Plant (produces polyether polyols), Plastifiers Plant (produces oxo-alcohols) and Construction Materials Plant (produces PVC profiles RAMPLAST). This last section operated in management location in 2017, Dynamic Selling Group SRL being the locator.

The Bradu Petrochemical Platform – Pitești has in its structure two production sections (Olefine and Polymers) which in 2017 were preserved due to lack of work capital.

Being an integrated chemical company, we produce our portfolio products using both primary raw materials (salt, water, electricity or gas) as well as raw materials obtained from processing (chlorine or lime milk). The adjacent table shows the link between raw materials and products in the current portfolio.



Raw materials

Salt
Electricity

Propylene

Propylene
Ethylene oxide
Chlorine
Lime milk

Products

Caustic soda
Hydrochloric acid
Liquid chlorine
Sodium hypochlorite
Hydrogen

Oxo-alcohols

Propylene Oxide
Propylene Glycol
Polyols

The table below presents a description of the main OLTCHIM S.A. products

Product category	Product	Description
Inorganic products	Caustic soda	Used in the petrochemical, aluminium, pulp and paper industries as a raw material for the manufacture of detergents, for the production of soap, for the manufacture of dyes, phenol and phosphates. Also, caustic soda, in all its forms, is found in the process of rubber regeneration, drying and discolouration of gases and in the process of making cellulose fibers by the "viscose" type process.
	Solid caustic soda (blocks, flakes)	Requested on the market due to the advantages it presents in use: lower storage costs, easier and more accurate dosing, product qualities for use in pharmaceutical, cosmetics, detergents industry and other fine-synthesis areas.
	Hydrochloric acid	Used in the organic and inorganic chemical industry for the synthesis of chlorinated hydrocarbons and inorganic chlorides as well as neutralising agents. It is also used in the pharmaceutical, cosmetics, plastics, for chloroprene synthesis in rubber industry, dyestuff, textile, cellulose and paper industry. At the same time, it is also used as a regenerating agent for ion exchange resins in water demineralisation plants and as a pickling and degreasing agent in the metallurgical and machine-building industries.
	Liquid chlorine	Used in the synthesis of hydrochloric acid, as an intermediate in the synthesis of organic chemicals, in the rubber industry, in the textile industry and in the pulp and paper industry as a bleaching agent, as a neutralising agent in water treatment and as an oxidising agent in the water treatment process.



The table below presents a description of the main OLTCHIM S.A. products

Product category	Product	Description
Macromolecular products	Polyether-polyols	Used for the synthesis of unsaturated epoxy polyurethane resins, elastomers, antifoaming adhesives, and for the manufacture of lubricants and brake fluids. Their most important use is in the manufacture of flexible or rigid polyurethane foams. They are also used in the furniture industry for tapestries, the automotive industry at various parts (board, steering wheel), car upholstery and low-temperature thermal insulation (refrigerators, cold rooms).
Organic synthesis products	Propylene oxide	Used in the manufacture of brake fluid, fire extinguishing agents, synthetic oil lubricants, etc.
	Propylene glycol	Mainly used in the paint and varnishes industry as a solvent for the production of printing paints and laundry detergents as a plastic agent for improving the processing capacity of plastics in the cosmetics and pharmaceutical industries.
	Oxo-alcohols	They are used as solvents in the nitrocellulose and alkyd resins lacquer industry, for the manufacture of artificial skin, as an extraction agent for oils, medicines, perfumes, vitamins, antibiotics. They are also used in the plastics and rubber industry as well as in the manufacture of plastic agents and synthetic lubricants.

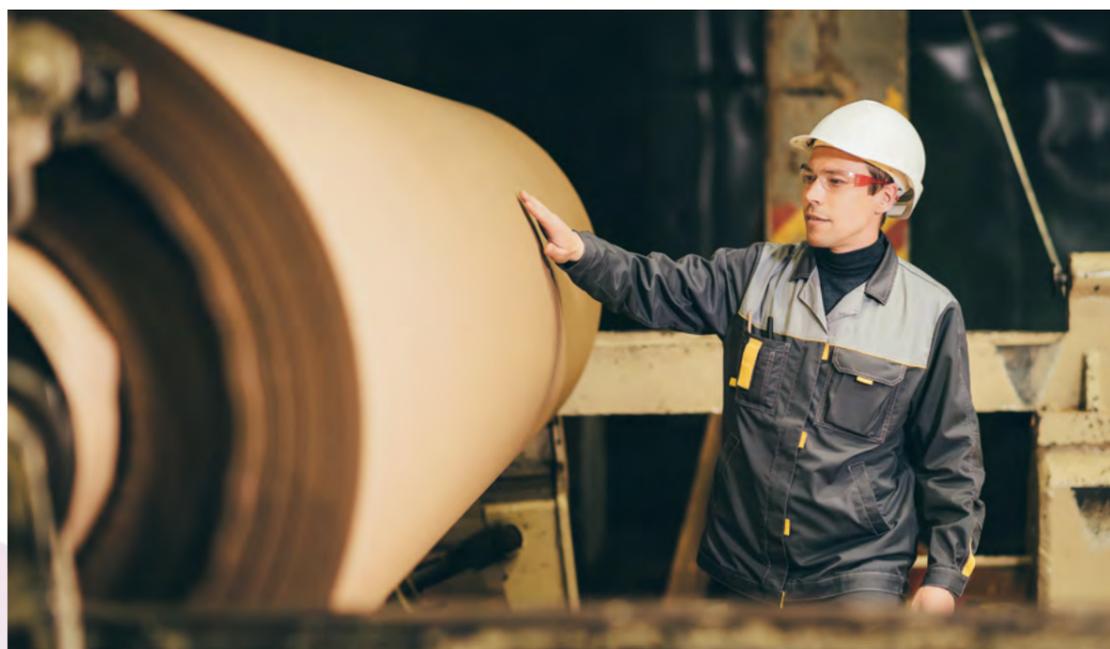


The comparative situation over the last 3 years regarding the share of each product category in the turnover of the company is presented in the table below:

Product category	2015 [%]	2016 [%]	2017 [%]
Polyols-polyethers	66	64	61
Chlorosodics	19	21	21
Oxo-Alcohols	10	11	15
Goods	3	3	2
Miscellaneous	2	1	1

Also, our portfolio includes several other products, such as: hydrogen peroxide, vinyl chloride, polyvinyl chloride (PVC), dioctylphthalate, phthalic anhydride flakes, dichloroethane, etc., but which are not currently manufactured.

One of the reasons in the case of PVC production (suspended in 2012) was the availability of ethylene, the raw material needed to obtain this product, due to the cease of Arpechim's pyrolysis plant. This plant supplies ethylene for the chemical platform in Râmnicu Vâlcea through an underground pipeline.



OLTCHIM S.A.

OLTCHIM S.A.'s Clients

OLTCHIM S.A.'s Clients

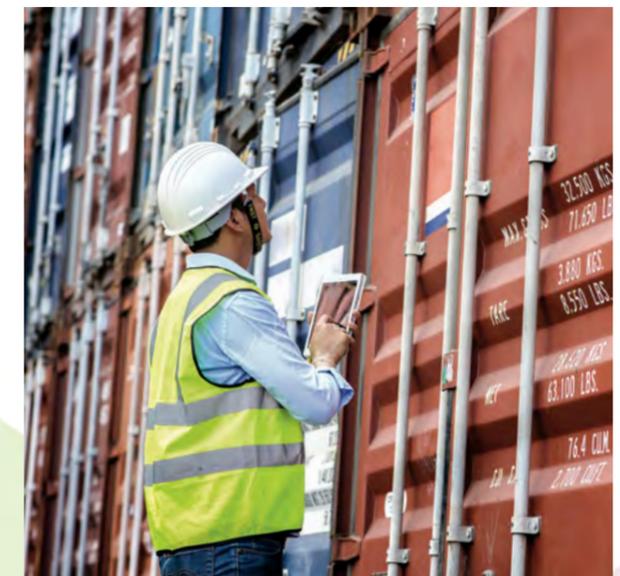
We provide a wide and varied range of quality products with multiple uses in various fields of activity, which is why the company's products are required both on the domestic and the foreign market.

For some products in the manufacturing portfolio, we are the main or even the only supplier, being the company supplying raw materials to major industries in Romania such as: aluminium industry, manufactures of fibers and cellulose fibers, energy industry, pharmaceuticals and food industry, the plastics processing industry or the construction industry.

Also, given the geographical location of the company, our main markets are the EU (including Romania) and the Middle East.

Strengthening the OLTCHIM S.A. brand worldwide has created an intangible competitive advantage. In implementing the market strategy, our company starts from the idea that for consumers, the brand is the safest way to recognise a category of products or services.

These issues underpin our goal of keeping our traditional clients and winning new ones





OLTCHIM S.A.

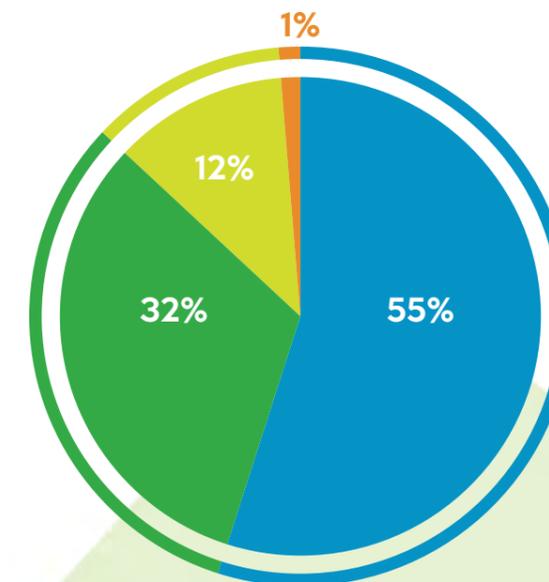
Governance and Ethics

Governance and Ethics

Shareholders' Structure

OLTCHIM S.A. was established as a joint stock company through Government Decision no. 1213/20 November 1990, following the full incorporation of the heritage of the Râmnicu Vâlcea Chemical Plant, which had been operating since 1966. The company is registered within the Trade Register Office under number J38 / 219 / 18.04.1991. We are a company with the majority state capital, the majority shareholder being the Romanian State through the Ministry of Economy, with a share of approx. 55% of the number of shares. On 31.12.2017, the structure of the OLTCHIM S.A. was the following:

Romanian State – Ministry of Economy: 188,100,976
PCC SE: 111,005,766
Individuals: 40,452,898
Legal entities: 3,651,743



The trading of shares issued by OLTCHIM S.A. is done at the Bucharest Stock Exchange, based on the Decision for the Registration of the share no. 21 / 26.11.1996, starting with 18.02.1997, standard category, OLT stock symbol.

OLTCHIM S.A.'s Governance Structure

The governing bodies of the company are the General Meeting of Shareholders and the Board of Directors. The company is managed in a unitary system. General Shareholders' Meetings may be ordinary or extraordinary. Ordinary shareholders' meeting shall be held at least once a year, no later than 4 months after the end of the financial year. The extraordinary meeting takes place whenever it is necessary to take a decision.

Until the opening of insolvency proceedings, OLTCHIM S.A. was administered by a Board of Directors consisting of 5 members elected by the Ordinary General Meeting of Shareholders, with a mandate of 4 years.

The mandate of statutory trustees ceased on the date of appointment of the special administrator who is empowered by the General Meeting of Shareholders to perform management acts of OLTCHIM S.A. under the supervision of the Judicial Administrator. On the 14th of March 2013, the Extraordinary General Meeting of Shareholders appointed Mr. Stănescu Nicolae Bogdan Codruț as special administrator of OLTCHIM S.A., in insolvency proceedings.

On 13.05.2013, the Vâlcea Tribunal confirmed as a legal administrator the consortium consisting of ROMINSOLV S.P.R.L., represented by Coordinating Partner Gheorghe Piperea and BDO BUSINESS RESTRUCTURING S.P.R.L., represented by Coordinating Partner Niculae Bălan.

Currently, the direct management of our company belongs to the Special Administrator, who also has the duties of General Manager, and Deputy General Manager. Also, at company level, there are management positions that are directly subordinated to the Special Administrator or the Deputy General Manager, according to the Organization and Functioning Regulations of OLTCHIM S.A.

These are: Managing Director, Energy Maintenance Director, Bradu Petrochemical Division Director, Human Resources Director, Economic Director and Commercial Director. By setting up these departments, which are subordinated to specific departments and the assignment of associated management functions, the company ensures the implementation of a process of delegating authority for economic, social and environmental issues at OLTCHIM S.A. level.

In 2017, the executive board of OLTCHIM S.A. was the following:

Name	Statute
Avram Dănuț Victor	Deputy General Manager
Tălpășan Mihail (01.01.2017 – 23.06.2017)	Production Director
Andrei Nicu-Laurențiu (23.06.2017 – 31.12.2017)	Production Director
Spiru-Ciobescu Armand	Commercial Director
Necșulescu Vasile-Sorinel (21.07.2017 – 31.12.2017)	Energy Maintenance Director
Smeu Alin Ion	Economic Director
Munteanu Dana Maria	Human Resources Director
Pîrvu Marius	Bradu Petrochemical Division Director

Additional information on the responsibility of each individual management function is available in the Organization and Functioning Regulations of OLTCHIM S.A., published on the company's web site at:

Under the direct subordination of the Special Administrator, there are two structures: the Internal Audit Bureau and the Classified Documents Compartment. Members of the Classified Documents Compartment coordinates the protection activity of classified information in all its components, monitors the rules application for the protection of classified information and their compliance. Also, the representatives of the department organize the activity of archiving the company's documents .

Members of the Internal Audit Bureau are primarily responsible for developing a flexible annual audit plan using a risk-based methodology that will include the risks and/or control issues identified and the implementation of the approved annual audit plan.



Risk Management at OLTCHIM S.A.

Our risk management policy is to adopt best practices for identifying, evaluating and effectively controlling risks, including fraud, to ensure that they are eliminated or reduced to an acceptable level and that it does not affect the company's functioning or the quality of the products provided.

Thus, we have ensured a control environment by applying the following standards: ethics - integrity, attributions - functions - tasks, competence - performance, delegation, organizational structure. The documents in which these standards are implemented are, inter alia, the following: Collective Labor Agreement, Internal Rules of Procedure, Organization and Functioning Regulations, Job Fiches, and the Quality-Environment Manual, communicated to all employees and reviewed periodically.

Risk management has been implemented through: setting general and specific objectives for the company and its structures; setting up a monitoring and reporting system for performance; identifying and evaluating the main risks associated with activities in compartments/ structures; the establishment of the risk register as well as other specific measures.

OLTCHIM S.A.'s risk management objectives are:

- integrating risk management into the company's strategy;
- maintaining threats / dangers to which the company is subject within acceptable limits;
- taking appropriate decisions on exploitation of opportunities;
- preventing losses and damage and reducing the cost of risk;
- contributing to global improvement performance.

The main risks identified in our company are: market risk, currency risk, interest rate risk, credit risk and liquidity risk.

In the area of internal control and risk management, the responsibilities of the Special Administrator are fulfilled in collaboration with the Internal Auditor. After conducting each audit mission, he/she shall draft an Audit Report, in compliance with the International Standards on Auditing, both in reporting and in making recommendations to the management of the company.

As a matter of fact, the main role of the Internal Auditor is to provide independent and objective assurance to the management of the company that the internal control system covers, within reasonable limits, the risks associated with the different structures, activities, programs, projects and operations.

The Internal Auditor reports to the Special Administrator on the missions carried out as well as on the compliance with the approved Audit Plan.

In 2017, the internal audit missions carried out aimed at:

- verifying the way in which the activity within the Administrative - Canteen Service was carried out in order to comply with the applicable legal provisions and regulations;
- verifying the way of concluding and carrying out procurement contracts for propylene within OLTCHIM S.A. for the years 2016 and 2017, in order to comply with applicable laws and regulations;
- verifying the appearance of the difference in octanol quantity at delivery in August 2017;
- verifying the existence and functioning of internal controls on the management of the stock of semi finished products within the Company;
- verifying the existence and the way to update and correlate Organization and Functioning Regulation – organizational chart – job descriptions.



Anticorruption and Business Ethics

OLTCHIM S.A. wants to build trust among its clients, shareholders, business partners and the entire community through responsible and legal behavior consistent with its values and principles.

We believe that respecting and implementing measures to combat corruption and bribery among employees as well as business ethics contribute significantly to building a long-term success of the company.

The values and principles that guide our way of performing all the activities and that contribute to our success are:

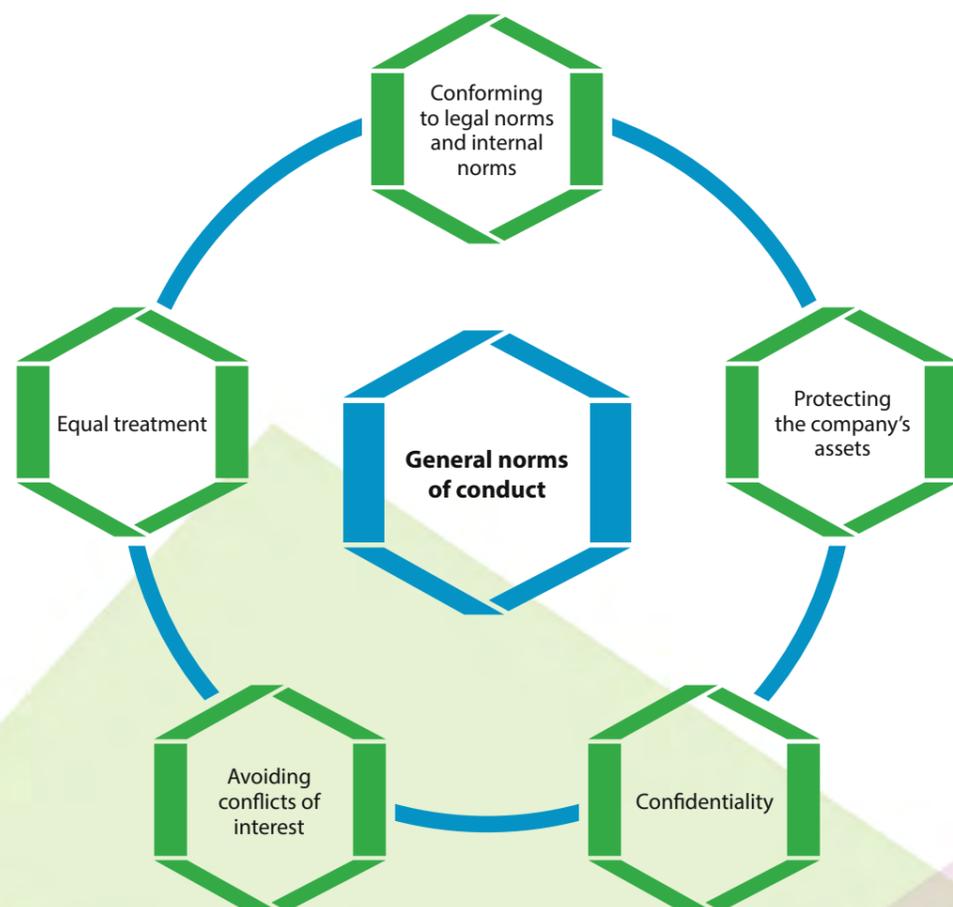
- 1. Responsibility** – in fulfilling their duties, OLTCHIM S.A. employees respect their obligations and assumes responsibility for their actions, commitments and results.
- 2. Objectivity, integrity and loyalty** – we are characterized by impartiality and do not allow professional reasoning to be influenced by prejudices, conflicts of interest or other unwanted influence factors that can intervene in the course of professional activity.

3. Non-discrimination – we do not tolerate discriminatory attitudes towards anyone irrespective of race, ethnic or national origin, sex, religion, sexual orientation, political affiliation, age, invalidity or other criteria that may be the basis of discrimination.

4. Fair competition – we require that the commercial activities to be carried out by using the legal economic means and compliance with the norms in force, thus ensuring fair and equitable competition in our area of activity.

5. Social Responsibility – we develop a culture of social responsibility based on transparent and ethical business conduct, respect for consumer rights, social and economic equity, environmental protection, fairness in working relations, transparency towards public authorities, integrity and investment in community.

Given these reasons, we have defined in our Code of Ethics and Professional Conduct, one of the main documents of OLTCHIM S.A., the term **“corruption”** as **“the abuse of power in the exercise of the job by a company employee, regardless of status, structure or hierarchical position, for the purpose of obtaining a personal profit, directly or indirectly, for himself or for another, a natural or legal person”**



At the same time, the Code of Ethics and Professional Conduct establishes the principles and norms of professional ethics to which all our employees adhere and which has the role of guiding their moral and professional behaviour both during and outside the professional activity in order to avoid situations which can affect the image of the company.

It also applies to staff seconded or delegated to the company. Thus, all these persons must know, acknowledge and act in accordance with the provisions of the Code of Ethics and Professional Conduct, irrespective of the duration of their employment contract, function, hierarchical level or job.

Our organizational culture is based on the commitment of all our employees to the issues of anticorruption and business ethics through profound knowledge and full compliance with the provisions of the Code of Ethics and Professional Conduct. In this respect, we have implemented an effective system of specific business ethics and anticorruption procedures that allows:

- disseminating information so that everyone is informed about their rights and duties, as well as about the consequences of their actions, the impact they have on others or on the company;
- promoting and encouraging upright behaviour by all employees;
- communicating the commitment of OLTCHIM S.A. management to have zero tolerance of corruption and fraud;
- using job's held functions only for the purposes of performing employees service duties.

Also, the Code provides information on combating corruption, intolerance to money laundering, abuse, threats, intimidation or harassment, the company's commitment not to support or fund candidates, parties or political parties as well as information on our commitment to comply with the rules of fair competition.

The provisions of the Code of Ethics and Professional Conduct are being made known to our employees at the date of entry into force by the Hierarchical Chief and before starting work for the new employees by the Human Resources, Organization, Norming Service. Any changes occurring within the Code of Ethics and Professional Conduct shall also be communicated in

writing to all employees immediately. In 2017, 1,473 employees, representing 75% of all employees, were directly informed about the anti-corruption policy and procedures implemented by OLTCHIM S.A.

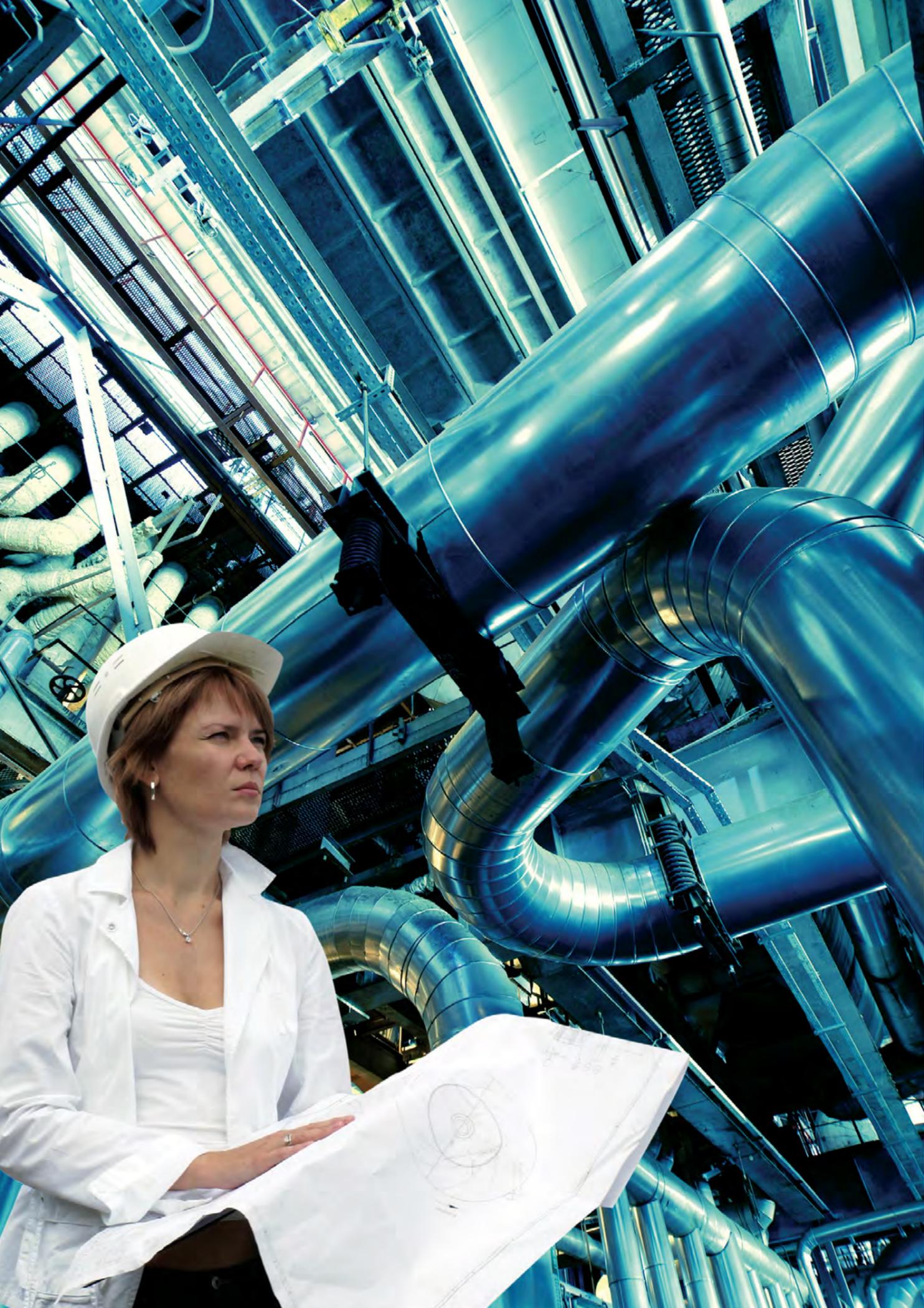
According to the implemented system, each employee has the possibility and the responsibility to report in writing the deviations or violations of ethics and professional conduct rules to the Ethics Adviser. He/she monitors the application and observance of code rules and records violations of its rules, contributes to the amicable resolution of violations of professional ethics through managerial measures, prepares and submits reports on compliance by the company's employees with the rules of conduct and implementation disciplinary procedures.

The Ethics Advisor's reports include: identifying the causes that have led to the violation of professional conduct rules, including the constraints or threats to an employee in causing him to violate his/her professional duties or improperly apply them; identify ways to prevent violations of professional conduct rules; measures to reduce and eliminate cases of non-compliance with the legal provisions.

Within OLTCHIM S.A. not respecting the Code of Ethics and Professional Conduct is considered a disciplinary offence and is sanctioned in accordance with the legal provisions and internal regulations in force.

The efficiency and effectiveness of the system implemented at OLTCHIM S.A. was proved by the fact that in 2017 there were no confirmed cases of corruption or confirmed incidents for which the employees were dismissed or sanctioned for acts of corruption but also actions in court regarding acts of corruption against the organization or its employees.

The Code of Ethics and Professional Conduct is available on the OLTCHIM S.A. web site, accessing the following link:



Non-financial Performance

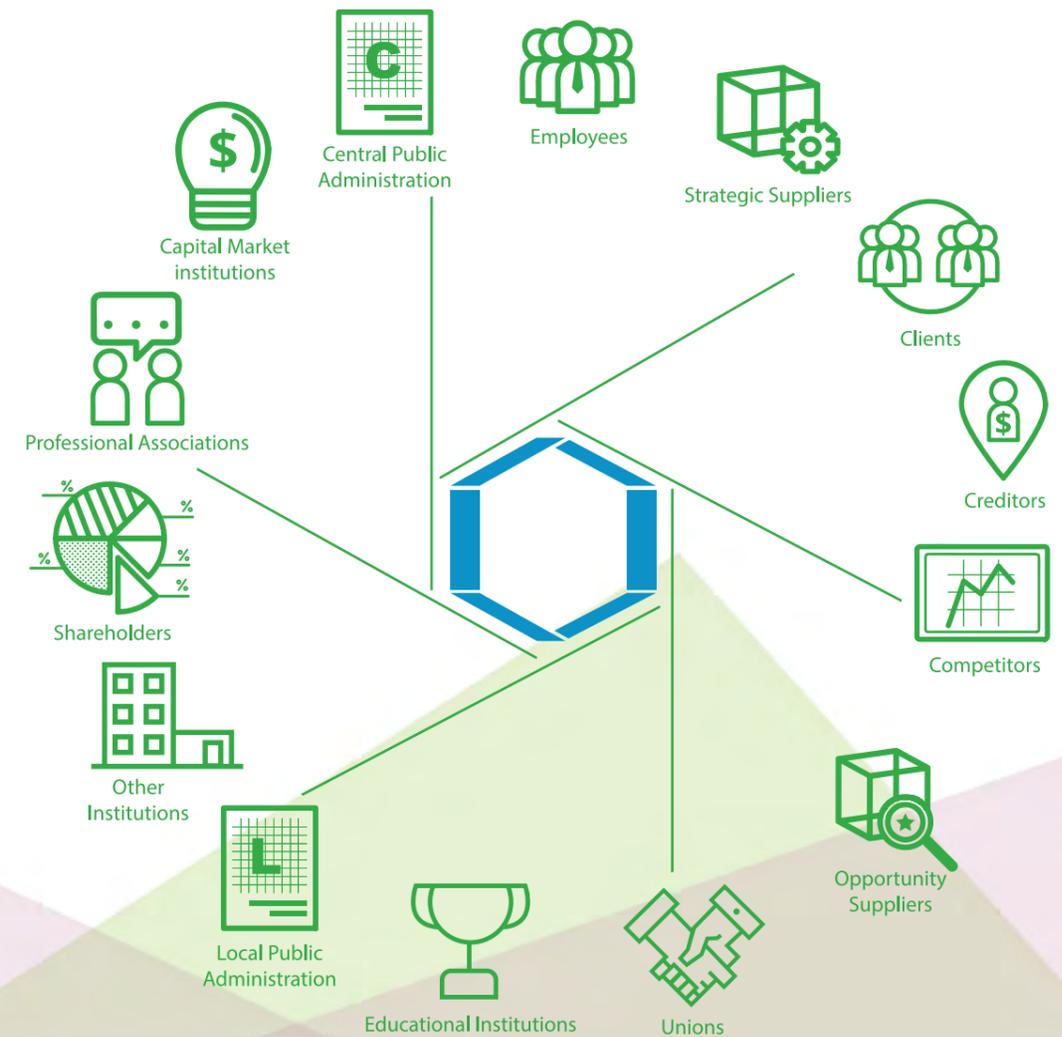
Stakeholders' Engagement

The Dialogue with the Stakeholders

We are aware that our company represents a reference and professionalism point in the chemical industry in our country not only for the economic performances achieved in recent years but also for the impact we have in the areas where we operate. Also, we endorse and promote the 10 UN Global Compact principles.

For the realisation of this sustainability report, we identified for the first time the relevant stakeholders for our company, we analysed them to identify their needs and expectations and prioritised them to determine the level of influence that each of them has on our activities and the extent of the impact we exert on them.

OLTCHIM S.A. Stakeholders Map



Material Sustainability Topics Identification

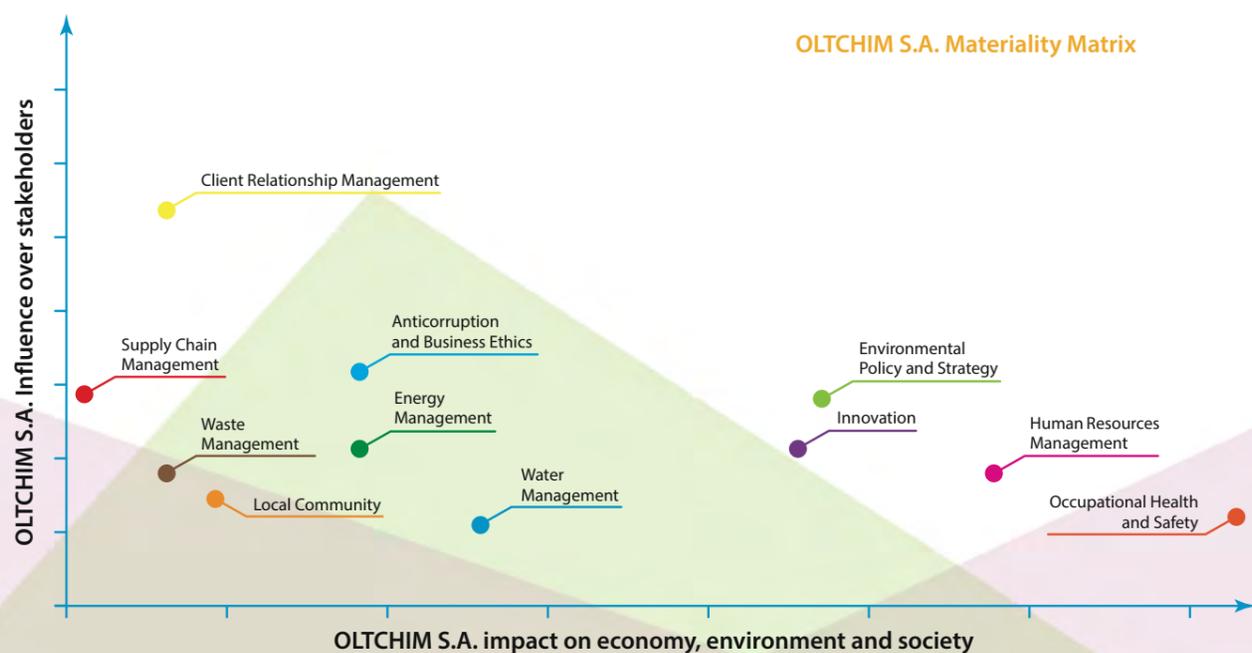
This report is our first sustainability report (non-financial report) that is compliant with the GRI Standards and meets the MPF Order no. 1938/2016 and MPF Order no. 2844/2016 which transpose the requirements of European Directive no 95/2014 on the presentation of non-financial and diversity information by certain entities and large groups of enterprises. To that end, in order to establish the non-financial aspects needed to understand the development, performance and market position and the impact of our business, we have carried out a materiality analysis that involved both internal and external stakeholders.

In a first step, we focused on identifying relevant non-financial aspects for our industry through a process of analysing the sustainability context, our main competitors, counterparts and sustainability national and international leaders, as well as the main non-financial reporting standards at global level (GRI, SABS, ROBECO SAM).

Subsequently, the non-financial aspects identified were internally analysed by a team of experts to determine the impact, both positive and negative, on the economy, society and the environment, as well as associated risks deriving from how these issues are managed by our company. At the end of this process, 18 relevant topics were identified and validated by the management team.

The relevant topics identified have been the subject to a consultation process to determine their level of importance to stakeholders and the magnitude of the impact they have on the economy, society and the environment. 128 stakeholder representatives and 11 internal and external experts from the chemical sector were involved in the consultation process.

The final result consisted of 11 material non-financial topics that are essential to understanding our non-financial performance.



Material Topics Boundaries

Material topic	GRI Indicators	Impact		Risks
		Within OLTCHIM S.A.	Outside OLTCHIM S.A.	
Occupational Health and Safety	103-1,103-2, 103-3, 403-1, 403-2, 403-3, 403-3, 403-O-01	☐	Clients, Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Capital Market Institutions, Unions, Educational Institutions, Competitors	Reputation risk Economic risk
Human Resources Management	103-1,103-2, 103-3, 401-1, 401-2, 404-1, 404-3, 405-2, 406-1, 102-7, 102-8	☐	Shareholders, Creditors, Clients, Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Capital Market Institutions, Unions, Educational Institutions, Competitors	Reputation risk Operational risk Legal risk Compliance risk
Environmental Policy and Strategy	103-1,103-2, 103-3, 102-15, 201-2, 102-11, 307-1	☐	Clients, Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Capital Market Institutions, Unions, Competitors	Operational risk Legal risk
Innovation	103-1,103-2, 103-3	☐	Clients, Strategic Suppliers, Opportunity Suppliers, LPA, Other Institutions, Professional Associations, Capital Market Institutions, Unions, Educational Institutions, Competitors	Reputation risk
Client Relationship Management	103-1,103-2, 103-3, 417-1, 417-2, 417-3	☐	Creditors, Clients, Strategic Suppliers, Opportunity Suppliers, Other Institutions, Professional Associations, Unions, Educational Institutions, Competitors	Reputation risk Economic risk
Anticorruption and business ethics	103-1,103-2, 103-3, 102-16, 102-17, 205-2, 205-3	☐	Shareholders, Creditors, Clients, Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Capital Market Institutions, Unions, Educational Institutions, Competitors	Reputation risk Legal risk Compliance risk
Energy management	103-1,103-2, 103-3, 302-1, 302-3, 302-4	☐	Creditors, Clients, Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Unions, Competitors	Economic risk Operational risk
Water management	103-1,103-2, 103-3, 303-3	☐	Creditors, Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Unions, Competitors	Economic risk Operational risk
Supply chain management	103-1,103-2, 103-3, 102-9	☐	Creditors, Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Unions, Competitors	Reputation risk Economic risk Operational risk
Local community	103-1,103-2, 103-3, 102-46, 413-1, 413-2	☐	Creditors, Clients, Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Unions, Competitors	Operational risk Legal risk
Waste management	103-1,103-2, 103-3, 306-1, 306-2, 306-4, 306-5	☐	Strategic Suppliers, Opportunity Suppliers, CPA, LPA, Other Institutions, Professional Associations, Unions, Competitors	Economic risk Legal risk

CPA – Central Public Administration; LPA – Local Public Administration



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov

Non-financial Performance

Economic Performance

Supply Chain Management

Objective:
developing relationship management with suppliers of goods and services.

- Targets:**
- developing feed-back type communication streams to strengthen the relationship with suppliers and to mutually meet OLTCHIM S.A. – Supplier's needs.
 - increase the number of potential suppliers for each of OLTCHIM S.A. goods and services.

We aim to work with all of our suppliers to develop a network based on the principles of sustainable development. We want to improve and diversify the channels of communication with them, to understand each other's needs and expectations.

Our supply chain is managed by specially delegated departments in this regard - the Procurement Service (for the procurement of raw materials, materials and services) and the Logistics Bureau (for the procurement of transport services), which is in permanent contact with all other OLTCHIM S.A. departments. The role of these compartments is to take over and meet the needs of the goods and services identified and to set up a program that allows an efficient delivery so that OLTCHIM S.A. activity is not disturbed.

We manage this process effectively, as we have developed an internal procurement procedure, selecting the best offers for the goods and services when it is necessary, respecting the principles of non-discrimination, equal treatment, mutual recognition, transparency and proportionality. The procurement procedure of OLTCHIM S.A. involves the implementation of the successive stages in which, prior to the evaluation of the financial aspects, we take into consideration the technical, social and environmental criteria established for the evaluation of the impact on the enterprise's performance, human resources and the environment.

Ex-ante control of procurement activities is done through the involvement of individuals who have the role of ensuring compliance with all our rules and procedures. At the same time, at the end of 2017,

we started implementing an Oracle database that will allow us, in the near future, easy access to filtering and retrieving synthesis reports on the procurement activity carried out.

In order to conclude the procurement of goods and services, we apply the selection of offers, which allows an analysis of the received offers, the negotiation of those who meet the required technical conditions, the determination of the winner according to the established criteria, the launching of the order or, as the case may be, the drafting of the related contract.



For products and services less than EUR 30,000 (excluding VAT) and works less than EUR 100,000 (excluding VAT), the procurement procedure is carried out by a hierarchically supervised purchaser within the procurement department. For values above the thresholds mentioned above, the procedure is carried out by an assessment committee appointed by internal decision.

The rules also provide procurement procedures for special situations (supply of products, provision of services and/or execution of works in connection with safety, security of OLTCHIM S.A. installations, critical emergency situations (critical failures) / critical urgently required repair piece) / work stoppage, purchase of auxiliary materials from producers who are unique suppliers, etc.) and spot inventory deals from various suppliers of raw materials on the market.

Procurements Internal Management

We want to promote, within OLTCHIM S.A. and in our supply chain, an ethical conduct in the execution of activities by employees with specific attributions. They perform their duties in an integrated manner, always ensuring the conditions that lead to an increase in the credibility of contract awarding processes and purchase orders in accordance with the values we promote.

All employees involved in the process of awarding contracts and purchase orders, regardless of their status or positioning in the organization chart of the company, are responsible for the observance of ethical conduct provisions in the procurement activity.

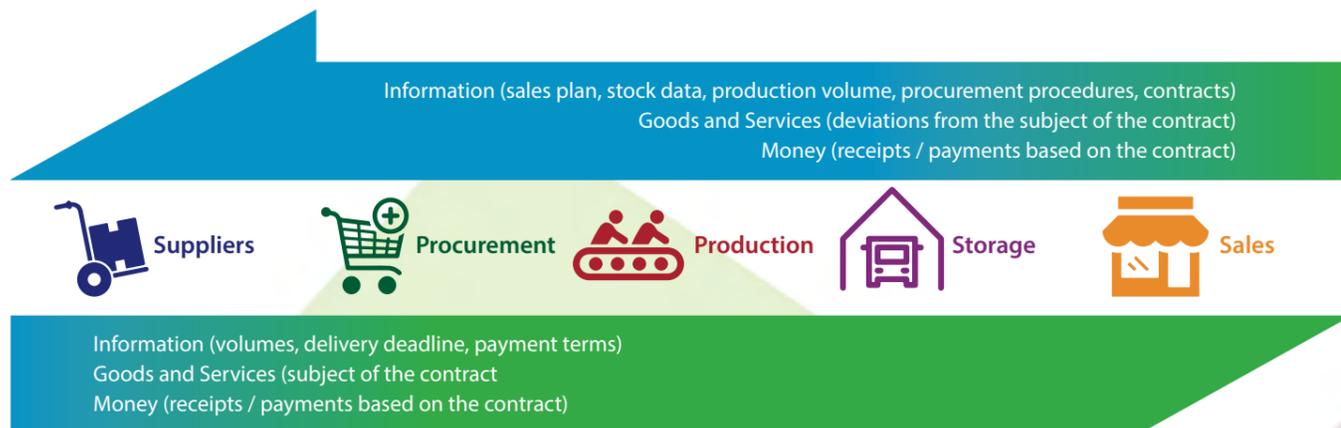
Also, employees who are part of procurement commissions are required to sign a confidentiality and impartiality statement and a declaration of availability by which they commit themselves to comply with the provisions of internal procurement rules and by which they confirm that they are not in any of the situations of conflict of interest or likely to affect their impartiality during the awarding process.

Encouraging Local Procurements

We integrate in our supply chain, both local suppliers (local, regional and national), as well as external suppliers, thus trying to stimulate the creation of new jobs. In 2017, payments to domestic suppliers were higher than those for external ones, amounting to more than 700 million RON.

Internal suppliers	Number of Suppliers	Payments in 2017 (mil. RON)
1. Raw Materials, Materials and Spare Parts Suppliers	412	374.32
2. Service Provisions Suppliers	325	62.90
3. Utilities Suppliers	15	268.55
4. Immobilisation Suppliers	37	5.91
Total		711.68

External suppliers	Number of Suppliers	Payments in 2017 (mil. EUR)
1. Raw Materials and Materials Suppliers	65	29.93
2. Service Provisions Suppliers	43	0.94
3. Immobilisation Suppliers	3	0.52
Total		30.87



Innovation

Objective: development of research and development activities for the production of new products/product assortments, for the development of polyether polyol production, for the protection of the environment and the efficiency of the production processes.

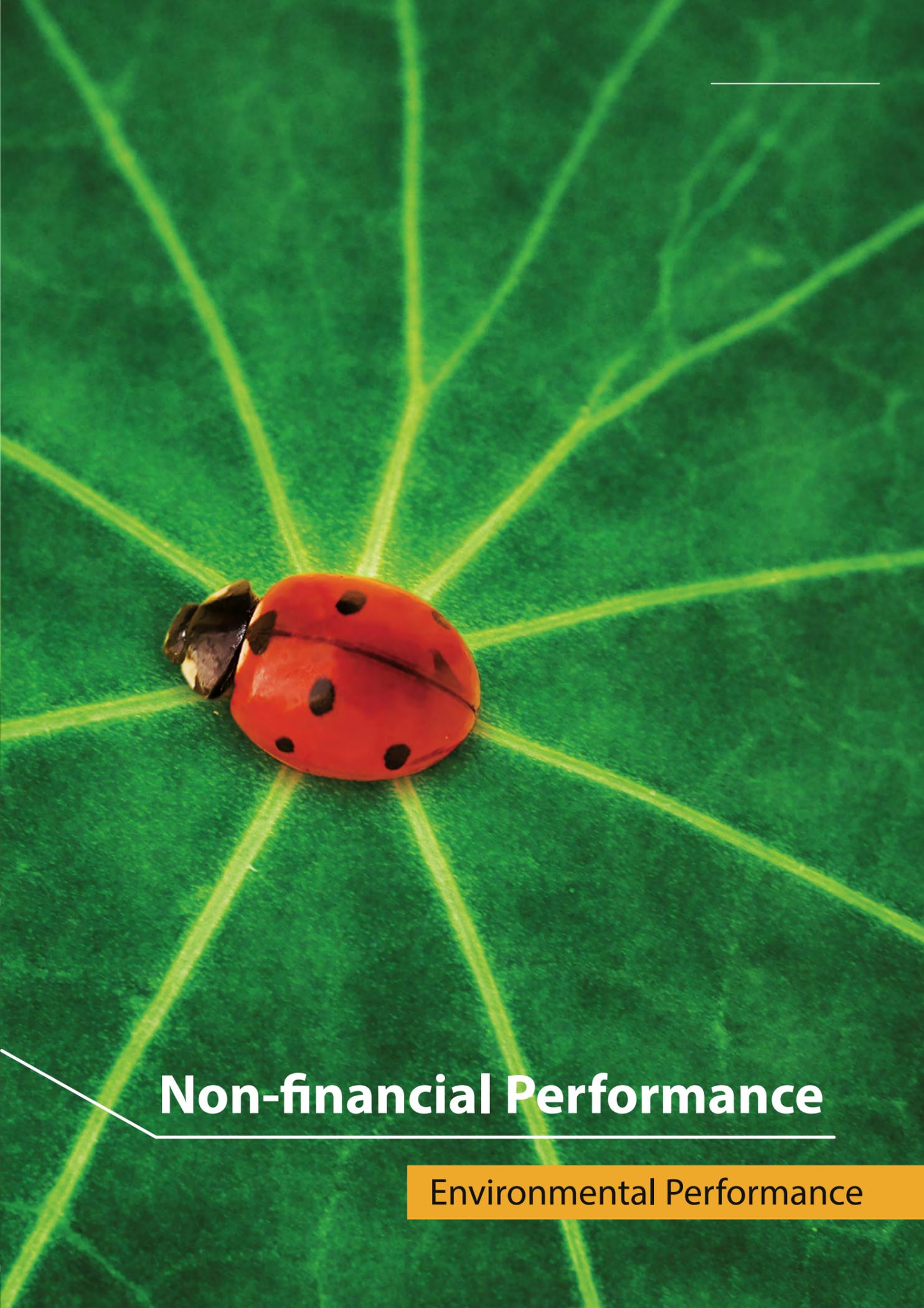
Țintă: targets are dictated by a possible change in the list of existing technologies that can be generated by the company's change of strategy or changes in the market.

The chemical industry is one of the most important industries in the innovation process, facilitating its emergence in a range of industries. The overall challenge of the chemical industry is, on the one hand, the ability to contribute to the emergence of new products that have a low environmental impact and, at the same time embrace and develop new technologies and innovations friendly to the environment in the production process. In this sense, innovation in terms of sustainable development is, for this sector in particular, a catalyst for competitiveness. Companies that operate in this sector, play a crucial role in developing future materials for other industries.

As far as OLTCHIM S.A. is concerned, innovation is managed through the Research Center, according to an annual program developed in line to the requirements of internal and external clients (production and service departments). The objectives we are pursuing through the implementation of these programs relate to the production of new products/assortments, the development of the production of polyether polyols, research on environmental protection and the efficiency of production processes.

The achievement of these objectives is detailed in the form of "Research Themes" specific to a program or several annual programs. "Research themes" after being finalised by the team of researchers are presented in a research report, which is made available to all stakeholders. They use the research results as the starting point for technological change or new investment in the production process.





Non-financial Performance

Environmental Performance

The Environmental Policies and Strategy

Objective:
modernisation of the wastewater treatment plants.
Target:
compliance with the environmental legislation.

Within our company, we implement a robust environmental management system, our main objective being to comply with the legislation in force and to streamline all production processes in terms of environmental performance. In this respect, we have set up a monitoring system for environmental factors (water, air, soil, waste) that allows us to identify the most appropriate measures to reduce the negative impact, but also to maximise the positive one.

Environmental Policy

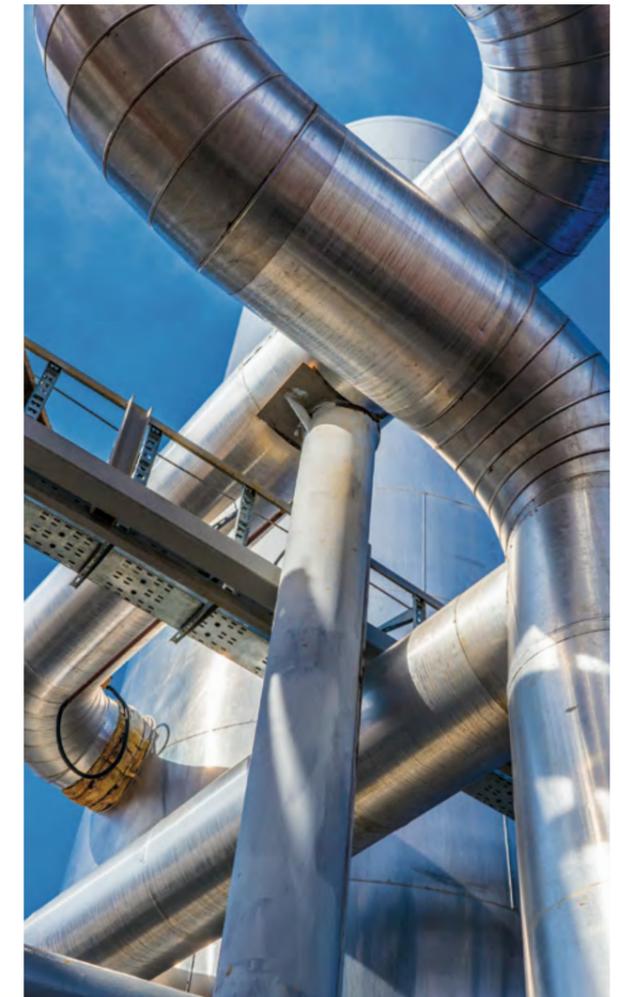
Our environmental policy is closely related to economic policy and focuses on the superior capitalisation of primary raw material and energy resources with effects on the minimisation of waste, waste water, pollutants in water, air and the reduction of unit costs per ton of product.

At the same time, we are concerned with the continuous improvement of the environmental aspects, especially of the significant ones, by implementing environmental management programs that aim to respect all our environmental obligations, setting concrete objectives and pursuing realistic targets, all on the basis of respecting the Romanian environmental legislation and aligning it with the European one.

Environmental Authorizations

We operate in two different locations, the Râmnicu Vâlcea Chemical Platform and the Bradu Petrochemical Division, where in 2017 no activity was carried out.

The activity within the Râmnicu Vâlcea Chemical Platform was regulated, from the environmental point of view, by the Integrated Environmental Authorisation no. 6 issued by the EPA Vâlcea, valid until 24.05.2025.



The regulatory documents held by the company for the activity on the site of Râmnicu Vâlcea Chemical Platform are:

Document's name	Issuing Date	Expiring Date	Issuing Entity
Integrated environmental permit	25.05.2015	24.05.2025	EPA Vâlcea
Water Management Authorization	07.12.2016	31.12.2019	National Administration Romanian Waters
Environmental Authorization for hazardous goods road transport and goods rail transport	28.04.2010	28.04.2020	EPA Vâlcea
Authorization for greenhouse gas emissions for the timeframe 2013-2020	28.03.2012	28.03.2020	NEPA Bucharest
Environmental permit for the recovery of recyclable materials	01.03.2012	28.03.2022	EPA Vâlcea
Environmental permit for RAMPLAST	14.07.2011 (The decision N° 126 / 18.03.2014 of transferring the Ramplast Environmental Permit from OLTCHIM S.A. to Dynamic Selling Group S.R.L.)	13.07.2021	EPA Vâlcea

Bradu Petrochemical Division holds the necessary permits for restarting and operating its facilities, as follows:

Document's name	Number, Issuing Date	Expiring Date
Integrated environmental permit	N° 4/14.08.2013	14.08.2023
Authorization for greenhouse gas emissions (GHG)	N° 197/11.09.2013	until 2020
Authorization for the ethylene and propylene transport activity through main pipelines from Bradu Petrochemical Division to OLTCHIM Râmnicu - Vâlcea	N° 33/07.05.2013	06.05.2023
Water Management Authorization	N° 178/27.07.2016	31.07.2019

In 2017, the audit for the certification of the Integrated Quality Environmental System, was carried out by TUV Romania SRL, for compliance with the requirements of ISO 9001/2015 and ISO 14 001/2015, for which the company holds the Certificate no. 12 100/104 8304 TMS valid until 09.09.2020.

At the same time, the following documents were updated:

- Greenhouse Gas Emissions Monitoring and Reporting Plan for 2018;
- Integrated Environmental Reporting for: Emission inventory, soil and subsoil monitoring, waste and oil statistics, packaging, industrial emissions, IPPC-EPTR;
- reporting to the Ministry of Economy on environmental protection expenditures;
- the plan to prevent and combat accidental water pollution;
- notification of OLTCHIM S.A. activity according to the law N° 59/2016 on the control of major-accident hazards involving dangerous substances;
- public information on existing hazardous substances on site;
- updating the national inventory of economic operators that import, produce or use hazardous substances as such, in mixtures or in articles (the data corresponding to 2016 were entered in the HCS application developed within the IES application).

Our policy and our environmental management system has allowed our company, as in 2017, not to file disputes about breaches of environmental law.

Number of administrative and/or judicial penalties for non-compliance with environmental legislation and regulations.

2015	2016	2017
1	1	0

Environmental Investments

As part of our commitment to being a responsible company, which makes every effort to mitigate the negative impact that our activities inevitably produce on the environment, we periodically make environmental investments that in the year 2017 amounted to 32,035 thousands RON.

At the same time, we have planned a number of other investments that will aim to improve our environmental performance. In this sense, by 2022, we will realise a series of environmental investments that will have a value of 3,952 thousand euro, in order to comply with the provisions of Government Decision no. 349/2005, modified and completed by the Government Decision no.210 / 2007 on the storage of waste, by the closure of the hazardous waste deposit following the closure and modernisation of some facilities, as well as the closure of the current non-hazardous waste deposit, by cleaning the perimeter of the old landfill non-hazardous, closed at the end of 2009 due to the load to its maximum capacity.

The Hazardous Substances Management

Taking into account the type of activity that we carry out, we are subject to the provisions of Law N° 59/2016 on the control of major-accident hazards involving dangerous substances. Dangerous substances in our perimeter are either received from outside and used as raw materials or produced by us as a result of the production process. These products are circulated or stored on the territory of the company.

Within our company, a rigorous policy is in place that effectively prevents major accidents involving hazardous substances in our perimeter of activity.

The objectives of our Major Accident Prevention Policy are to take care about the people and the environment, re-engineering the manufacturing processes, adopting new technologies, verifying and controlling processes, equipment, and continuous improvement of the business.

Energy Management

Objective:

measures to reduce the consumption of electricity, thermal and natural gas.

Target:

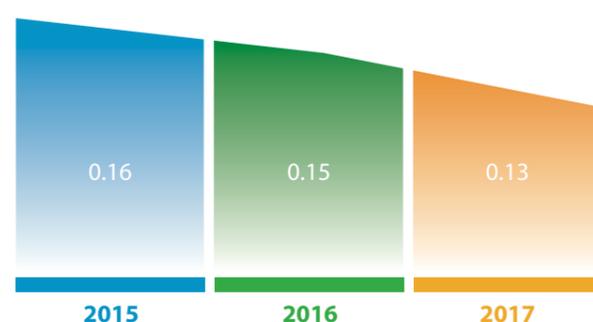
improving energy efficiency and reducing greenhouse gas emissions.

Considering that we are one of the biggest energy consumers in the country, over the time we have concentrated our efforts to implement specific measures to improve our energy efficiency.

These measures have been aimed at both reducing the negative impact on the environment and improving our competitiveness and efficiency in the production process. Every year we draft the Energy Efficiency Improvement Program, which sets specific targets for reducing energy consumption and planning all the measures to be implemented during the year.

The objectives of the next program 2018-2019 are to reduce electricity consumption by re-dimensioning water production units of +5 degrees and systematisation of the distribution network, systematisation of the air distribution network and compressed air production units, systematisation of the electricity distribution network, as well and the construction of a high-efficiency cogeneration plant with a capacity of about 15 MW.

Energy Intensity (toe/thousand RON)



We also conducted an energetic audit on the entire contour of the chemical platform with a firm certified by the National Regulatory Authority for Energy, an audit which identified additional energy efficiency measures. We constantly measure energy consumption through electricity, heat and gas metering systems across all consumer segments, as well as customers connected to power distribution grids. These measurement systems are integrated into a SCADA* real-time monitoring system of consumption. Electricity consumption is monitored per hour to optimize the load curve and purchase price, taking into account the operating rules of the electricity market. At the same time, reports are made on a daily and monthly basis with the specific consumption of electricity, heat and natural gas per unit of product, aiming at their inclusion in the program specific consumption.

Energy consumption within the organization	2015	2016	2017
Total amount of electricity (MWh)	425,420	454,240	457,599
Total amount of heat (MWh)	451,914	507,392	559,209
Total amount of natural gas (MWh)	264,400	281,149	345,085
Total amount of electricity sold (MWh)	66,199	66,726	64,778
Total amount of heat sold (MWh)	15,294	23,334	21,333
Total energy consumption (MWh)	1,060,241	1,152,721	1,275,782

Water Management

Objective:

implementing measures to reduce water consumption and improve the quality of water discharged.

Target:

the sustainable use of water in terms of quantity and quality.

In the chemical industry water is a resource of crucial importance because it is used throughout the productive process. In this sense, we have implemented a very strict policy and procedures that regulate water consumption in our company and the way to streamline consumption.

In the technological installations we use several types of water:

- demineralised water made from drinking water supplied from the local supplier's network;
- recirculated water since we have our own water facilities with cooling towers;
- decanted water extracted from the Olt River.

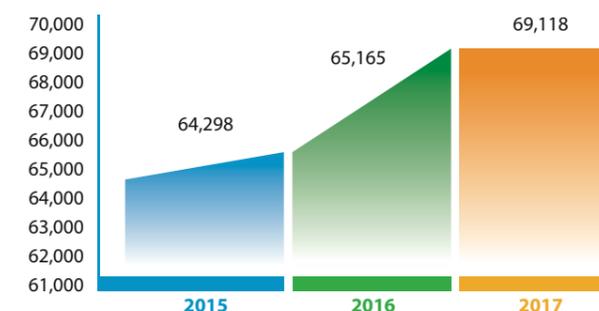
In situations where water is not used directly in the process or is not contaminated, it is recovered and reused in the plants.

Our company has systems for measuring the quantities of water consumed by each production or auxiliary plant and third-party companies connected to OLTCHIM S.A. networks. These systems are integrated into a SCADA real-time monitoring system. At the same time, daily and monthly reports are produced with the specific water consumption per unit of product, aiming at fitting them into the program specific consumption.

Monitoring water quality

Within the company, continuous withdrawal and discharged flows are monitored, as well as discharge indicators on instantaneous and daily averages. The monitoring of underground water quality is done

The total amount of recycled and reused water (thousand m³)



through a network of observation drills (19 drillings). During the year, the analysis were carried out according to the supervisory plans approved by the management of the company and EPA Vâlcea – both on the domestic waste water streams and the two final discharges. The analyses were carried out by the Eco-Toxicology Laboratory from Laboratory Quality Control Department, Biological Purification Station Laboratory, OLTCHIM Research Center Laboratory and INCD ECOIND Bucharest - Râmnicu Vâlcea Branch.



The Olt River

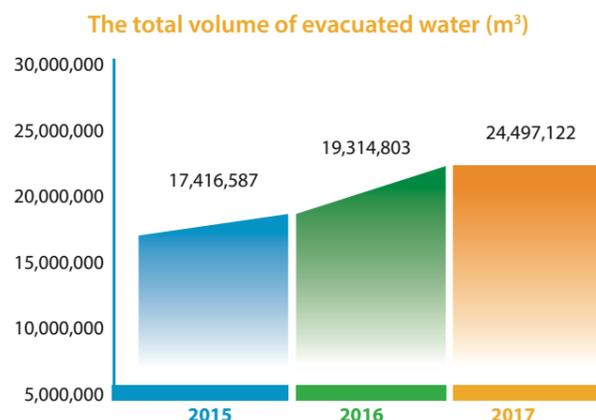
In conducting productive activities, we pay great attention to how we influence the Olt River. In this respect, we continuously monitor the volumes of wastewater discharged into the Olt River, as well as the quality of the evacuation by sampling of momentary and daily average. Before the waters are discharged into the sewage and subsequently discharged into the Olt River, they are treated as follows:

- biodegradable organic chemical waters are pumped to the Biological Wastewater Treatment Plant;
- non-biodegradable inorganic chemical waters are pre-cleaned at local neutralisation and purification stations and then discharged into the Final Control Station for the final pH correction.

In order to determine the influence of the wastewater on the quality of the emissary, the monitoring of the Olt river waters upstream and downstream of the industrial wastewater discharges is carried out by INCD - ECOIND Bucharest, Râmnicu Vâlcea branch.

The quality of the Olt River water upstream and downstream of the wastewater discharges from the industrial platform is monitored in three distinct sections (two in downstream).

The quality of the Olt River downstream of the chemical platform is influenced by the quality of the effluent discharged from the chemical platform (Mixing Chamber, Biological Treatment Plant and Clear Water Ciech Soda), the machining regime of hydro-power plants and the amount of precipitation. From the analyses carried out in 2017 by ECOIND Bucharest, for the drillings placed in the premises and in the area of the organic wastewater, the groundwater is organic and inorganic contaminated.



Waste Management

Objective: closure of hazardous and non-hazardous waste landfills.
Targets: compliance with the environmental legislation.

Within our company, waste is managed through a specific procedure that governs how waste is identified, managed, and how to dispose/recover it. This procedure applies to all waste-generating departments and services within the company.

Waste management is conducted within each department/service generating waste management records. The waste management process foresees identifying, collecting, sorting, recovering and eliminating them.

Waste identification at OLTCHIM S.A. level is carried out by each department/service, taking into account its own operating rules, specific activity and waste classification according to GD. 856/2002.

The classification in a certain category is based on the physical-chemical characteristics of each type of waste.

The waste identified at our company level is: hazardous waste and non-hazardous waste. Within our company, we specifically treat each type of waste, both hazardous and non-hazardous, in accordance with the waste management procedure.

We identify and record the waste in waste management records through the SICM (Integrated Quality Environment System) responsible for monthly reporting, both by telephone and e-mail, to the Environmental Protection Service the waste types and shreds of the previous month.

The Environmental Protection Service keeps track of the waste generated at each department / service, according to the legislation in force.

Each hazardous waste generation service collects them selectively, including packaging waste, and detoxifies them (total drainage, washing up to the complete disposal of dangerous substances, etc.) and stores them in specially arranged places (concreted platforms only), tagging the name of the waste collected for recovery or disposal.

Waste by type and disposal method (t)	2015	2016	2017
Non-hazardous production waste	53,649.05	55,349.90	65,957.16
• of which incinerated waste	6,731	3,263.81	11,104.92
• of which landfilled waste	46,918.05	52,131.09	54,852.24
Hazardous waste transported (t)			
Total amount of hazardous waste transported	190.54	870.293	824.424
Total amount of hazardous waste treated	0	3.755	0

In each department / service we have implemented specific procedures that allow separate collection in coloured and engraved containers, according to the legal provisions in force, depending on the type of waste of all cardboard, plastic, metal and glass waste. The containers are located at each administrative pavilion in an easily accessible place, marked and duly indicated in accordance with the Selective Collection Action Plan.

The Administrative Service reports monthly to the Environmental Protection Service the quantities of waste generated and disposed.

The recovery/disposal of all wastes is operated only by authorised economic operators on a contractual basis. Generating Sections/Services hand over the recyclable waste to the Recyclable Materials Warehouse within the EAW Service Framework, based on Weighing Bonus and Transfer/Return Bonus specifying the origin of the waste.

The removal of recyclable waste (household, paper, cardboard, plastic, metal, glass) and the selective pre-selection is done in suitable containers collected from specially arranged places within the company and established by the Administration, together with Heads of Sections / services, by the economic operator with whom we have contract for collection, transport and storage.

As far as chlorinated organic residues are concerned, they are incinerated in the two gaseous and liquid organochlorine residues installations using state-of-the-art technology.



Greenhouse Gas Emissions Management

Objective: operation of the incineration plant at the same time as the propenoxide plant.
Target: compliance with the environmental legislation.

The activities we currently carry out do not generate a large amount of greenhouse emissions, respecting the annual planning.

Generation of greenhouse gas emissions comes mainly from the combustion of fuels in installations with a total rated thermal input exceeding 20 MW, the production of lime or the calcination of dolomite or magnesite in rotating kilns or in other furnaces with a production capacity of over 50 tons per day.

Also, the production of bulk organic matter by cracking, reforming, complete or partial oxidation or similar processes with a production capacity exceeding 100 tonnes per day and production of hydrogen (H₂) and synthesis gas through reforming or partial oxidation, with a production capacity of over 25 tonnes per day, contributes to the amount of greenhouse gases we generate.

The greenhouse gas emissions data collection process is continuous and the departments and services involved maintain a strict record of the data obtained and reported with the necessary explanations. All collected data on greenhouse gas emissions are reported to the Environmental Protection Service.

The Department Chiefs permanently verify the registration and monthly reporting of the fuel consumption (natural gas), steam, in the sector it coordinates and deals with the legal metrological verification of measuring equipment (counters, scales, transducers) in view of correct determination of fuel, steam, raw material consumption and finished products.



Air pollutants	Unit	2015	2016	2017
SO ₂ (sulphur dioxide)	t	0.166	0.044	0.050
NO _x (Nitrogen oxides)	t	125.8783	134,6711	158.8598
NM-VOC (non-methane volatile organic compounds)	t	670	312	0
Particle emissions	t	0.10252	0.03772	0.10724

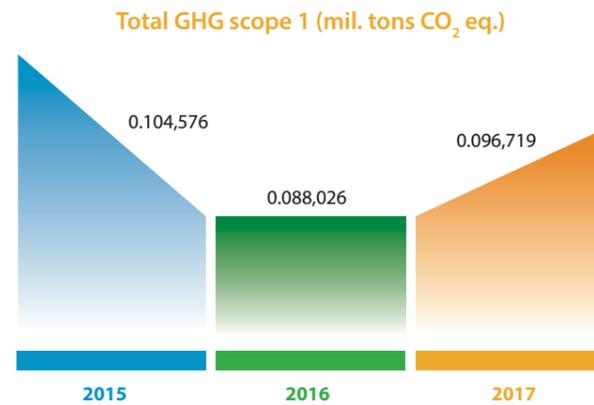
Non-financial Performance

Environmental Performance

Monitoring and calculation of greenhouse gas emissions is done on the basis of the Greenhouse Gas Monitoring and Reporting Plan.

The Environmental Protection Service monthly calculates greenhouse gas emissions taking into account the data previously collected. In the first quarter of each consecutive year of the greenhouse gas emission monitoring, OLTCHIM S.A. performs and submits for validation the Monitoring report on the greenhouse gas emissions generated in the previous year, verified by an independent and accredited verifier.

Under the National Greenhouse Gas Emissions Allocation Plan, in 2017, the company received 268,286 greenhouse gas emission certificates for free, out of which 259,426 certificates for the Râmnicu Vâlcea platform and a number of 8,860 certificates for Bradu Petrochemical Division. In 2017 on Râmnicu Vâlcea platform were produced 96,719 tons of CO₂ and Bradu Petrochemical Division produced 0 tons of CO₂.



Internal audits are carried out annually, in accordance with the Internal Audit Program, for verifying the information from the Greenhouse Gas Emissions Monitoring and Reporting Plan and the Report on the monitoring of greenhouse gas emissions. Also, every two years, the Improvements Report on Emissions Monitoring Methodology is prepared.



Non-financial Performance

Social Performance

Occupational Health and Safety

Objective:

- protecting the life, integrity and health of workers, improving working conditions through “equality” in terms of importance between PRODUCTION AND OCCUPATIONAL SAFETY AND HEALTH, avoiding the risks of injury and occupational diseases, reducing the number of events through ensuring safe and healthy working conditions for all employees, contractors and visitors.

Targets:

- compliance with legislation in force, regulations and specific requirements applicable to activities carried out in the company, control of the risks of injury and professional diseases identified and assessed for the company’s activities, identification and evaluation of the risks of accident and professional diseases for each new installation or any change of existing and strengthening the responsibility of all workplace leaders to use best practice in safety providing safe work equipment that meets essential safety and health requirements at workplace, providing proactive maintenance for all company equipment, machinery and installations;
- ensuring adequate and continuous training of all employees, increasing the OSH knowledge of employees through training sessions and courses in the field, and raising awareness among all employees of the consequences of non-compliance with health and safety instructions, regulations and provisions;
- providing adequate personal protective work equipment to prevent the risk of injury and professional illness;
- carrying out the supervision of the health status of the workers in accordance with the legal provisions;

Occupational Health and Safety Committee

According to the legislation in force, there are two Committees on Occupational Health and Safety (OHSC) in our company: one Committee for Râmnicu

Vâlcea Chemical Plant and one Committee for Bradu Petrochemical Division.

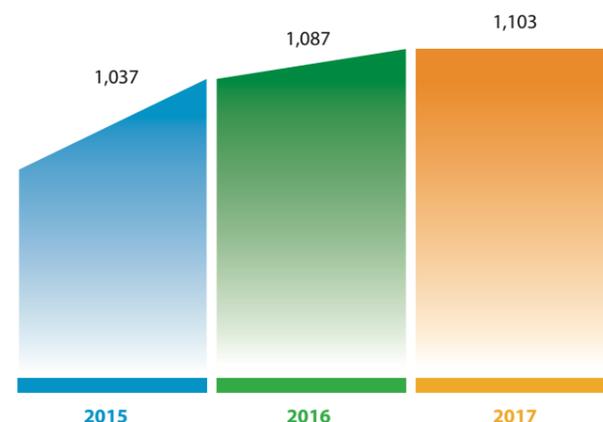
The OHS Committee operates in accordance with the approved organization and operation regulations, its main tasks being:

- analyse and make proposals on the prevention and protection plan;
- monitor the implementation of the measures included in the prevention and protection plan, including their efficiency in terms of improving working conditions;
- analyse the choice of individual protective equipment, taking into account the consequences for the safety and health of workers and makes proposals in case of finding certain deficiencies;
- analyse the choice, purchase, maintenance and use of collective and individual protection equipment;
- proposes measures for workplace creation, taking into account the presence of specific risk groups;
- analyse the workers’ requests for working conditions and the way in which the responsible persons perform their duties in this respect;
- monitors the manner in which legal regulations on health and safety at work are implemented and respected, the measures taken by the labor inspector and the health inspectors;
- analyse workers’ proposals on preventing occupational accidents and illnesses and improving working conditions and proposing their inclusion in the prevention and protection plan;
- analyse, as appropriate, the causes of the occurrence of events that have led to injuries or have created serious hazards of injury and may propose technical measures in addition to the measures ordered by the investigation;
- discuss the annual report on the health and safety at work situation, the actions that have been taken and their effectiveness in the year-end, and the proposals for the next year’s preventive and protective plan.

To ensure a safer work environment for our employees, we are constantly working on monitoring and promoting health at workplace. Through their implementation, we aim at reducing the number of work accidents as well as reducing the number of occupational illnesses and the number of days of sick leave.

In this regard, we are concerned with the health of our employees by conducting several types of medical examinations at different times (such as: hiring, adapting, periodic, resuming activities after a break, special surveillance, current, urgent, control). Employees benefit from laboratory medical investigations - blood tests and urine tests, electrocardiogram, audiogram, spirometry and radiographies.

The number of employees involved in activities presenting a high risk of developing occupational diseases



At the same time, on OHSC meetings occupational health status is analysed in order to change the workplace according to the employees' illnesses and the granting of treatment tickets paid for occupational diseases, work accidents, serious diseases. The Social Commission provides financial aid for the recovery of health for different diseases.

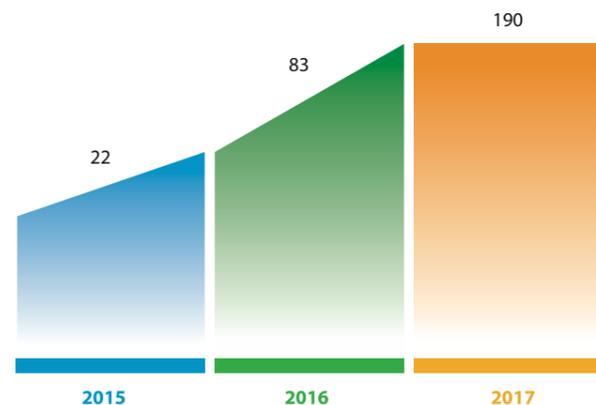
Occupational Health and Safety Training

Another activity in which we maintain a good performance is the training of our employees on all aspects of occupational health and safety. In this respect, a general introductory training is foreseen for our new employees. In 2017, 190 OSH training sessions were conducted. 8-hour on-the-job training is conducted for all new employees and for employees who change their workplace within the company. At the same time, we provide regular training

for all employees, with a duration of 2 hours. The frequency of this training is determined by the category of staff. Production and maintenance personnel are trained on a monthly basis and TESA staff, other than production, quarterly.

For certain categories of staff, specific training sessions are being carried out for internal authorisation (ELECTRO-AMA Exploitation Department staff and members of the intervention and rescue teams set up at the level of the unit for intervention in internal emergency situations). In addition, each section / sector of activity organises training programs on procedures and working instructions, safety and health rules and measures for work in secure and healthy conditions, provisions and mode of action in emergency situations. With a quarterly cadence to engage as many employees as possible, we conduct awareness campaigns on: chemical risks, fire and explosion hazards, use, handling, storage of hazardous chemicals and other campaign themes communicated by the Labor Inspectorate.

The number of occupational health and safety training sessions provided to employees



Work accidents

The declaration, investigation and recording of work accidents is done in accordance with the national legal provisions in force - Law on Occupational Health and Safety no. 319/2006 and the Methodological Norms for the application of the provisions of the Law on Occupational Health and Safety no. 319/2006 approved by G.D. no. 1425/2006, as subsequently amended and supplemented, legislation transposing the provisions of the Directive of the Council of the European Community no. 89/391 / EEC on the introduction of measures to promote, improve the occupational health and safety of workers.

Statistical reporting is made to the Territorial Labor and Insurance Inspectorate by W.A.R.F. - Work Accident Registration Form approved by Order no. 3/2007 of the Ministry of Labor. We are constantly concerned with the safety and security of our employees by implementing rigorous preventive and protective measures.

However, unfortunately, at the end of 2017, an incident occurred within the Propenoxid Section, at the inspection of a finished product storage vessel, which resulted in the loss of a human life. Despite all the efforts made by the rescue team, our colleague could not be saved. Immediately, we initiated the internal investigation procedure of this event under the coordination of the internal committee for analysing the incident.

After finalising the procedure and understanding the context in which the incident occurred, we were able to establish a series of measures to strengthen preventive measures for the occurrence of similar situations.

We had in mind the development of additional training sessions for all the staff with duties and tasks related to the correct and complete drawing up of the work

permit with and without fire, the establishment of the necessary security measures for entry into the tanks, their implementation method, as well as the verification of the implementation of these measures by the staff with these tasks.

We hosted training sessions for employees involved in engineering, maintenance, and repair work prior to the actual start of work with the presentation of the risks of injury and professional illness that may occur and the measures to be taken and respected to avoid them.



Occupational Safety Performance

	2015	2016	2017
Number of fatal accidents resulting from a work accident	0	0	1
Number of work-related accidents with lost working days	3	0	0
Number of lost business days (calendar days) - total number of days of temporary labor incapacity (TLI)	144	0	0
Frequency coefficient: Total number of injured employees during the reporting period x 1000 / Average number of employees during the reporting period	1.38	0	0.51
Severity coefficient: Total number of calendar days TLI x 1000 / Average number of employees during the reporting period	66.12	0	0
Average time: Number of calendar days of TLI / Total number of injured employees that ended their TLI during the reporting period	69	0	0

Contractors

	2015	2016	2017
Number of fatal accidents resulting from a work accident	0	0	0
Number of work-related accidents with lost working days	0	1	0
Number of lost business days (calendar days)	0	3	0

The statistical reporting data, the calculated coefficients and the method of calculation are those applied in relation to the state bodies – the Territorial Labor Inspectorates and the Labor Inspection.

Also, it was considered appropriate to revise the Procedure for Intervention in Closed Areas (sewers, vats, columns, tanks, etc.) for cleaning, washing, repairs, etc. and Procedures for fire works at technological installations in the chemical industry as well as the revision or elaboration, as appropriate, of other technological working procedures used in the chemical industry applicable in all production sections of OLTCHIM S.A., in order to prevent similar incidents in other areas.

We have provided for the proper preparation of all documents necessary for technological, maintenance and repair work - Work programs, work permit for interventions, Oxygen determinations for work in enclosed spaces, explosive bulletins for open fire work Explosive Chemical Installations and we have verified the correct and complete completion of security signage and signalling on pipeline routes in technological installations and removal of end-of-pipe routes.

In addition, we have acquired and distributed work and life-saving equipment to protect the health of workers for entering into enclosed spaces, and we have ensured that all our employees comply and continuously apply procedures and working instructions as well as those regarding occupational health and safety.

After the research process under the legislation and by the Vâlcea Labor Territorial Inspectorate is finalised, based on the recommendations to be made by this institute, we will implement other measures.



Security

Objective:

increasing the physical security level of people inside the company and identifying potential criminal activities.

Targets:

- strengthening perimeter security of the company's buildings and installations through a service provider and security systems;
- strengthening control measures for people/delegates inside the company;
- training individuals/delegates on internal security rules;
- permanent training of the service suppliers' representatives;
- maintaining the maximum functionality of electronic security systems;
- strengthen measures to control and prevent criminal acts within the company.

Our company is an economic operator that owns a complex of chemical and petrochemical plants that manufactures, processes, transports, stores and uses hazardous, toxic and explosive substances which by their nature, in the event of an emergency, create major risk situations with dangers for the environment and people.

In this respect, we are aware that major accidents with negative effects can occur for employees, the local community and the natural environment, which is why we take responsibility for taking all measures to control this danger.

The objectives and principles of action related to the control of hazards aim at minimising the potential risks of major accidents as well as the continuous improvement of the personnel training to eliminate the inappropriate operation of the installations and to improve the employees in the installations safety and environment protection, but also ensuring compliance with legal regulations by applying the best available

security techniques.

To achieve our goals, our major accident prevention policy is based on a number of principles that help prevent major accidents by properly operating technological processes and complying with security standards when installing new facilities.

The measures we implement within our policy concern the refurbishment of manufacturing processes, the identification and assessment of major accident hazards for each installation/warehouse, the organisation of the checking and control of the equipment, tanks and trails, as well as the priority of protecting and saving citizens.

At the same time, we pay special attention to raising employees' awareness of the effects and influences of site activity on them, the population outside the site and the environment.

We are committed to maintaining a permanent communication with all stakeholders to ensure transparency and accurate information about the possible negative consequences of our work on the external environment.



Major Accident Prevention Policy (MAPP) and Internal Emergency Plans

In accordance with the Law No. 59/2016 on the control of major accident hazards involving dangerous substances, we have adopted the Major Accident Prevention Policy (MAPP), a component of the Security Management System, in order to prevent and limit the consequences on the health of the population and the environment, in order to ensure a high level of protection in a coherent and effective manner.

At the same time, we are also developing the Internal Emergency Situation Plan, which describes various scenarios, control measures for accident management and likelihood of accidents, mode of action and employee protection measures.

In order to prevent hazards and control the risk, measures have been taken since the plant design phase, as follows: the installations are provided with safety valves, measuring and control devices, nitrogen inserting cushions, signalling systems, safety warnings and fire, flame detectors, fire water system, cannons and fire hydrants, water curtains, contaminated water systems, etc.

An emergency situation that may affect material assets, persons or the environment will be notified by the OLTCHIM S.A. civilian emergency cell or the production dispatcher to the bodies responsible for the incident and brought to the notice of those likely to be affected.

Within the company there is a centralised alarm system made up of electric sirens located in the audibility area of the personnel on the territory of the company and the population around the target.

External emergency plan

In case of serious major accidents that may go beyond the limits of the company, it is necessary to protect the population in its neighbourhood and help all the state institutions that have the attributions of helping and protecting the population.

On the basis of the Internal Emergency Plan, in the case of serious major accidents, the "External Emergency Plan" was drafted by the competent territorial authority, namely the County Inspectorate for Emergency Situations Vâlcea.

This plan provides the framework for major accident intervention and where the structures with responsibilities will operate.

A consistent program of exercises and training

In order to be able to provide an efficient intervention system in case of a major accident, we have established a consistent program of exercises and training in order to maintain and evaluate the response capacity in case of unforeseen events at the site. Various scenarios are simulated in order to verify the correlation between the internal emergency plan and the external emergency plan, the application, cooperation, organisation and intervention.



Human Resources Management

Objective:

Attract, Develop and Motivate the Human Resources.

Targets:

- increasing employee satisfaction;
- developing and implementing new training programs for employees tailored to their needs and dedicated programs to attract students and graduates with specialisations of interest to the industry we are part of;
- re-designing the performance analysis system at the workplace.

Through our human resources policy, we try to attract the best talent and promote the special abilities of each individual. Through an efficient use of all the necessary resources, we aim to implement specific initiatives to help increase performance at the work.

In 2017, OLTCHIM S.A. had a total of 1,964 employees, out of which over 95% were employed on a permanent contract and 1,290 employees were in the age group of 30-50 years. The management functions are provided by 129 people, out of which 45 are women.

Employees' remuneration

Our employees benefit of a salary package differentiated on competences (eg. positions / jobs and hierarchical levels) according to the Payroll Regulation – annex to the Collective Bargaining Agreement and includes a fixed part plus increments depending on the job and the experience gained.

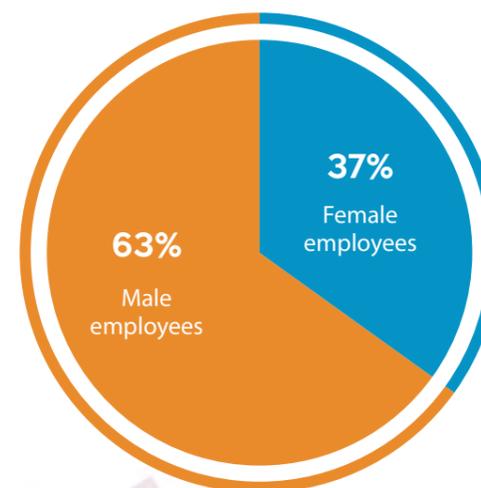
Our employees can enjoy a number of benefits such as: meal vouchers, OLTCHIM Day vouchers, national holiday and holiday bonuses, children's bonuses, 8 March bonus (for women), special events bonus (childbirth), additional vacation days (for certain jobs), food for body protection (under certain conditions), fixed amount (hot meal) (for certain jobs), aided breakdowns (parental death, retirement due to sickness, old age - subject to certain conditions), social benefits, transport expenses, retirement benefits, accident insurance, sum on change of residence (elsewhere) with the place of work, regular medical check-up, professional training programs.

Thus, in 2017, due to the good financial results that contributed to maintaining a stable relationship with our employees, we granted a bonus at the end of the year, depending on each employee's performance.

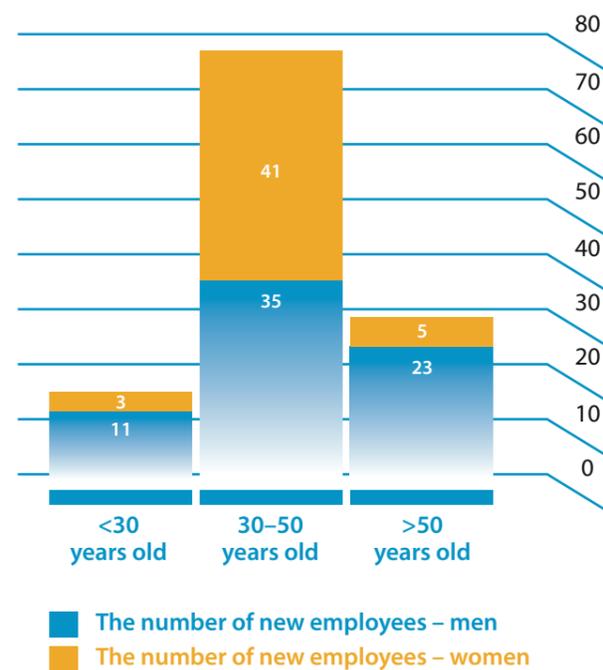
Training programs

Although we are in a reorganization phase, the results of efficiency measures have begun to occur, as our company managed to double its turnover in 2017 compared to the year of the procedure start (2013), obtaining a net profit of 45 mil. RON.

OLTCHIM S.A. employees structure in 2017



New OLTCHIM S.A. employees in 2017



These results allowed, on the one hand, the employment of 118 new persons, out of which over 64% belong to the age group of 30-50 years, as well as the organization of vocational training courses, which numbered 14,636 of training hours. Out of these hours, over 99% was allocated to the execution staff, and the remaining of 40 hours were provided to senior staff.

These training classes are part of a training program, authorization and external training that we regularly organize and adapt on the basis of our requirements for the development of employees' competences.

At the same time, we provide training courses for the development of our employees' knowledge, such as occupational health and safety; the integrated quality-environment system; job-specific courses (based on the internal training plan.). For these types of courses, we draw up an annual training plan for all OLTCHIM S.A. employees.



Indicator	Operating staff	Management staff
Total number of training hours offered to employees • out of which women	14,596 4,928	40 0
Total number of training hours offered to employees with ILC, undetermined period, full time • out of which women	14,596 4,928	40 0
Total number of training hours offered to employees under 30 years old • out of which women	368 8	0 0
Total number of training hours offered to employees between 30-50 years old • out of which women	12,268 4,800	40 0
Total number of training hours offered to employees over 50 years old • out of which women	1,960 120	0 0

Professional skills assessment

In order to ensure the appropriate professional development for each employee and in order to establish a fair remuneration level, our company performs the assessment of the employees' professional performances, in line with the legal provisions in the sector.

For us, increasing the professional performance of each employee is extremely important, so that we can provide a motivational system that allows for retaining and attracting the best talents. In 2017, 1,462 employees completed an evaluation process of the professional performance, out of which 79 were senior management.



Indicator	Operating staff	Management staff
Total number of employees who benefited from evaluation programs • out of which women	1,383 401	79 21
Total number of employees with ILC, undetermined period, full time, who benefited from evaluation programs • out of which women	1 1	0 0
Total number of employees, under 30 years old, who benefited from evaluation programs • out of which women	30 1	0 0
Total number of employees, between 30-50 years old, who benefited from evaluation programs • out of which women	969 294	48 10

Informing our employees

According to the legal provisions, all our employees are covered by the Collective Bargaining Agreement (CBA). This, together with individual employment contracts, sets the working conditions, wages and other rights and obligations arising from employment relationships for all our employees.

Taking into account the difficult period our company has faced in recent years, employee protection is one of OLTCHIM S.A. priorities. For this reason, the CLA provisions ensure that employees' rights are respected and also provide for communication measures to alert them and their representatives to at least 4 weeks prior to the implementation of significant operational changes that could substantially affect them.

We believe that our employees have a legitimate interest in knowing the economic and financial situation of the company, thus knowingly appreciating the stability of working relationships, the prospects of achieving their rights, and how to act in order to protect their common interests with those of OLTCHIM S.A.

Also, we encourage and respect the social dialogue so that we can consult with our employees on various themes and create effective communication platforms with them. This is possible thanks to the four unions operating in our company that, together with the management of the company, are trying to harmonise as much as possible the needs of the employees with the actual possibilities of OLTCHIM S.A.

Non-discrimination

Another aspect treated including by the provisions of the Collective Bargaining Agreement, refers to discrimination. All working relationships within OLTCHIM S.A. operate according to the principle of equal treatment with all employees. OLTCHIM S.A. aligns itself

with the national legal framework by issuing internal documents (CBA, regulations, procedures) that provide the framework of labor relations without restrictions on sex, sexual orientation, genetic characteristics, age, nationality, race, colour, ethnicity, religion, politics, social origin, disability, family situation or responsibility, membership or trade union activity.

The ratio of women's basic salary compared to men's, by employment category and age group

Basic salary of employees with ILC, undetermined period, full time	1.02
Basic salary of employees with ILC, undetermined period, part time	N/A
Basic salary of employees with ILC, determined period, full time	1.05
Basic salary of employees with ILC, determined period, part time	0.93
Basic salary of employees under 30 years old	1.00
Basic salary of employees between 30-50 years old	1.01
Basic salary of employees over 50 years old	1.04

The ratio of women's remuneration compared to men's, by employment category and age group

Remuneration of employees with ILC, undetermined period, full time	1.00
Remuneration of employees with ILC, undetermined period, part time	N/A
Remuneration of employees with ILC, determined period, full time	1.07
Remuneration of employees with ILC, determined period, part time	1.05
Remuneration of employees under 30 years old	0.94
Remuneration of employees between 30-50 years old	0.99
Remuneration of employees over 50 years old	1.02

We are constantly pursuing policies that guarantee gender equality and non-discrimination of our employees, and we appreciate that there are no risks of gender equality breaches.

However, given the specific nature of high-performance jobs, we manage the risk of breaching this right by applying non-discriminatory procedures in the recruitment and selection phases, in the assessment / appraisal of work results and in the dismissal.

In this respect, we have also set and monitored a number of relevant performance indicators for 2017, such as: women's selection rate (WSR), men's selection

rate (MSR), male / female selection ratio (M/WSR) and female dismissal rate (FDR).

At the same time, we strictly monitor the Ratio of Gender Discrimination Claims (RGDC), which represents the proportion of complaints and grievances about abuses and gender discrimination.

From the entire written complaints filed and registered with the company's records or in courts, supported by the decision of the commissions discipline or the courts in 2017, RGDC was 0%.

Local Community

Objective:

compliance with legislation by minimising risks; ensuring compliance with legal regulations by applying the best available security techniques and creating new jobs.

Target:

ensure a high level of protection for the population and employees.

The local community is part of our vision, being aware of the importance of addressing the current challenges

that society is facing in general. We want to focus on those areas and communities where we can apply our expertise so that we can get specific and measurable improvements.

We believe that our activities must not disturb the lives of local communities, but contribute to their development by creating jobs and increasing the local economy, also by ensuring a safe living environment.

Unit – RON	2015*	2016	2017
Direct economic value generated [1]	766,419,465	831,060,286	1,001,102,318
Economic value distributed [2]	807,569,253	796,252,448	933,537,302
Economic value retained [3]	-41,149,788	34,807,838	67,565,016

*The 2015 values do not include income and expenses related to debt cancellation under the Reorganization Plan

Protecting the communities

We are aware that OLTCHIM S.A. site may be the source of a major accident with negative effects for employees, for the local community and for the natural environment. For this reason we take responsibility for implementing all measures necessary to control and avoid this danger.

Thus, in the development of our activities, we perseveringly cultivate a business culture that follows the concept that *"NOTHING can not be more important regardless of the position of the person in the organizational hierarchy of society than to take all preventive measures to ensure the safe operation of the machinery and installations, in order to avoid dangerous accidents"*.

In accordance with the Law N° 59/2016 on the control of major accident hazards involving dangerous substances,

OLTCHIM S.A. adopted the Major Accident Prevention Policy, a component of the Security Management System, in order to prevent and limit their consequences on the health of the population and the environment, in order to ensure a high level of protection in a coherent and effective manner. Our major accident prevention strategy focuses on a series of measures aimed at identifying all major accident hazards and ensuring the necessary control measures.

OLTCHIM S.A. platform special danger potential justifies the need to draw up an Internal Emergency Plan and an External Emergency Plan. The **Internal Emergency Plan** identifies and classifies the type of major potential accidents that can occur in the platform activity, involving dangerous substances. It establishes internal response capabilities to carry out emergency intervention to limit and remove the consequences on employees, population, material assets and the environment.

The **External Emergency Plan** is implemented with the support of all authorities involved and the Inspectorate for Emergency Situations of Vâlcea County in an organized and unitary manner and includes: measures and actions for protection and intervention in case of major accident; reducing the impact on the health of the population around the site; reducing impact on the quality of environmental factors and preserving the integrity of material assets; timely information, alert and evacuation of the population; establishing the procedures for action of off-site intervention forces.

Both plans are agreed and endorsed by the competent territorial authorities, including OLTCHIM S.A. obligation to take appropriate internal measures to act appropriately in case of major accidents and to minimise their effects. In 2017 no pollution with dangerous substances was recorded.

Partnership for education

Another aspect that we address in our relationship with the communities in which we conduct our activities is to inform them about the opportunities offered by OLTCHIM S.A., to attract the right candidates, to ensure a coherent succession plan in areas with a low selection rate, as well as participation in the training of specialised personnel. Among these measures are the organization of thematic workshops, the conclusion of partnerships with educational units for dual practice programs and education.

These measures aim to attract professionals who can develop their skills and can create a future within our company, transferring knowledge from our experts to future employees and those who are in the career debut as well as identifying young people meeting our requirements, which have a high performance potential and can bring to OLTCHIM S.A. value with their competencies.

Investments in community

We believe that sustainable economic and social development of the area is indispensable connected with the infrastructure improvement. Following the identified needs for the year 2018, repair works are being carried out at the passage connection (CF passage) owned by OLTCHIM S.A.

It is a superior passage over the Piatra Olt – Râmnicu-Vâlcea railway line, located on a connecting road from ND 64 to the industrial platform OLTCHIM S.A. and ND 67, which is the basic element in the road infrastructure

both for the economic community on the entire Chemical Platform (about 15 companies) as well as for the population in the localities of the area adjacent to it.



Community engagement

The relationship with the local community is extremely important to us. We are concerned to creating and maintaining a constant dialogue to take into account the needs and expectations of local communities members, to identify issues that are important to them and to identify the best measures that can be implemented.

Even though in recent years we have experienced problems with insolvency declaring that had a significant impact on our employees, clients, suppliers, but also on the local communities, we want to consolidate and improve our relationship with them. In order to achieve this sustainability report, which presents for the first time in an integrated form our sustainable development performance, we have conducted a consultation process with our stakeholders.

Considering that we are interacting with various stakeholder categories, we run a prioritising process, which helped us to better understand their expectations and concerns and to plan a series of specific measures in the next period. In the consultation process that consisted of on-line research, we involved 128 stakeholders who expressed their views on the level of importance that a range of economic, social and environmental aspects have on their relationship with OLTCHIM S.A.

In the future, stakeholder consultation will be carried out annually and will allow the collection of information directly from each relevant category, the information gathered being used in sustainability reports, but also in setting out specific measures.

The access to information

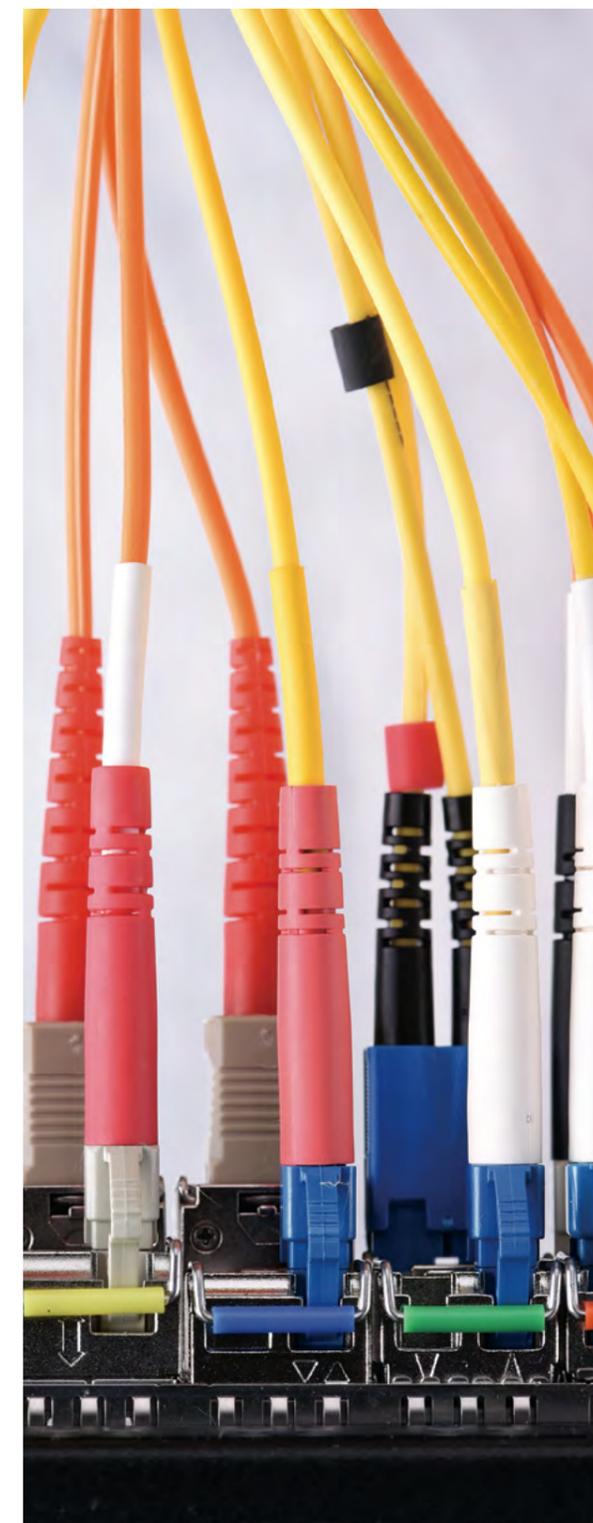
In addition to this consultation process, our procedures allow to any interested person to submit their views on specific topics, including asking for information or lodging grievances and various complaints. Thus, on our company's website www.oltchim.ro / Public Interest Information / Public Information section according to Law 596/2016, information on the nature of major accident hazards that may occur on the site, including their potential effects on the population and the environment are presented to the ones interested on the topic, subject to confidentiality requirements:

This information is also available at the company's headquarters within the Environmental Protection Service, the Internal Prevention and Protection Service and the Private Emergency Service belonging to the Production Division. Considering the provision of the Constitution stipulating in Art. 31 that the right of the person to have access to any information of public interest can not be restricted, OLTCHIM S.A. presents, within the same section "Data of Public Interest" - subsection Request for information, the related legislation, models requests and complaints, including by filling in an online application form. This subsection also applies to persons from the local community who can request information, pursuant to the Law no.544 / 2001 on free access to public information. More information can be found at the following link:

In order to support those who want to address some aspects of the impact of the company's activity, an electronic petition form has been developed:

In the year 2017, only two requests for information on the payment of dividends were received from shareholders.

Another way of communication that we provide to those interested is to join the audiences. The way of deployment and the contact details are shown in the link:



Clients Relationship Management

Objective:

delivering high quality products that meet the standards required by EU law and clients' requirements.

Targets:

- keeping current clients;
- attracting new clients, especially small and medium-sized ones;
- collaborating with clients for new product homologation.

OLTCHIM S.A. supplies raw materials to major industries in Romania and abroad, such as the aluminum industry, the textile industry, the energy industry, the pharmaceutical industry, the plastics processing industry, the construction industry, the automotive and furniture industry.

For OLTCHIM S.A., 2017 was a new year of growth in financial indicators and economic recovery, our products being present on both domestic and foreign markets – the EU (53%), Romania (23%), The Middle East (11%) and the rest of Europe (10%). The products with the largest share in the turnover were polyols, in congruency with the development direction of the company to focus on the polyols and caustic soda sectors.

Compared to 2016, in this year, there were quantitative increases in the main manufactured products, positively influencing the turnover to EUR 210 million.

Our products are sold by direct delivery method to end-users or by selective distribution to specialised chemical distribution companies, which in turn sell to end-customers. The selective distribution method involves the provision of specific logistical conditions that take into account primarily the legislation in force and the safety of the population and consumers. OLTCHIM S.A. implements all the necessary measures to ensure the storage, transportation and sale of its products in maximum safety.

Also, sales through specialised distribution companies allow us to control the cost of selling products on larger distance geographic markets, with significant decreases in these types of costs.

Managing our clients and ensuring the highest level of satisfaction is one of our priorities, assigning each one a responsible person. He / she carries out his / her activity within the sales department, being responsible for maintaining the relationship with the client, sending bids and receiving orders.

Every client has the possibility, through the assigned manager, to bring to our attention any dissatisfaction or other aspects related to our products and the relationship with OLTCHIM S.A.

Possible complaints and grievances are handled by the contract manager in collaboration with the Production and Quality Control Laboratories departments, who have the possibility to carry out, by comparison with counterfeits for each delivery, the necessary investigations in order to identify any non-conformities in the production process.



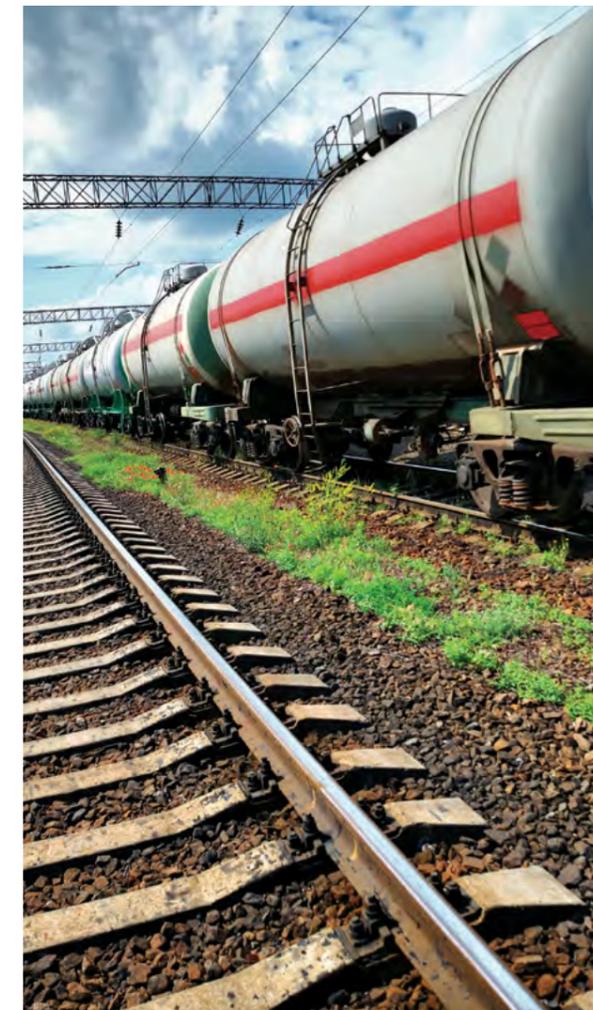
Before the signing of each contract, we provide the clients with the technical specification and the product safety data sheet, including all relevant information (features, packaging, labeling, storage, handling and shipping). All delivered products are packaged and labeled according to EU regulations.

For special applications, we provide specialized technical support through the OLTCHIM S.A. Research Center, which has the technical capability and has the specialists to ensure the right technical support to guide clients in efficiently using our products.

For the transport of finished products, under conditions of DAP delivery (Delivered at Place), we carry out a procurement procedure for transport services, which lasts 6 months in the case of carriage of polyols in tanks and a procedure lasting one year in case of transport of lye (caustic soda liquid), octanol or other chlorosodic products, in railway tanks, both for domestic and for external transport.

Following the bidding process (after multiple negotiation stages), we establish a winner or two (if the volume is too high), while keeping a reserve list for cases where the winner can not honour the entire program communicated to the client monthly. In each case (transport by road, sea or rail), we require carriers to certify that they can transport our products safely (transport licenses, ADR certificates (if applicable) and cargo insurance) in accordance with the time limits imposed by the transport order.

Based on the constant exchange of information with our clients, we take the necessary steps to improve the quality of our manufactured products and to prioritise the development of new products.





Annexes

Membership

CHAMBER OF COMMERCE AND INDUSTRY VÂLCEA

ICC ROMANIA
(National Committee ICC Romania)

THE ROMANIAN NATIONAL ASSOCIATION OF EXPORTERS
AND IMPORTERS

THE ROMANIAN ASSOCIATION OF CHEMICAL
PRODUCERS AND DISTRIBUTORS

Abbreviations and Definitions

- Adm.** – Administrator
- CPA** – Central Public Administration
- CSAT** – The Country’s Supreme Defence Council
- EPA** – Environmental Protection Agency
- EU** – European Union
- GRI** – Global Reporting Initiative
- HCS** – Hazardous Chemical Substances
- IES** – Integrated Environmental System
- ILC** – Individual Labor Contract
- LPA** – Local Public Administration
- MEA** – Mechanical, Energy, Automation
- MW** – MegaWatt
- MWh** – MegaWatt hour
- NEPA** – National Environmental Protection Agency
- SABS** – Sustainability Accounting Standards Board
- SCADA** – Supervisory Control And Data Acquisition
- t** – tonnes
- TESA** – Technical, Economical and Socio-Administrative
- toe** – tonnes oil equivalent

GRI Content index

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	102-4 Location of operations	13	ART 44 (1)(a)	Business Model
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	102-49 Changes in reporting	There are no significant changes to previous reporting periods. Considering that the first materiality analysis was carried out for the elaboration of this report, the company considered this report to be the first elaborated according to GRI standards, Core option		
	102-50 Reporting period	5		
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GRI 306: Effluents and Waste	306-1 Water discharge by quality and destination	48	ART 44 (1)(e)	Non-financial KPIs
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	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	57	ART 44 (1)(e) ART 44 (6)	Non-financial KPIs Additional information about working conditions Additional information about Health and safety at work
	403-3 Workers with high incidence or high risk of diseases related to their occupation	56	ART 44 (1)(e) ART 44 (6)	Non-financial KPIs Additional information about working conditions Additional information about Health and safety at work
	403-O-01 Number of occupational health and safety training sessions provided to employees	56	ART 44 (1)(e) ART 44 (6)	Non-financial KPIs Additional information about working conditions Additional information about Health and safety at work
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