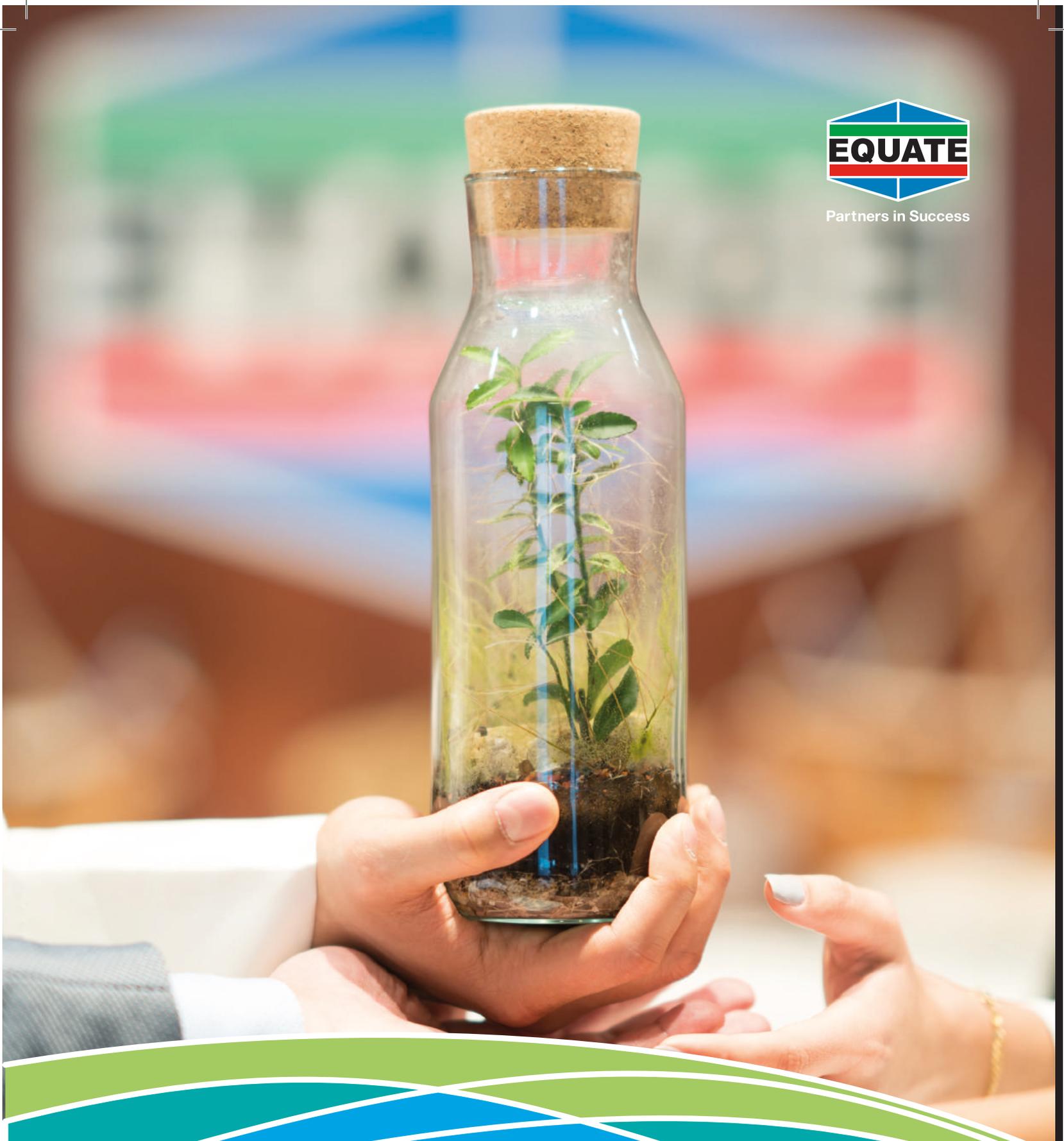




Partners in Success



Build, Innovate and Impact

The EQUATE Group

Sustainability Report 2015-16

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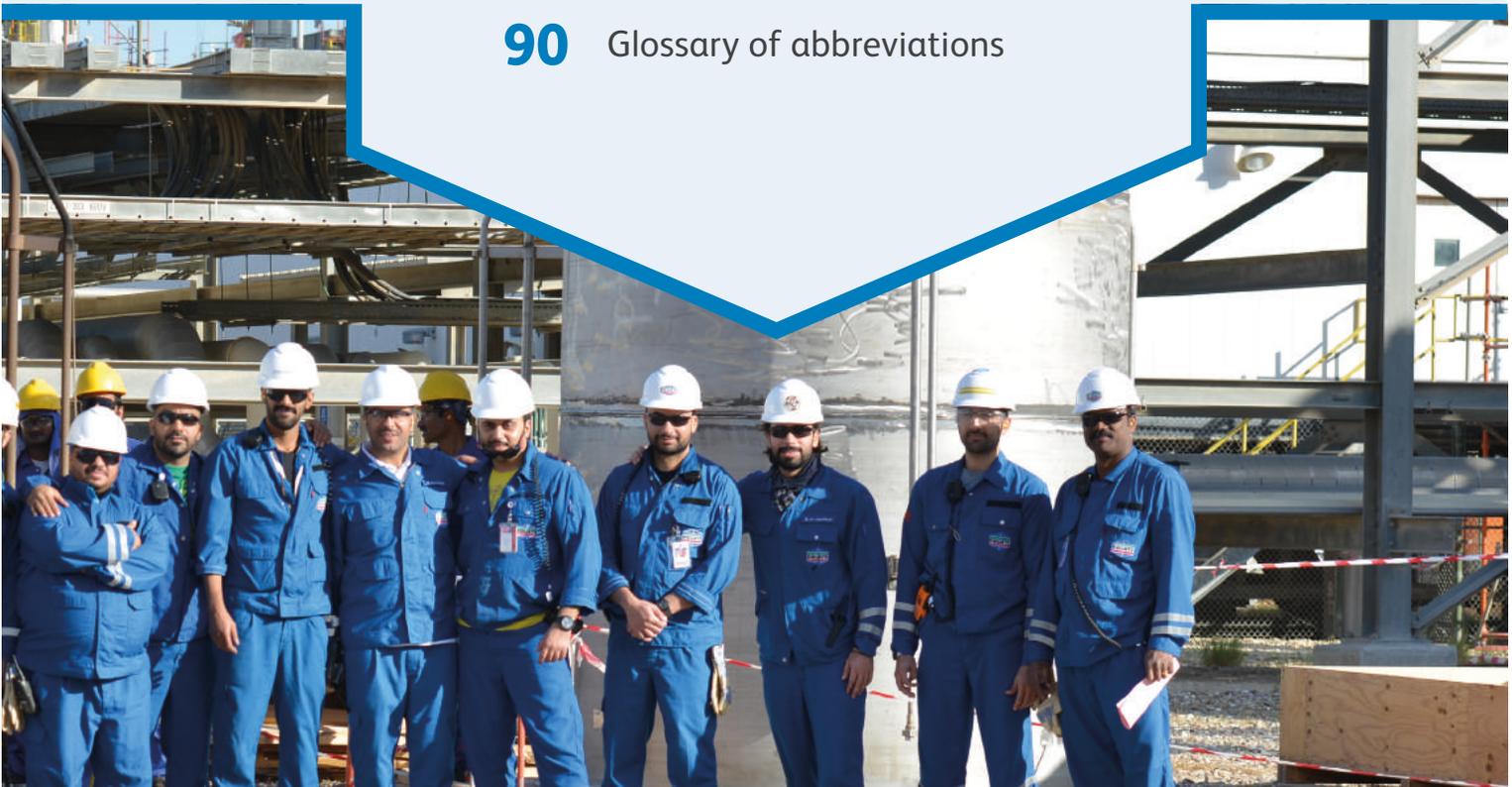
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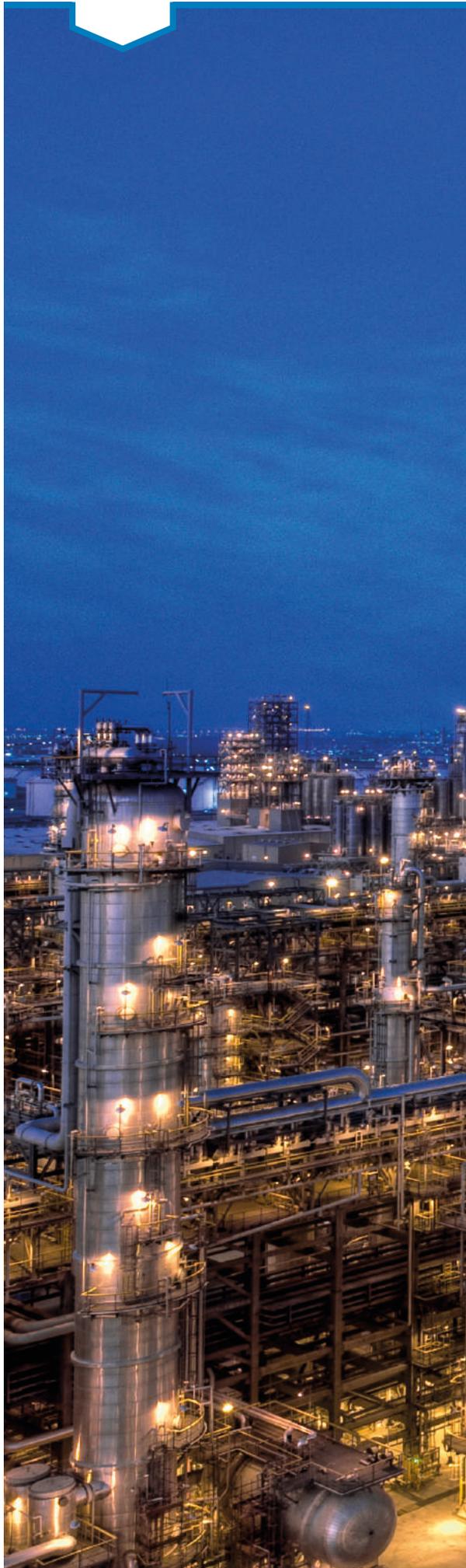
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Message from our President and CEO



Dr. Ramesh Ramachandran
President and CEO



Dear Stakeholders,

The Executive Management Team and I are proud to present EQUATE Group's fifth annual report on our sustainability journey covering the years 2015 and 2016. After the acquisition of MEGlobal in 2015, this document is our first sustainability report detailing the performance of the combined EQUATE Group. We are now the world's second largest producer of Ethylene Glycol with manufacturing sites and commercial offices in multiple locations around the world. We remain proud of the sustainability achievements of both the EQUATE Petrochemical Company and its subsidiary MEGlobal.

The EQUATE Group seeks to create a lasting legacy towards sustainable development through our triple bottom line approach to business in places where we operate. Sustainability is a core strategic objective for us. It is applicable to every aspect of our enterprise, and is not an expression that we use lightly. At the same time, we remain realistic about our environmental, social and governance-related challenges along our value chain. This makes us conscious of our broader impacts relating to the environment, the economy, the workplace and society at large. In 2016, we adopted the EQUATE Sustainability Strategy 2025, our long-term plan aimed at providing a renewed direction to our sustainability ambitions and to enhance the impacts of our initiatives. This strategic action plan was developed by the EQUATE Sustainability Committee after extensive consultations with external and internal stakeholders, as well as assessments of our organization on multiple criteria. Our strategy consists of 16 initiatives identified under three core themes – Build, Innovate and Impact.



We strongly believe that this strategy will help The EQUATE Group to build internal capacity on sustainability processes and practices, adopt innovative practices to make the organization more resilient and significantly enhance a positive impact on our stakeholders. Innovation has become a critical element for sustainability, and we at The EQUATE Group believe that continuously seeking opportunities to innovate to our processes and practices would be critical to future success. Through our sustainability strategy, we seek to play a pivotal role in contributing to the sustainable development in all the countries of our operations and to the UN Sustainable Development Goals. We acknowledge that we would not succeed in this ambitious journey without the support from our stakeholders. Therefore, the Executive Management Team and I would request each of you to continue to partner with us to ensure our mutual success.

In continuation of our practice over the past few years, this 2015-16 sustainability report has also been developed according to the guidelines of the Global Reporting Initiative. The sections in this report cover our sustainability approach towards mitigating material Environmental, Social and Governance risks as well as the performance of The EQUATE Group on sustainability-related Key Performance Indicators. EQUATE Group's reporting approach is focused on 'Reporting on what matters' to ensure that we are able to provide a focused and relevant update on our sustainability performance to all of you.

We continue to progress in terms of our sustainability performance and we are keen to highlight the following for the 2015-16 reporting period. In 2016, we increased the economic value generated and retained from zero to 7.5 million USD. We also did not receive any regulatory fines in Kuwait and recorded one Process Safety Containment Event in 2016. Due to the acquisition of MEGlobal environmental data can only be reliably compared in our next report.

We hope you will find the information presented in this report enlightening, relevant and useful. Please provide us with your valuable feedback on the report content, as well as on our sustainability performance and ambitions to sustainability@equate.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ramesh Ramachandran".

Dr. Ramesh Ramachandran
President & CEO
EQUATE Group*

**The EQUATE Group includes EQUATE Petrochemical Company (EQUATE), its subsidiaries and The Kuwait Olefins Company (TKOC).*

About this report





Our fifth sustainability report highlights the progress on our sustainability journey and focuses on the “EQUATE Sustainability Strategy 2025”. The EQUATE Group is proud to present this report, which highlights our sustainability performance over the reporting period 2015-16. This report has been developed ‘in-accordance’ with Global Reporting Initiative (GRI) G4 Guidelines core option. The information contained in this report along with information in our Annual Report and on our website provides a summary of our performance for the calendar years 2015 and 2016 in contributing towards economic, social and environmental sustainability. This report is addressed to all our stakeholders and highlights our actions to mitigate our impact on the environment throughout our value chain, generate economic value, and

contribute to society in all our countries of operation.

We, at The EQUATE Group, have been committed to maximizing value creation for all our stakeholders and have actively pursued various initiatives to reduce our Environmental, Social and Governance (ESG) related risks. In 2016, our management approved the EQUATE Sustainability Strategy 2025, our strategic action plan to guide and consolidate our organization’s efforts to enhance sustainable value creation. Our sustainability strategy is closely aligned to our corporate strategy and aims to ensure positive impact on the Sustainable Development Goals (SDGs) in the key countries of our operations.

Reporting timeline and boundaries



Through our sustainability report, we aim to provide our stakeholders with a comprehensive, transparent and up-to-date insights into our sustainability journey. Our reporting approach for this report, which covers our performance from 1 January 2015 to 31 December 2016, is the same as the approach adopted for our previous sustainability report for the calendar year 2014. In late 2015, EQUATE acquired MEGlobal, a company focused on the production, sales and marketing of ethylene glycol. The size and structure of our organization has therefore significantly changed in comparison to the previous reporting period. Due to the integration we decided to merge our 2015 and 2016 sustainability reports. This report, therefore covering the years 2015 and 2016, includes the following reporting boundaries:

2015

Boundary

- » Covers all aspects of our operations in Kuwait, specifically the head office in Salmiya and the company's production activities in the Shuaiba Industrial Area. The report does not cover data from EQUATE's marketing offices in Singapore, Hong Kong and Beijing.
- » Material aspect specific boundaries are detailed in our materiality section on page 11 to 13.

2016

Boundary

- » With the acquisition of MEGlobal, we have included relevant data from MEGlobal operations in addition to the reporting boundary adopted in 2015.
- » Material aspect specific boundaries are detailed in our materiality section on page 11 to 13.

Our reporting approach was guided by the principles outlined by GRI for defining the report's content and quality.

Our approach towards defining the report content

Sustainability context



EQUATE has long been considered a pioneer in sustainability in Kuwait, through our community engagement initiatives and other environmental, social and economic activities contributing to the growth and development of the State of Kuwait. As our organization expands its global presence through The EQUATE Group, we will continue to contribute to sustainable development in all the countries of our operations.

We remain cognizant of the regional and global trends affecting our business and aim to monitor the ESG risks and opportunities along our value chain. We constantly assess our performance and position within the global context, and align ourselves with not only the Strategic National Visions of the countries of our operations, but also various international guidelines and initiatives such as the SDGs, Responsible Care® and other international best practice guidelines in quality, safety, environment, energy and supply chain.

Stakeholder inclusiveness



We recognize that our stakeholders could influence and/or be influenced by our activities, products, services and associated performance. As such, we consider our stakeholders as partners in our progress and engage with various groups, each with a varying level of interest and involvement in our activities. Our approach to stakeholder engagement is to ensure that we continuously engage with our stakeholders through multiple channels, based on their interest and impact on our organization.

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G4-27

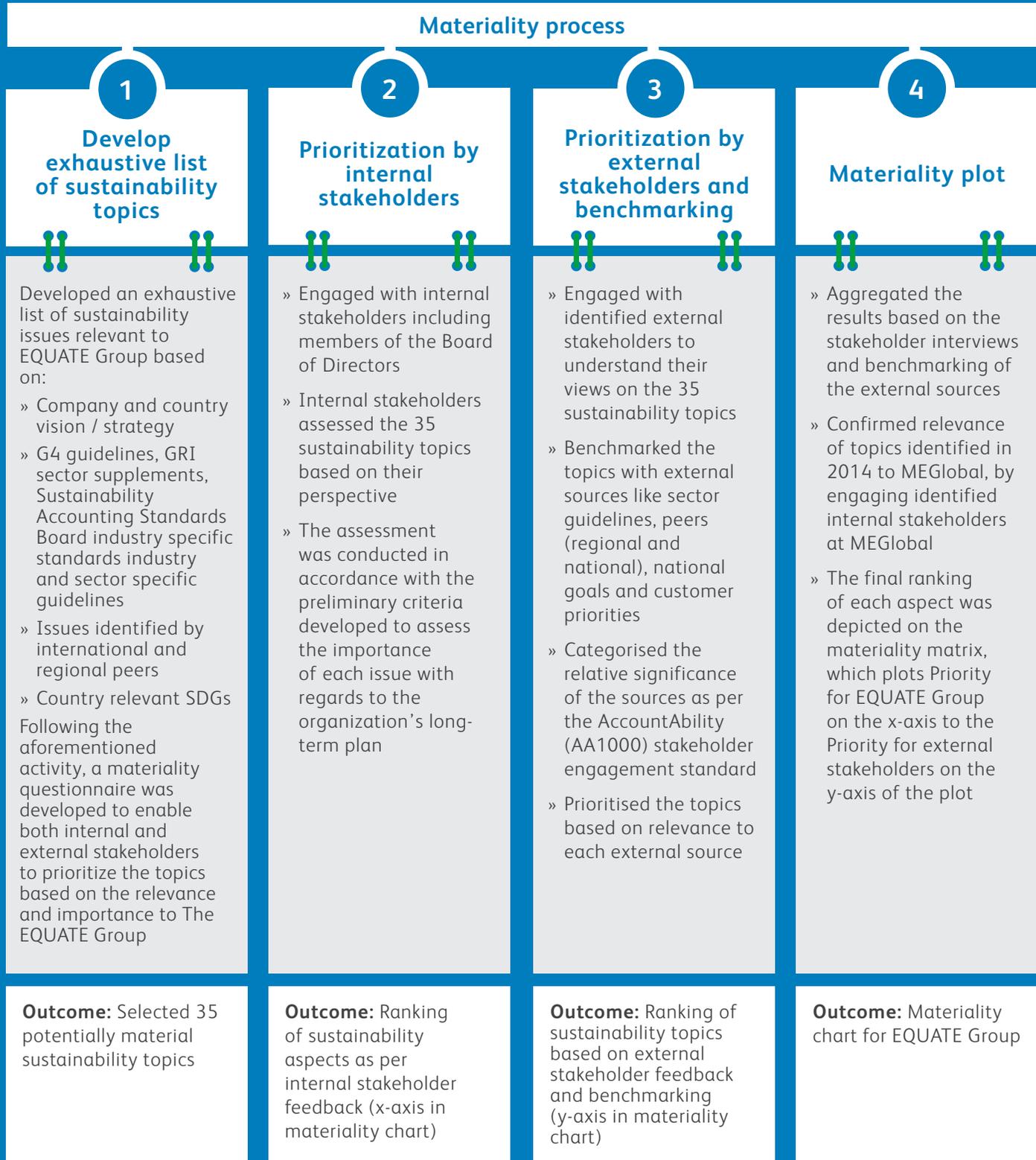
Stakeholder group	Channels of engagement	Sustainability interest
 <p>Shareholders</p>	<ul style="list-style-type: none"> » Quarterly earnings updates » Board meetings » Sustainability report » Earnings report 	<ul style="list-style-type: none"> » Financial sustainability » Corporate governance » Reputation » Regulatory compliance
 <p>Employees</p>	<ul style="list-style-type: none"> » Interviews » Intranet and news letter » Employee survey » Team building exercises » Code of Conduct 	<ul style="list-style-type: none"> » Employee rewards and benefits » Career growth » Employee retention » Talent acquisition
 <p>Customers</p>	<ul style="list-style-type: none"> » Customer satisfaction surveys » Marketing and media » Product description on website » Publications » Participation at industry exhibitions, conferences, seminars and workshops 	<ul style="list-style-type: none"> » Pricing and supply of products » Product safety and security » Global citizenship » Product innovation » Cost optimizations
 <p>Government and regulatory agencies</p>	<ul style="list-style-type: none"> » Meetings, conferences and collaborations » Publication of annual Sustainability report » Corporate & Government Services department 	<ul style="list-style-type: none"> » National strategic priorities » Regulatory compliance » Employment and development of nationals
 <p>Local communities and academia</p>	<ul style="list-style-type: none"> » Involvement in organized events » Employee volunteering » Community Advisory Panels (for MEGlobal) » Sponsorships 	<ul style="list-style-type: none"> » Support for community » Sponsorships and job creation » Impact on environment
 <p>Suppliers</p>	<ul style="list-style-type: none"> » Procurement process » Site audits » Clarification meetings » Sustainability report 	<ul style="list-style-type: none"> » Quality of service and quality control » Ethics » Local development through involvement in long-term Corporate Social Responsibility (CSR) initiatives
 <p>Industry associations</p>	<ul style="list-style-type: none"> » Committee meetings » Publication of annual sustainability report » Attendance at events and conferences 	<ul style="list-style-type: none"> » Impact on environment » Support for local causes » Sharing of knowledge

Materiality



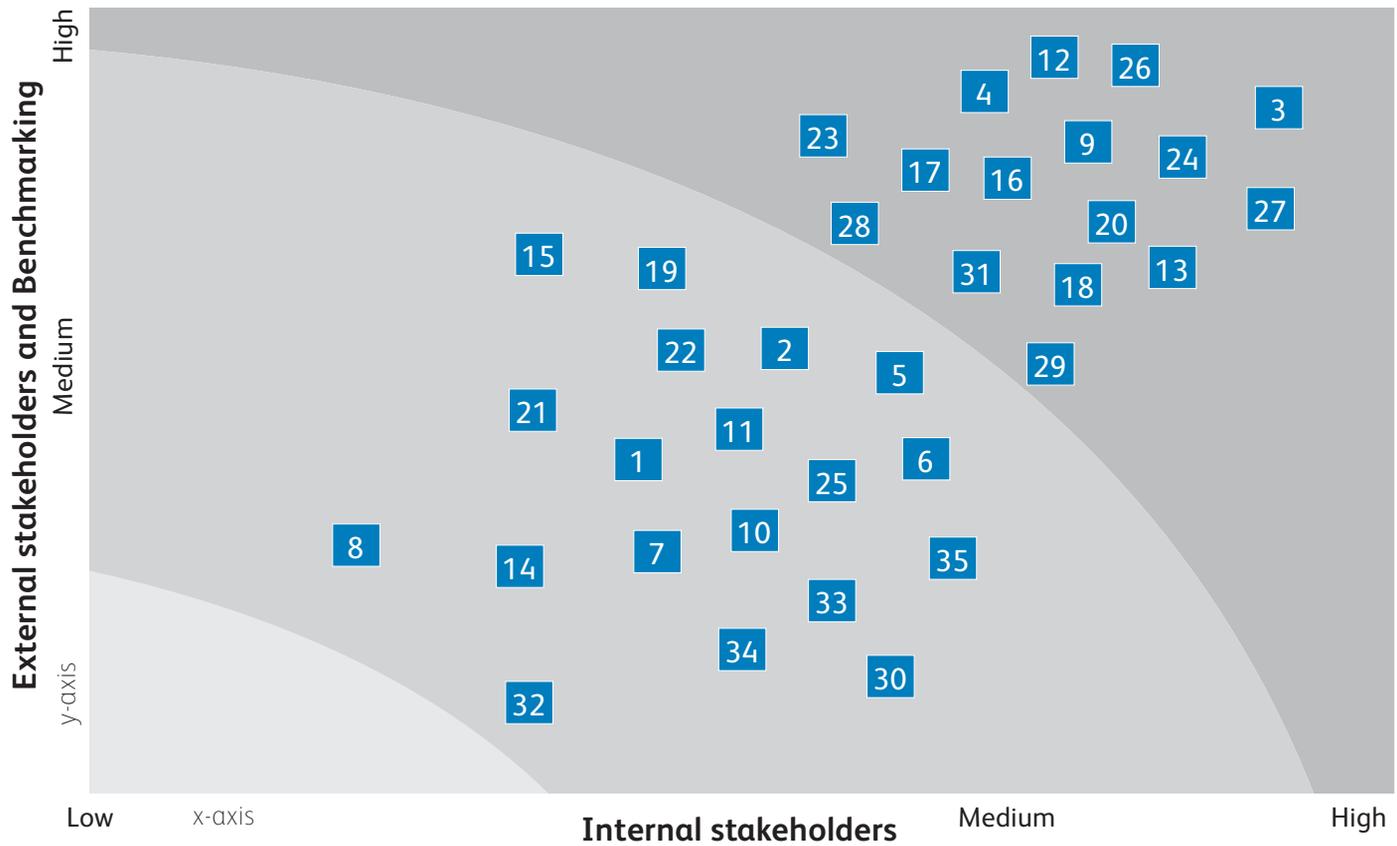
In 2014, as part of our sustainability reporting exercise, EQUATE conducted a detailed assessment to identify material topics. The assessment approach was aligned to the Global Reporting Initiative (GRI) G4 guidelines,

and GRI Oil & Gas sector specific guidelines, as well as leading regional and international best practices in sustainability reporting. Although we did not conduct a detailed stakeholder engagement exercise as part of the 2015-16 reporting cycle, we engaged with identified internal stakeholders at MEGlobal to confirm the relevance of topics identified for MEGlobal. We seek to carry out a detailed stakeholder engagement exercise in order to assess the most relevant and up-to-date topics for The EQUATE Group.





Materiality chart



1	Employment and labor/management relations	19	Customer privacy
2	Local recruitment	20	Customer satisfaction
3	Occupational health and safety	21	Fossil fuel substitutes
4	Training and education	22	Materials
5	Diversity, equal opportunity and non-discrimination	23	Energy use and energy efficiency
6	Stakeholder grievance mechanisms	24	Water use management
7	Investment	25	Biodiversity
8	Freedom of association and collective bargaining	26	Emissions and air quality
9	Abolition of child labor and forced/compulsory labor	27	Effluents and waste
10	Indigenous rights	28	Products, services and transport
11	Operational and supplier human rights assessment (policies and procedures)	29	Overall environmental protection expenditure
12	Local communities	30	Supplier environmental assessment
13	Anti-corruption and anti-competitive behavior	31	Economic performance
14	Public policy participation	32	Market presence (including local content)
15	Compliance	33	Indirect economic impacts in communities
16	Asset integrity and process safety	34	Procurement practices to support local suppliers
17	Customer health and safety	35	Resource efficiency
18	Marketing communications, product and service labelling		



Our prioritized list of sustainability aspects was categorized into ‘very important’ and ‘important’. Our approach on reporting on the prioritized aspects is as follows:



Important

We disclose our approach (DMA) to managing these topics and provide KPIs where information is available.



Very important

These topics were considered critical by all stakeholder groups. We have therefore disclosed our approach in managing these topics through the DMAs and also disclosed relevant indicators per topics.

Reporting boundary for EQUATE Group



The table below represents our material topics and each topic has been mapped according to where they impact our value chain the most, whether within or outside The EQUATE Group.

Level of importance	Material topics in 2015-16	GRI indicators	Boundary within The EQUATE Group	Boundary outside EQUATE Group	Link to pillars of EQUATE Sustainability Strategy 2025
Very important	Occupational health & safety	LA5, LA6, OG13	EQUATE Group	Government, regulators, local communities, shareholders	Build
	Emissions and air quality	EN15, EN16	EQUATE Group	Regulator, clients, community and government	Impact
	Energy use and efficiency	EN3, EN4	EQUATE Group	Regulator, clients, community and government	Innovate
	Water use	EN8, EN9, EN10	EQUATE Group	Regulator, clients, community and government	Innovate



The below table summarizes the material sustainability topics that are relevant for EQUATE Group, and define the reporting boundary for each aspect. Each material aspect is categorized by a relevant GRI aspect and linked

to at least one GRI indicator. We reported on 12 topics indicated in the above table, and provided performance data and at least one KPI per topic for The EQUATE Group.

Level of importance	Material topics in 2015-16	GRI indicators	Boundary within The EQUATE Group	Boundary outside EQUATE Group	Link to pillars of EQUATE Sustainability Strategy 2025
Very important	Effluents and waste	EN22, EN23, EN24, EN25	EQUATE Group	Regulator, community and suppliers	 Impact
	Economic performance	EC1, EC3	EQUATE Group	Shareholders, government and regulators	 Impact
	Training & education	LA9, LA10, LA11	EQUATE Petrochemical Company	Academic institutions, community	 Build
	Local communities	SO1	EQUATE Petrochemical Company	Community, government	 Impact
Important	Indirect economic impacts	EC7, EC8	EQUATE Petrochemical Company	Shareholders, government, regulators, community	 Impact
	Compliance (Environment)	EN29	EQUATE Group	Shareholders, government, regulators	 Impact
	Public policy	SO6	EQUATE Group	Government, regulators, industry peers	 Impact
	Compliance (Social)	SO8	EQUATE Group	Shareholders, government, regulators	 Impact

Note: Although the impacts of all our identified material topics are across the entire organization, quantitative information has been collected from EQUATE Group's operations in Kuwait, specifically from the previous head office in Salmiya and the company's production activities in the Shuaiba Industria Area and also from MEGlobal's production activities in Canada.

Our approach towards defining report quality



To ensure quality and consistency of reported information, we developed this report as per the GRI G4 Guidelines for defining report quality. Although we do not have a unified reporting framework for The EQUATE Group, we ensured that the methodology for collection, and verification of reported data consistent for EQUATE Petrochemical Company and MEGlobal. Deviations in reporting approach (if any) have been clearly identified in the report.

Balance: This report aims to provide a complete picture of our performance during the reporting period. It includes both our successes as well as challenges that we have encountered during the period.

Comparability: We have ensured that the data provided for 2015 in this report is comparable to data presented in our previous reports. However, for the calendar year 2016, we have expanded our reporting boundary and incorporated data from MEGlobal into EQUATE Group KPIs. The methodology used for compiling and representing the data was consistent with our methodology used in our previous reports. We have clearly described deviations (if any) along with the data reported.

Accuracy: The qualitative and quantitative data provided in this report have been provided and signed-off by assigned internal stakeholders at EQUATE Petrochemical Company and MEGlobal. We have adopted a multi-level review process with respective department managers reviewing and signing-off reported data to ensure accuracy and consistency. The EQUATE Group Sustainability Committee was responsible for the final approval and sign-off of the reported data.

Timeliness: This report provides an overview of our performance during the calendar year 2015 and 2016. This report has been published alongside our Annual Report; enabling stakeholders to review both financial and sustainability information within the reporting period.

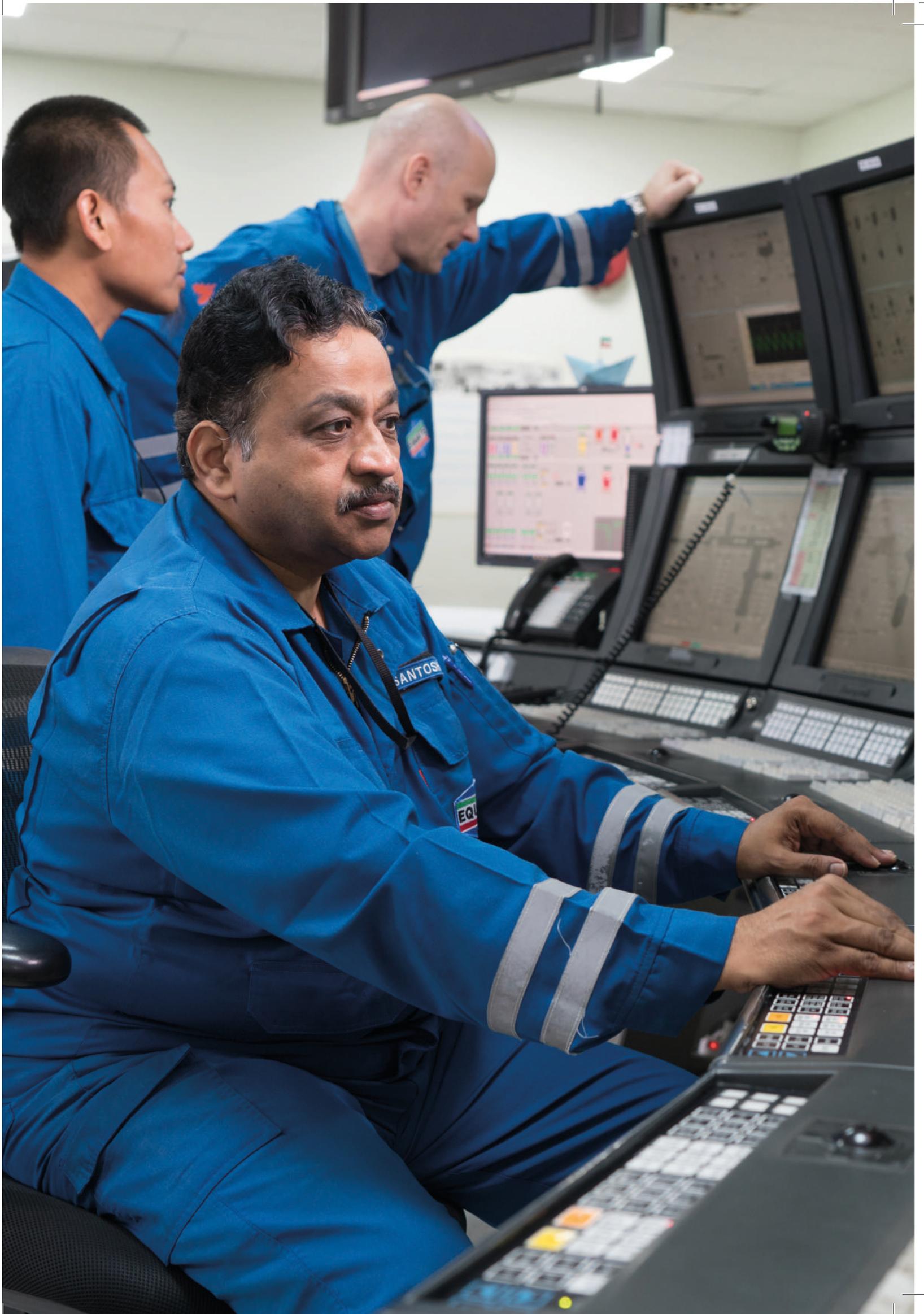
Clarity: The information published in this report has been presented in a way that is easy to understand for all stakeholders. We have clearly described our data collection and calculation methodology where relevant. To ensure clarity of disclosures and information reported, we have provided the GRI content index on pages 88 and 89 and have defined the abbreviations used on page 90 and 91.

Reliability: We adopted an internal review mechanism to ensure that the data and information presented in this report is accurate and reliable. Even though we currently do not seek external assurance of our reported data, we are confident of the disclosures in this report. We would seek to adopt a unified reporting framework for EQUATE Group in the future to ensure consistency in the reporting approach and enhance quality of reported data.

We value the opinion of our stakeholders and would strive to enhance the report quality and content based on stakeholder feedback. Please provide your comments and feedback on this sustainability report and our sustainability practices to sustainability@equate.com.

Forward-looking statements

This document may contain forward-looking statements with respect to EQUATE Group's future position and strategy on sustainability. Such statements are based on current expectations, estimates and information currently available to the company. Various factors might influence our future plans and therefore our actual future position may differ from the plans, goals and expectations set forth in such forward-looking statements, contained in this report.



Our performance highlights

(2015 and 2016)

Total energy consumption



2015	2016
30.8 million GJ	35.7 million GJ

Direct GHG emissions (Scope 1)



2015	2016
5,117,673 tons CO ₂ e	5,059,127 tons CO ₂ e

Hazardous solid waste



2015	2016
1,638 tons	2,066 tons

Total water withdrawn



2015	2016
426 million m ³	430 million m ³

Direct economic value generated



Economic value retained



Payments to providers of capital



Community investments



Total hours of employee training*



Total recordable injury rate*



Total number of employees



Employees covered by collective bargaining agreements*



*MEGlobal not considered

About Us





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G4-17

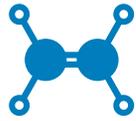
The EQUATE Group, which includes EQUATE Petrochemical Company, MEGlobal, its subsidiaries and The Kuwait Olefins Company (TKOC) is a global producer of petrochemicals and the world's second largest producer of Ethylene Glycol (EG).

Established in 1995, EQUATE Group is the owner and single operator of several fully integrated world-class petrochemical complexes in Kuwait, North America and Europe. Headquartered in Kuwait, the Group is a producer of petrochemicals, that annually produces over 5 million tons of Ethylene, EG, Polyethylene (PE) and Polyethylene Terephthalate (PET). Our products

are marketed throughout Asia, the Americas, Europe, the Middle East and Africa. The organization leads by example in all the countries of operation through best business practices, driven by innovation and competent employees, while ensuring highest standards in Health, Safety and Environment (HSE).

The EQUATE Group's shareholders include Petrochemical Industries Company (PIC), The Dow Chemical Company (Dow), Boubyan Petrochemical Company (BPC) and Qurain Petrochemical Industries Company (QPIC).

The EQUATE Group at a glance



World's **second largest** producer of Ethylene Glycol

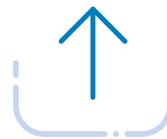


Employees from 19 nations with the workforce in Kuwait consisting of over **50% Kuwaiti** nationals



Kuwait's first petrochemical company to establish an **industrial investment in the USA**

Located on the U.S. Gulf Coast in Freeport, Texas. To be completed in 2019



Contributing over **60% of Kuwait's export value** from non-oil sources with approximately USD 2 billion added annually to the economy of Kuwait



Kuwait's **1st Responsible Care®** accredited and certified organization

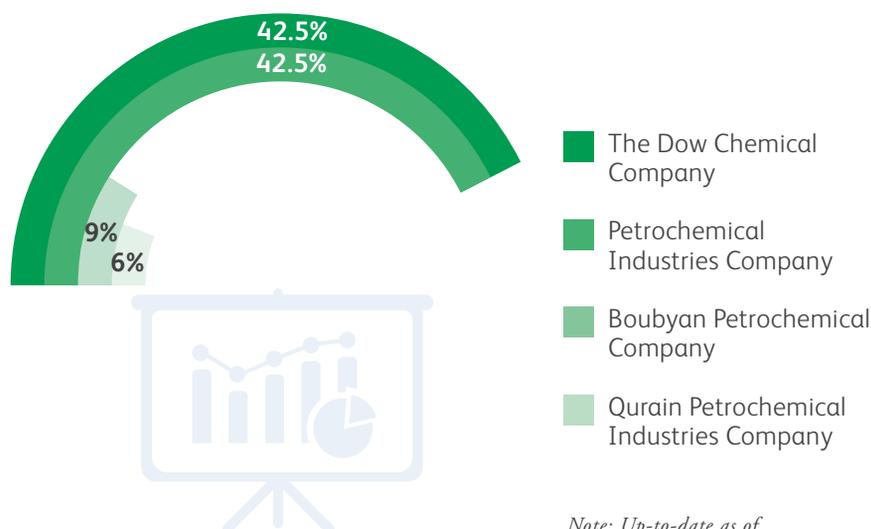


One of the founding members of the **Gulf Petrochemicals & Chemicals Association (GPCA)**



The EQUATE Group, produces a total of **over 5 million metric tons annually of petrochemicals**

Current shareholding pattern



Note: Up-to-date as of November 2017

EQUATE Petrochemical Company was the first international joint venture in the petrochemical sector in Kuwait and in the Gulf Cooperation Council (GCC) region.

Our corporate identity and culture



Our corporate direction, priorities, policies and activities are guided by our corporate mission, vision and values.



Our vision

A global leader and world class producer of petrochemicals.



Our mission

Maximizing stakeholder value by providing quality products and services to our customers.



Our values

Our Vision and Mission are underpinned and will be achieved by living our core values, as described below. The Code of Business Conduct (COBC or Code) summarizes our values and all employees are expected to be familiar with the Code and apply it in the daily performance of their responsibilities.



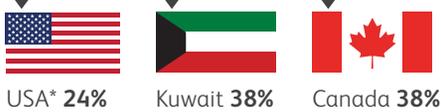
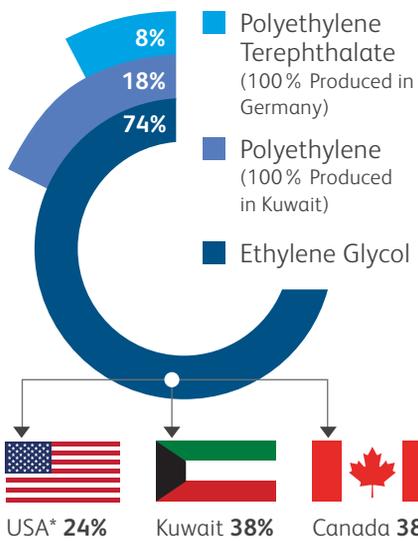
Group locations



- EQUATE Group Headquarters
- EQUATE Group offices
- Product distribution
- Industrial sites

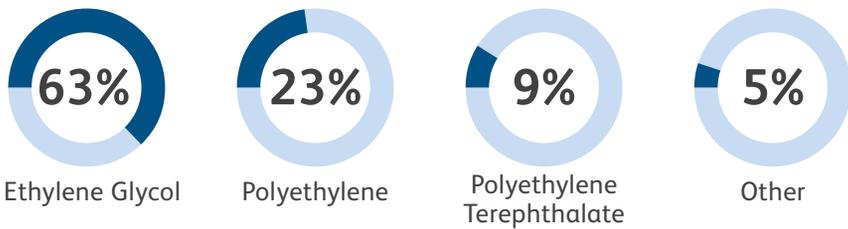
*Under construction

Scale of operations

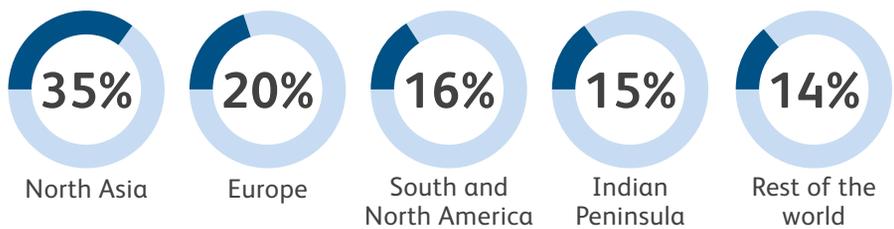


*US facility is located at the Gulf Coast and is currently under construction

Revenue by product



Revenue by region





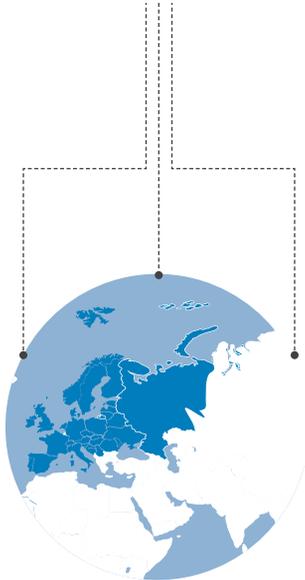
Note: Up-to-date as of December 2017

Distribution markets

Facilities in Kuwait mainly distribute to Asia and METIP*



German facilities mainly distribute to Europe



Facilities in North America mainly distribute to North America, South America and Asia



*METIP: Middle East, Turkey and the Indian Peninsula

Production capacities

The EQUATE Group is currently the owner and single-operator of several fully integrated world-class petrochemical complexes in Kuwait, North America and Europe that annually produce over 6 million tons of the highest quality grades of Ethylene, Ethylene Glycol (EG), Polyethylene (PE), Polyethylene Terephthalate (PET), Polypropylene (PP), Styrene Monomer (SM), Paraxylene (PX), Heavy Aromatics (HA) and Benzene (BZ).

Fully operated by EQUATE Petrochemical Company, our joint-ventures include The Kuwait Styrene Company (TKSC), Kuwait Paraxylene Production Company (KPPC) and The Kuwait Olefins Company (TKOC) under one integrated operational umbrella at Kuwait's Shuaiba Industrial Area. With the acquisition of MEGlobal in 2015, we have expanded our global reach and the EQUATE Group is now the world's second largest producer of EG. The table below highlights entities as part of the EQUATE Group and EQUATE Petrochemical Company as the owner or single operator.

EQUATE Group

Company	Shareholders	Products	Capacity	Locations	Marketing outlet
EQUATE Petrochemical Company	PIC 42.5 %	PE	825,000	Kuwait	EQUATE Marketing Company (EMC)
	DOW 42.5 %				
	BPC 9 %	EG	550,000		
	QPIC 6 %	Ethylene	850,000		
			1.2 million	Canada	
MEGlobal	EQUATE 100 %	EG	750,000 (under construction)	USA	MEGlobal
TKOC	PIC 42.5 %	EG	600,000	Kuwait	MEGlobal
	DOW 42.5 %	Ethylene	850,000		
	BPC 9 %				
	QPIC 6 %				

* All capacities are metric tons annually. Ethylene is only used as feedstock, not for sale.



EQUATE Petrochemical Company

Company	Shareholders	Products	Capacity	Locations	Marketing outlet
TKSC	Kuwait Aromatics Company (KARO) 57.5 % DOW 42.5 %	SM	450,000	Kuwait	EMC
KPPC	KRO 100 %	PX HA BZ	829,000 80,000 393,000	Kuwait	PIC PIC Not for commercial sales used only for SM production
Polypropylene Plant	PIC 100 %	PP	140,000	Kuwait	PIC
Kuwait Aromatics Company (KARO. Not operated by EQUATE Petrochemical Company)	PIC 40 % Kuwait National Petroleum Company 40 % QPIC 20 %	KARO's industrial operations are through KPPC and TKSC			

Note: All capacities are in metric tons annually. Ethylene is only used as feedstock, not for sale.



The EQUATE Group's Corporate Strategy 2015-17

Every three years we refine our corporate strategy. The current strategy was prepared in 2014 and remains valid until the end of 2017. It emphasizes five pillars: Sustainability, People Excellence, Business Excellence, Growth and Maximize Value.

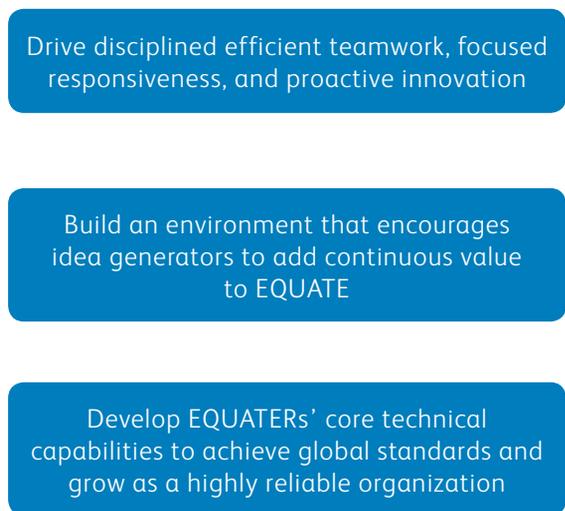
We understand the strong interlinkages between different corporate priorities and devised those pillars accordingly. For example, Business Excellence can only be achieved with a productive workforce, which in turn is motivated by our commitment to their well-being and the sustainability of our operations. We thereby position ourselves for further growth and consistently maximize the value of to our shareholders over the medium and long-term.



Sustainability



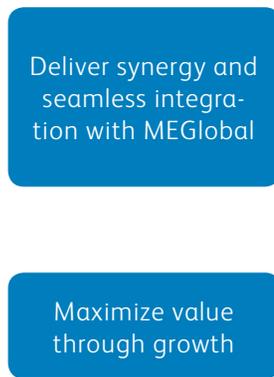
People excellence



Business excellence



Growth



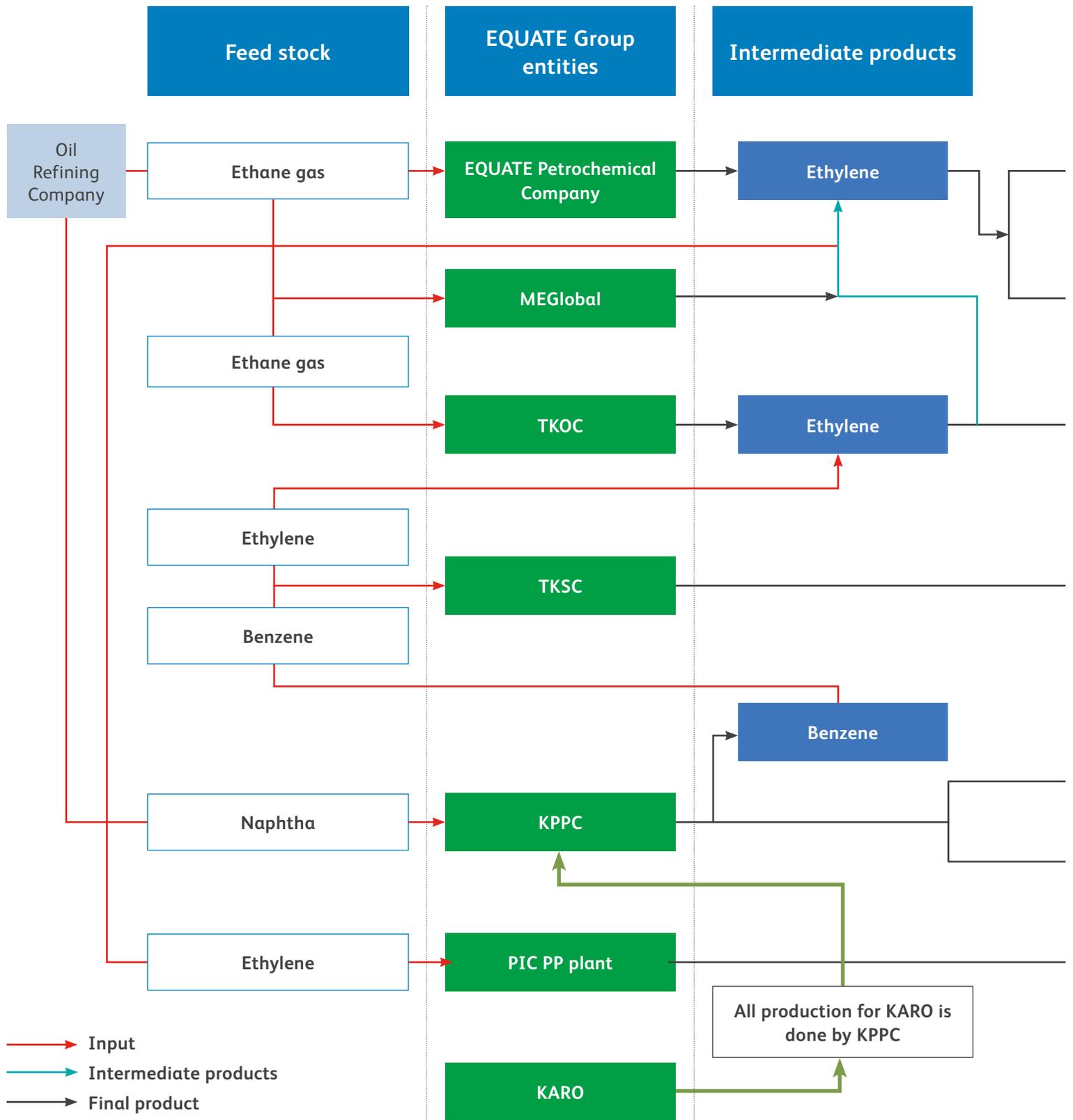
Maximize value

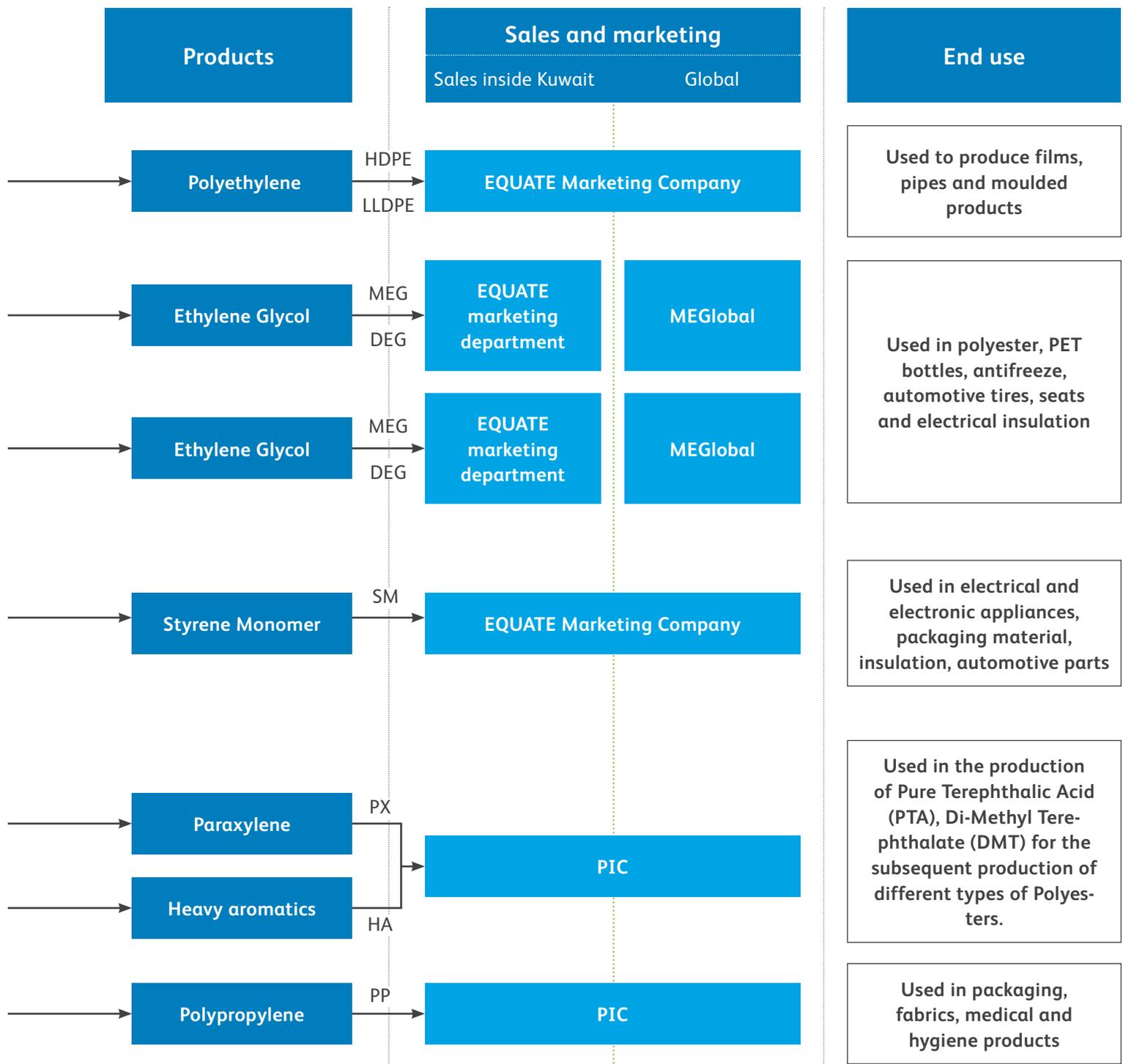




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EQUATE Group value chain





Our global supply and distribution chain consists of marine terminal operations, packaging and warehousing in the distribution operations side with transport through sea and overland to our global network of product distribution centers.

Corporate governance

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At EQUATE Group, we believe that good governance practices are the foundation of a strong and sustainable business. Our Board of Directors and Management are committed the promotion of ethical standards and integrity. EQUATE Group's corporate governance framework aims to serve our stakeholders' needs

for accountability, integrity and transparency, while helping them to understand and monitor the company's performance.

The EQUATE Group's Board of Directors works closely with and guides our management to drive performance in line with our identified corporate strategy.

Our Board of Directors



Waleed Al-Bader

EQUATE Board Chairman



Raja Zeidan

EQUATE Board Vice Chairman



Dabbous Al-Dabbous

EQUATE Board Member



Sheikh Mubarak Al-Sabah

EQUATE Board Member



Abdullah Al-Sumaiti

EQUATE Board Member



Fahad Al-Dihani

EQUATE Board Member



Luis Antuna

EQUATE Board Member



Luciano Poli

EQUATE Board Member



Javier Constante

EQUATE Board Member

Note: Up-to-date as of December 2017

Our Executive Management Team



Dr. Ramesh Ramachandran
President & CEO



Naser Aldousari
Senior Vice President



Tareq Al-Kandari
Vice President for Technical Services



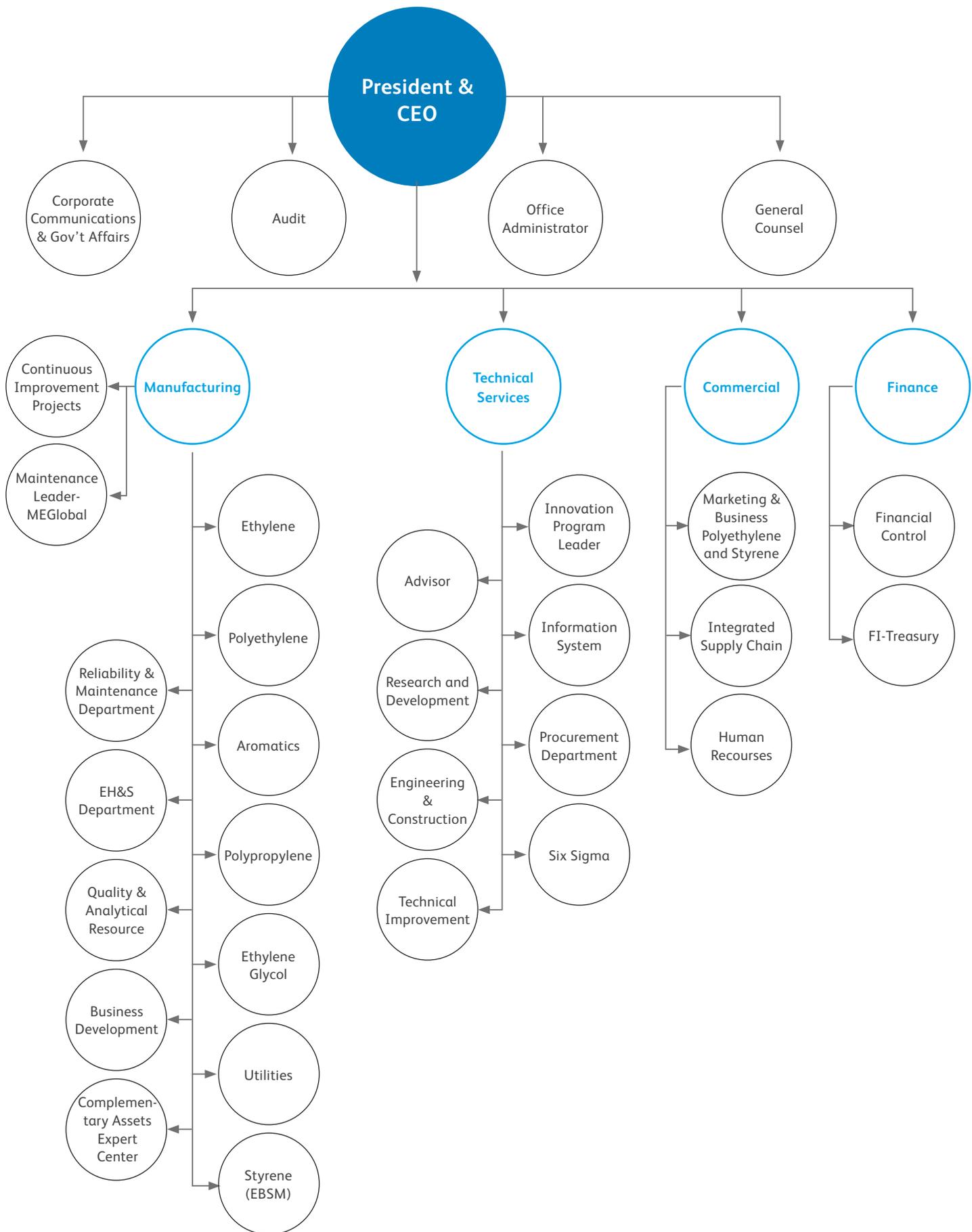
Arnd Thomas
Vice President Operations



Phisanu Sermchaiwong
Chief Financial Officer

Note: Up-to-date as of December 2017

EQUATE Organization Structure

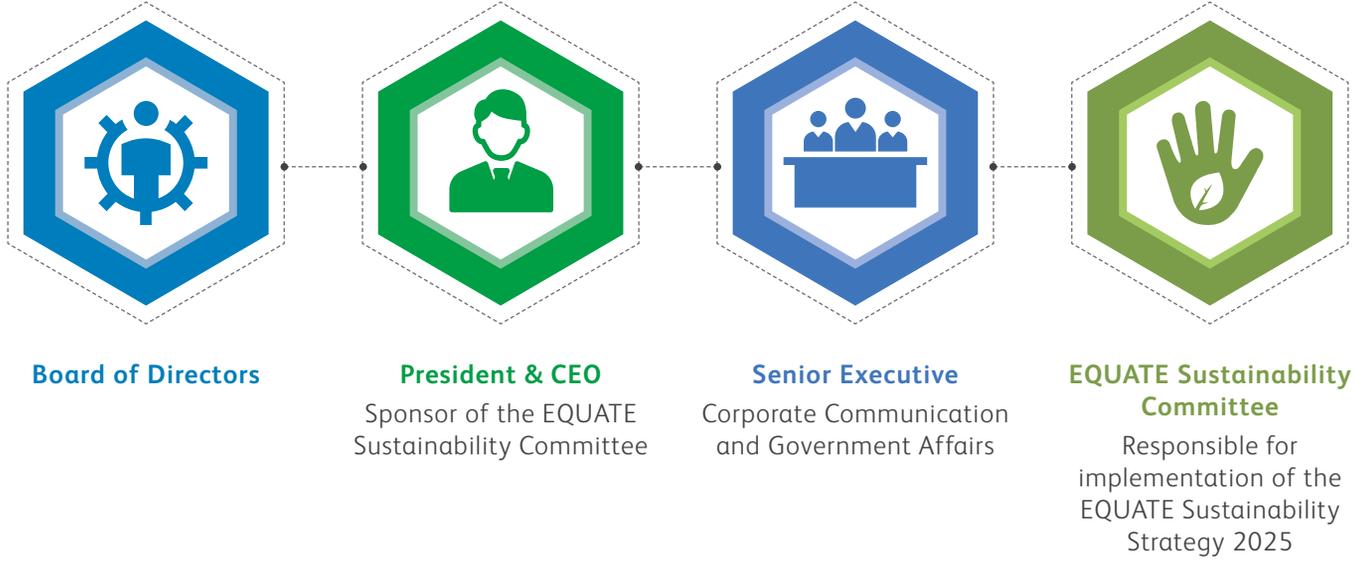


Sustainability governance



Our Board of Directors and Management play a key role in providing guidance and in ensuring accountability in all our practices and procedures. The EQUATE Sustainability Strategy 2025 was approved by

our Executive Management Team in 2016, who have in turn assigned responsibility for the roll-out and implementation to our dedicated sustainability committee.



As part of our commitment to local communities, MEGlobal has also set-up Community Advisory Panels (CAPs), which encourage open discussions with our neighbors regarding our operations, safety programs,

environmental conditions and the many other aspects of industrial operations that impact the communities in which we operate.



Conducting our business responsibly



Our Board of Directors sets the tone and standards for ensuring ethical business practices within all functions of the organization. We are committed to conducting our business ethically and legitimately by using a precautionary approach to our operations. The EQUATE Group aims to be recognized as a trusted partner for all our stakeholders and ensures regular and transparent communication with our stakeholders.

We carry out operations in accordance to our mission, vision and values. Conducting all business affairs while observing ethics, honesty and transparency is a critical component of our values. Our Code of Business Conduct

(COBC) sets the expectations and provides guidance to our employees to ensure that they maintain our Values wherever they conduct business. We abide by local laws and regulations and make every effort to uphold our values within all countries of our operations. In the rare occasion where a waiver of the Code would be appropriate, such waiver must be approved by our Board of Directors. The EQUATE Group aims to set a benchmark for all our peers in Kuwait as well as in the region by being recognized as a responsible business.

Our policy is to be lawful, highly principled and socially responsible in all of our business practices. The EQUATE Group expects each employee to learn and comply with all company policies and laws applicable to their job and to adhere to the guiding principles outlined in the COBC. Some of the key guiding principles of the COBC are explained below.



Diversity, equal opportunity and respect in the workplace

We respect the dignity, rights and ambitions of all people and encourage a culture of mutual respect free from any form of discrimination and harassment. We understand and value the similarities and differences among our employees, customers, communities and other stakeholders.



Environmental, Health and Safety (EH&S)

We aim for the highest levels of occupational health and safety with minimal impacts on the environment within our organization. Our goal is to eliminate all injuries and illnesses, prevent adverse environmental impacts, reduce waste and emissions, and promote resource conservation at every stage of the life cycle of our products.



Financial integrity

We are committed to maintaining financial records accurately and fairly to reflect the Company's assets, liabilities, revenues and expenses and communicate the same as per international standards to our stakeholders. Our business relationships with our customers and suppliers are solely on the merits of price, quality and service and we forbid unlawful or questionable payments of any kind.



Conflicts of interest

Each employee is expected to act in the best interests of the company and to protect The EQUATE Group's reputation. Employees should avoid any investment, interest, association or activity that may cause others to doubt their or the company's fairness or integrity.



Obligations to customers, competitors and regulators

The EQUATE Group is committed to free, fair and open business competition in compliance with laws that foster competition in the marketplace.



Information security and privacy

We expect all our employees to adhere to our IT policies, information security and data protection requirements to ensure that confidential information are protected at all times. All employees are also responsible for ensuring compliance with the data privacy requirements under the laws and regulations of the respective countries and under the company's guidelines/policies.



Reporting and non-retaliation

Employees, customers, suppliers and stakeholders are encouraged to report a concern or breach in the COBC without fear of reprisal, harassment or retaliation.

Our stakeholders are encouraged to report any instances of violations or non-compliance to the COBC, or instances that breach our values, through various reporting channels. Every complaint or report received would be appropriately investigated by our COBC Committee and subsequent action taken, while ensuring the privacy and interests of all entities involved.

Ensuring compliance to local as well as national regulatory requirements within all our operations is a material sustainability topic for The EQUATE Group. At MEGlobal, we utilize the Compliance Task Tool (CTT), to manage EH&S repetitive compliance tasks driven by internal and external requirements. This electronic database requires acknowledgement as well as sign-off by the task owner to verify completion of the task as per defined dates and times. In 2015-16, we did not receive any complaints and were not subjected to significant fines or legal actions for any incident of non-compliance with any regulations within the countries of our operations.

Quality within our organization

The EQUATE Group strives to provide quality in our products and services to our customers, and achieve excellence through our commitment, creativity and innovation. We aspire to be a Highly Reliable Organization, which would help us to ensure environmental, health and safety excellence, robust business continuity and profits, and optimize resource utilization.

Process innovation is at the core of EQUATE Group's initiatives and is aimed at driving quality and business performance improvement in our operations. We comply with international management systems to ensure that we meet the highest standards within our organization. We conduct regular internal audits and carry out process improvements to ensure compliance and also undergo external audits as part of the certification process for the following management systems:



ISO 9001 certified
Quality Management



ISO 14001 certified
Environmental Management



ISO 27001 certified
Information Security Management

Membership in associations



We consider our membership to industry associations as an opportunity to learn from our peers as well as a forum for us to share our learnings as we progress on our sustainability journey. As part of our Sustainability Strategy, EQUATE Group would seek to play a more active role and drive best practices in sustainable business operations within our key regions of operations through relevant industry associations. We will also continue to drive business actions on the SDGs in collaboration with governmental and regulatory authorities.

Gulf Petrochemicals & Chemicals Association (GPCA)

EQUATE is a founding member of GPCA, with our President & CEO a GPCA Board Member since its inception in 2006.

EQUATE is an active member in five out of six GPCA committees. We sponsor and participate in several GPCA events and seminars every year.

Kuwait Industries Union (KIU)

EQUATE Group's ties with KIU is relevant to it being the main non-governmental organization in Kuwait for advocacy, especially with official bodies, relevant to the industrial sector in Kuwait.

We participate and sponsor a number of KIU activities, such as committees, events and publications.

Kuwait Chamber of Commerce & Industry

Membership to the chamber is stipulated by law for all Kuwaiti private commercial organizations.



As a member of the Gulf Petrochemicals and Chemicals Association (GPCA), EQUATE Group adheres to Responsible Care®, a voluntary initiative designed for the chemical industry and used by the International Council of Chemical Associations. Through Responsible Care®, we aim to achieve excellence in health, safety, environmental and security performance. We integrated the Responsible Care® Codes of Practice into every aspect of our operations through our Operating Discipline Management Systems, performance measures and continuous improvement efforts. This helps us to ensure that the development, manufacture, sale, distribution, transportation, use and disposal of our products, processes and services will be managed according to the Responsible Care® Codes of Practice. EQUATE Petrochemical Company was the first company in Kuwait to obtain the RC14001:2008 certification and accreditation. We continue to be compliant with the Responsible Care® principles and are certified as per RC14001:2008 requirements.

As a Responsible Care® partner and as a member of GPCA, EQUATE is committed to:

1. Adopting global Responsible Care® core principles.
2. Implementing fundamental features of GPCA Responsible Care® programs.
3. Committing to advancing sustainable development.
4. Continuously improving and reporting performance.
5. Enhancing the management of chemical products worldwide product stewardship.
6. Championing and facilitating the extension of Responsible Care® along the chemical industry's value chain.
7. Actively supporting GPCA and global Responsible Care® governing processes.
8. Addressing stakeholder expectations about chemical industry activities and products.
9. Providing appropriate resources to effectively implement Responsible Care® principles.

Participation at conferences



The 8th American Safety Engineers In Kuwait Conference 2015

EQUATE sponsored the 8th International Health, Safety, Security, Environment (HSSE) & Loss Prevention Professional Development Conference & Exhibition 2015 organized by the American Society of Safety Engineers (ASSE) – Kuwait Chapter. During the conference, EQUATE's contribution included the participation of its President & CEO in an Executive Panel Discussion on HSSE with the ASSE President, as well as senior executives from Kuwait Oil Company and Kuwait National Petroleum Company. In addition, EQUATE Environment, Health & Safety (EH&S) experts delivered presentations during the conference.



Kuwait Industries Expo 2015

EQUATE sponsored Kuwait Industries Expo 2015, which was organized by Kuwait Industries Union (KIU). The expo, gathered several Kuwaiti public and private industrial, academic and scientific companies and organizations in various fields. During the expo, His Highness the Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah visited EQUATE's exhibition stand. Throughout the years, EQUATE has been an active participant in several events and activities launched by KIU, including previous Kuwait Industries Expos.



The GPCA Annual Event

EQUATE sponsored the 10th Annual Gulf Petrochemicals & Chemicals Association (GPCA) Annual Forum, which is considered one of the most celebrated industrial events through gathering top executives important around the world. During the exhibition on the sidelines of the forum, EQUATE hosted the UAE Energy Minister His Excellency Suhail Mohamed Faraj Al Mazrouei, the Chairman of the Royal Commission for Jubail and Yanbu in Saudi Arabia His Highness Prince Saud bin Abdullah bin Thunayan, the Governor of the Saudi Arabian General Investment Authority (SAGIA) Abdulatif Al-Othman and other prominent figures. The event was held in Dubai, UAE, and gathered top executives from petrochemical and chemical companies, as well as government bodies and other entities to discuss various topics of importance to the petrochemical sector in the GCC.



The Kuwait Oil & Gas Show and Conference 2015

EQUATE sponsored the 2nd Kuwait Oil & Gas Show & Conference (KOGS) 2015 under the patronage of His Highness the Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah. Held once every two years, EQUATE sponsored the event as part of the company's local and global partnership with relevant industrial and commercial stakeholders within and outside of Kuwait. EQUATE also contributes to this event through participation in panel discussions. Kuwait Oil & Gas Show & Conference is an international event that combines a broad-spectrum technical conference with an exhibition of oil, gas and petrochemical equipment and services. The exhibition serves all areas of the petrochemical, oil and gas industries, including hydrocarbon geosciences, exploration, operations, refining, products and services.



GPCA Responsible Care® Conference

EQUATE sponsored the 1st Responsible Care® Conference 2015 by the Gulf Petrochemicals & Chemicals Association (GPCA) conducted in Dubai. The conference with the theme "Next steps in the Responsible Care® journey," gathered top executives from petrochemical and chemical companies, as well as government bodies and other entities to discuss various Responsible Care® topics. EQUATE also sponsored a professor and students from the College of Engineering & Petroleum at Kuwait University to attend the event and interact with other delegates.



GPCA Sustainability Conference

EQUATE the 3rd Sustainability Conference organized by GPCA to discuss the latest trends to develop the petrochemical industry's business models. The Conference provided a platform to discuss best practices related to challenges that petrochemical and other industries face, such as human capital development challenges, resource efficiency, as well as linking sustainability with innovation.



MENA Renewable Energy Conference

EQUATE sponsored the 6th Middle East and North Africa Renewable Energy Conference (MENAREC 6). MENAREC was born in 2004 and has since become the major platform for renewable energy through the region. MENAREC 6 was organised by the Kuwait Institute for Scientific Research (KISR) and the Energy & Building Research Centre in partnership with the International Renewable Energy Agency. Over 400 energy experts from around the world attended the conference, and discussed a number of topics, such as promoting renewable energy, forming regional partnerships, investment opportunities and others.

Awards and recognition



EH&S innovation Award from Dow

EQUATE received an Innovation Technology Award from the Dow Chemical Company for successfully executing a project to clean the Ethylene Unit (EU) within three days. The EU cleaning attained savings of over USD 14 million while adhering to world-class industrial practices, especially in the Environment, Health & Safety (EH&S). The EU cleaning was based on a Six Sigma methodology, and was executed during EQUATE's world-record setting Turnaround (TA) in 2014. The TA was completed in 30 days for the units of EU, Polyethylene (PE), Ethylene Glycol (EG and Utilities, as well as the first stage of the PE debottlenecking project with the participation of over 12,000 employees and contractors. The EU has a production capacity of over 900,000 metric tons annually and it is one of two units operated by EQUATE.



Regional Excellence Awards from the American Society of Safety Engineers

Received four Gulf-level Excellence Awards in recognition of its pioneering role in Health, Safety & Environment (HSE) from the American Society of Safety Engineers (ASSE) – Kuwait Chapter. The recognition included the HSE Excellence Gold Award in Manufacturing, HSE Management Initiative Excellence Award, Corporate Social Responsibility Excellence Award and Excellence in Environment Award. This is the 6th year EQUATE has earned the HSE Excellence Gold Award in Manufacturing from ASSE.



GPCA Plastics Excellence Award

Earned the GPCA Plastics Excellence Award 2015 for the category of Excellence in Plastic Products & Processes. The Company developed the attributes of a grade of Linear Low Density Polyethylene (LLDPE). Such an improvement of this grade has enhanced its clarity and reduced the blocking properties of plastics manufactured using this grade. The applications of this modified grade, developed by EQUATE in cooperation with a number of plastic manufacturers, include bags for vegetables, fruits and bakery, as well as reducing the cost of manufacturing such bags.



Regional Award from Meridium® on asset performance management

EQUATE Petrochemical Company, was recognized by Meridium® Inc., the global leader in asset performance management (APM) software and services, with the APM Best Practices in Europe, Middle East & Africa (EMEA) Award. The regional award was presented to EQUATE during the Meridium EMEA APM Forum in Barcelona with the participation of several regional and international companies. EQUATE commenced implementing Meridium APM in 2013 and has been leading by example in applying such industrial best practices. Developed by Meridium® Inc. APM is an integrated enterprise solution for asset performance in relation to industrial reliability.



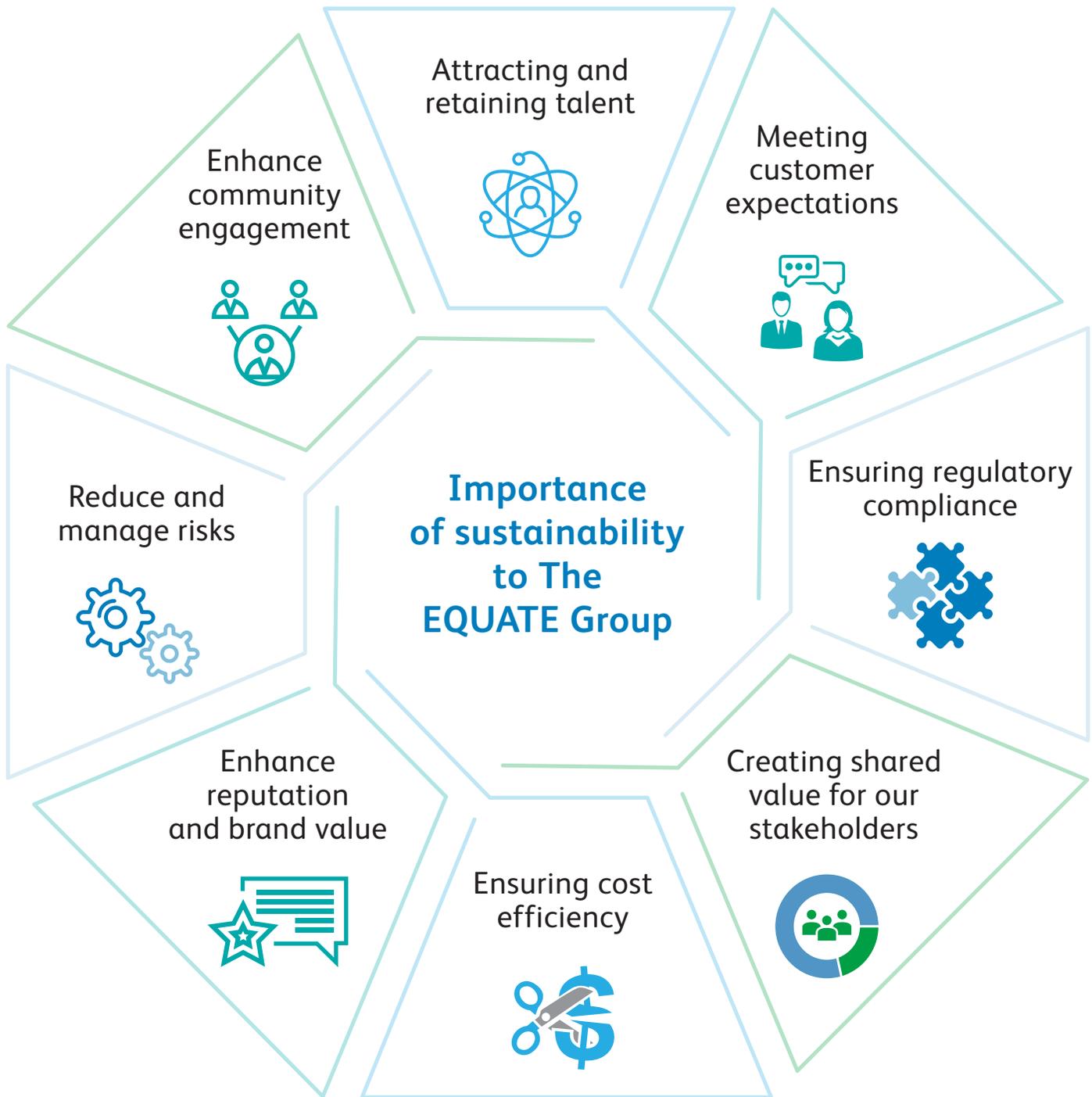
What sustainability means to us





Due to the nature of our business we face significant sustainability challenges linked to our products, processes, and operations. Our actions are aligned to our mission, and we aim to enhance our socio-economic impacts, while minimizing our environmental footprint in. We consider sustainability as an opportunity for the EQUATE Group and an

integral component of our corporate values. During the development of our sustainability strategy we conducted our first Environmental, Social and Governance (ESG) risk assessment of investment opportunities. In future, we will make increasing use of such assessment across our operations in order to enhance our socio-economic impact.



We acknowledge that our business operations as well as the actions of our suppliers have direct and indirect impacts along our value chain. Although currently we do not assess our impacts along the value chain, we aim to reduce our negative impacts while enhancing positive impacts. EQUATE Group is also committed to sustainability as a signatory of the Chemical Industry's Responsible Care® Global Charter. Also, as members of the GPCA, we continuously work with our peers to share best practices and improve industry standards in the region.





شركاء في النجاح
Partners in Success

The Home of
Safety

EQUATE

EH&S Department

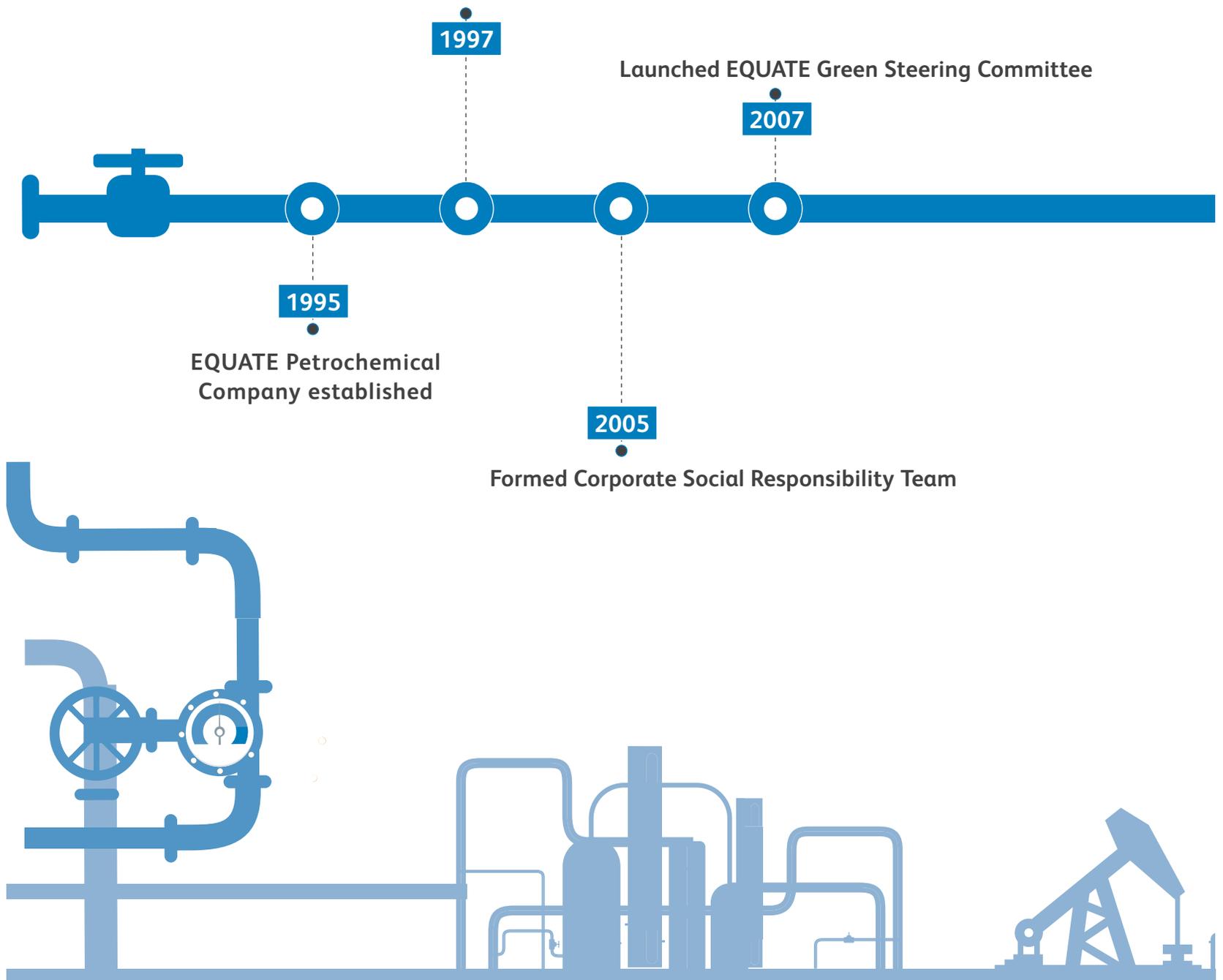


Our sustainability journey

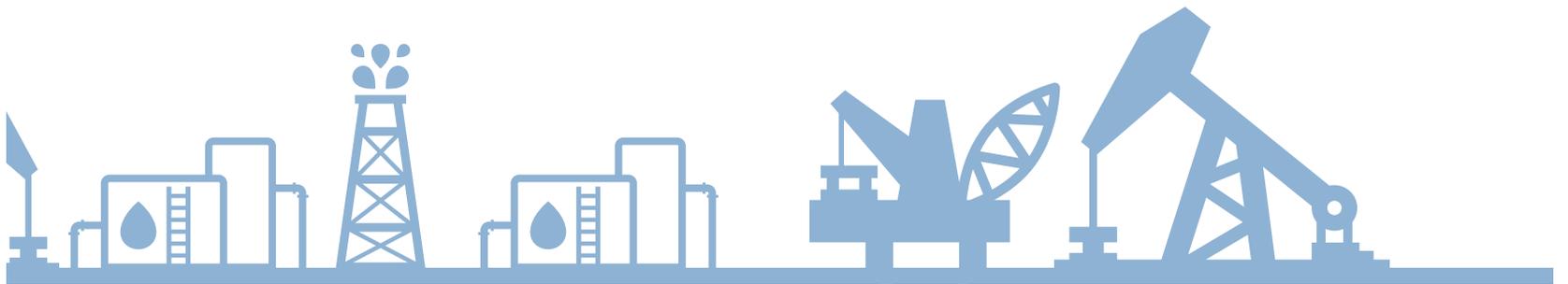
Our operations have historically played an important role in driving sustainable development in Kuwait as well as other countries of operations. In Kuwait, we continue to play a key role in national economic development helping to diversify the economy and generate non-oil revenues. We also contributed to social development in the country through our programs to develop and employ nationals, as well as through our community engagement programs.

Our proactive approach towards sustainability has helped us gain a reputation of one of the leaders in CSR and Sustainability in Kuwait and in the region. We regard all our stakeholders as “Partners in Success”, and therefore, have adopted various initiatives to create value for all our stakeholders.

Commenced production in Kuwait



Formation of EQUATE Sustainability Committee



EQUATE Sustainability Strategy 2025

We are committed to continuing our journey over the coming years to improve our sustainability performance and enhance our impact in all our geographic locations. Although, we have been actively engaged in projects to enhance our positive social, economic and environmental impacts, we acknowledge that our sustainability practices could have a greater impact and generate more value for our stakeholders.

The EQUATE Sustainability Strategy 2025, approved by our Management in 2016, will help to ensure the strategic use of our resources. The strategy would enable The EQUATE Group to work on strategic projects to build and enhance our internal sustainability-related processes and procedures, utilize sustainability as an opportunity for innovation and create more impact along our value

chain. The strategy was developed by our sustainability committee after consultations with internal and external stakeholders, evaluation of existing practices, processes and projects related to sustainability, assessment of the potential ESG risks and opportunities along our value chain, and in line with EQUATE Group's corporate strategy and vision. Although the strategy was initially developed for the EQUATE Petrochemical Company, we are currently progressing to expand the scope of our strategy to cover The EQUATE Group as a whole.

This 10-year strategy comprises 16 strategic initiatives under three core themes that The EQUATE Group aims to achieve by the year 2025.





Our impact on national development and the sustainable development goals



Our long-term ambition is to create a lasting legacy as a responsible global business with our roots in Kuwaiti culture and society. The effective implementation of our strategic sustainability initiatives will enable The EQUATE Group to play a prominent role in national strategic development in Kuwait as well as contribute to the SDGs.

EQUATE SUSTAINABILITY

	Sustainable Management Program	Governance structure and processes	Tax saving opportunities	External stakeholder engagement plan	Sustainable procurement	Employee engagement to develop capacity	Innovation process	Circular economy initiative	Renewable energy strategy	Digital sustainability strategy	Sustainability impact assessment process	GHG accounting	Tr
Out of the 17 SDGs, goals 1 and 2, which are 'Zero Poverty' and 'No Hunger', were considered as													
1 NO POVERTY													
2 ZERO HUNGER													
3 GOOD HEALTH AND WELL-BEING	✓	✓		✓		✓	✓			✓	✓		
4 QUALITY EDUCATION	✓	✓				✓	✓			✓	✓		
5 GENDER EQUALITY	✓	✓					✓			✓	✓		
6 CLEAN WATER AND SANITATION	✓	✓					✓			✓			
7 AFFORDABLE AND CLEAN ENERGY	✓	✓		✓			✓		✓	✓			
8 DECENT WORK AND ECONOMIC GROWTH	✓	✓		✓	✓	✓	✓			✓	✓		
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	✓	✓		✓	✓	✓	✓	✓		✓	✓		
10 REDUCED INEQUALITIES	✓	✓			✓		✓			✓	✓		
11 SUSTAINABLE CITIES AND COMMUNITIES	✓	✓					✓	✓		✓			
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	✓	✓			✓	✓	✓	✓	✓	✓	✓		
13 CLIMATE ACTION	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	
14 LIFE BELOW WATER	✓	✓					✓			✓	✓		
15 LIFE ON LAND	✓	✓					✓			✓			
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	✓	✓					✓			✓			
17 PARTNERSHIPS FOR THE GOALS	✓	✓					✓			✓			

SUSTAINABILITY STRATEGY 2025

	Transition plan towards integrated reporting	Need-based community investment and SME development	Advocacy through multi-stakeholder dialogue in Kuwait	Drive sustainability among peers through GPCA
Not relevant for Kuwait				
	✓	✓		
	✓	✓		
	✓			
	✓	✓		
	✓	✓		
	✓	✓		
	✓	✓		
	✓	✓		
	✓	✓		
	✓	✓		
	✓	✓		✓
	✓	✓		
	✓	✓		
	✓	✓	✓	
	✓	✓	✓	✓



EQUATE SUSTAINABILITY THEMES

- BUILD**
- INNOVATE**
- IMPACT**

KUWAIT NATIONAL DEVELOPMENT PLAN

- GLOBAL POSITION**
Enhance Kuwait's regional and global presence in spheres such as diplomacy, trade, culture and philanthropy.
- INFRASTRUCTURE**
Develop and modernize the national infrastructure to improve the quality of life for all citizens.
- HUMAN CAPITAL**
Reform the education system to better prepare youth to become competitive and productive members of the workforce.
- HEALTHCARE**
Improve service quality in the public healthcare system and develop national capabilities at a reasonable cost.
- ECONOMY**
Develop a prosperous and diversified economy to reduce the country's dependence on oil export revenues.
- LIVING ENVIRONMENT**
Ensure the availability of living accommodation through environmentally sound resources and tactics.

Progress on the identified strategic initiatives for the current reporting period

In 2016, a range of sustainability initiatives were devised to move ahead with the implementation roadmap. Each initiative was addressed to a particular core theme,

and contained separate activities and timelines. Sixteen out of eighteen initiatives were already initiated in 2016. Four initiatives were completed by the end of 2016.

Core theme	Sustainability initiatives set in 2016	Rate of completion
 <p>Build</p>	Complete strategy and obtain Executive Management Team's approval.	86%
	Establish 10 year goals and objectives.	
	Establish an agile review process for the sustainability initiatives portfolio.	
	Establish a sustainability governance structure and processes.	75%
	Develop and establish a comprehensive stakeholder engagement plan.	100%
	Develop and implement a sustainable procurement initiative.	100%
	Identify responsible function.	Not initiated
	Develop a ESG risk process.	
	Complete training on ESG risk management.	
	Allocate responsibilities.	
Conduct ESG risk monitoring.	100%	
Develop and implement an employee engagement program for sustainability.		
Update EQUATE Competence Model and carry out competence development for sustainability.		
 <p>Innovate</p>	Establish facility management function with a view to build and operate LEED/ GSAS infrastructure.	92%
	Decide on innovation ambition and establish an appropriate innovation structure.	100%
	Develop and implement a renewable energy strategy.	84%
 <p>Impact</p>	Develop and implement a Greenhouse Gas (GHG) emission inventory process.	75%
	Identify and engage with development agencies and Kuwait government entities.	Not initiated



Practicing environmental stewardship





The EQUATE Group has been historically committed to reducing its impact on the environment. Our pioneering approach towards environmental stewardship have helped us reduce our impacts as

well as lead the way among our peers in Kuwait as well as in the region. This section highlights our performance on the environmental topics identified as material for our organization.

As an organization in the petrochemical sector, we acknowledge our impacts on the environment along the value chain. Our approach towards the environment is closely linked to our commitments as part of Responsible Care®. The EQUATE Group's policies, procedures and practices are aimed at zero incidents to minimize the impacts of our operations on the environment. We ensure compliance with environmental regulations in all the countries of our operations. However, we strongly believe that our core focus on adopting environmentally-friendly practices and projects is not about ensuring compliance alone, but makes good business sense to our organization.

The EQUATE Petrochemical Company has historically been a pioneer in implementing environmental initiatives in Kuwait. We adopt practices from leading organizations in the petrochemical sector and successfully managed to implement projects which have helped us reduce our impacts on material environmental aspects.

Performance highlights



Total energy consumption

2015 30.8 million GJ

2016 35.7 million GJ



Direct GHG emissions

2015 5,117,673 tons CO₂e

2016 5,059,127 tons CO₂e



Hazardous solid waste

2015 1,638 tons

2016 2,066 tons



Total water withdrawn

2015 426 million m³

2016 430 million m³

Strategic initiatives as part of EQUATE Sustainability Strategy 2025

Expected outcome

Implement a renewable energy strategy and investment plan

Increasing use of renewable energy for our primary energy needs would help us reduce input costs and help us play a prominent role in the move to a green economy.

Establish a circular economy initiative

The pioneering circular economy initiative within our operations in Shauiba Industrial Area in Kuwait would help us make efficient use of waste streams and thereby reduce costs.

Update GHG accounting process and obtain assurance

We would explore opportunities to monitor Scope 3 emissions and thereby play a leadership role in accounting for and managing our GHG emissions across the value chain.

We believe that along with our efforts on environmental stewardship within our value chain, we would also need to share our knowledge on sustainability with other organizations in the region. One of the priorities identified as part of our strategy is to play a leadership

role and share best practices on sustainability with our peers especially within the Gulf Cooperation Council (GCC) region. We would aim to facilitate knowledge sharing through existing industry platforms like GPCA as well as other strategic multi-stakeholder platforms.



Energy consumption



Managing our energy usage through energy efficiency measures as well as through process optimization is important for The EQUATE Group. As an energy-intensive organization, we are continuously seeking opportunities for the optimum usage of energy.

Our operations include natural gas and liquid fuel fired boilers, a natural gas incinerator and a nitrogen vaporizer. In 2015-16, our operations and processes consumed Compressed Natural Gas (CNG) as the primary source of direct energy within all our operating locations.



We closely collaborate with relevant ministries and regulatory authorities to share and leverage best practices.

In addition, we also routinely host delegations from other organizations and share our practices with them including those relevant to the efficient use of water and electricity.

Mohammad Al-Shammary
Responsible Care® Department

Energy consumption (million GJ)

Direct		Indirect		Total	
2012	24.0	2012	8.2	2012	32.2
2013	25.7	2013	7.9	2013	33.6
2014	23.1	2014	7.9	2014	31.0
2015	22.7	2015	8.1	2015	30.8
2016	26.3	2016	9.4	2016	35.7

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal.

We continue to make progress in reducing our energy consumption and thereby reduce the energy footprint of The EQUATE Group. Our strategic focus is to ensure efficient use of energy resources and to evaluate strategic opportunities to transition to clean or renewable sources of energy within our operations.

Our total energy consumption in 2015, was 4.3% lower than in 2012. In 2016, our total energy consumption rose, due to the inclusion of MEGlobal into the reporting boundaries. MEGlobal accounted for 4.5 million GJ of the 4.9 million GJ rise.



Case Study



Sharing best practices in energy conservation with Ministry of Electricity & Water (MEW)

EQUATE shared best practices in energy conservation strategies with the Ministry of Electricity & Water. EQUATE presented the company's overall approach towards energy conservation through a number of initiatives and campaigns as part of EQUATE's Sustainability Program. We shared our learnings from our key conservation initiatives including water recycling project, Leadership in Energy & Environmental Design (LEED) for our new head office, and the seawater cooling project.

Water use and discharge



We have significant operations in Kuwait, which is among the countries with the highest per capita water consumption in the world. However, owing to the country's geographic location and the desert landscape, it faces a significant risk of scarcity in freshwater resources. Water-intensive businesses in Kuwait as well as in other parts of the world increasingly acknowledge the risks posed by water scarcity. As a responsible business, The EQUATE Group seeks to minimize the use of scarce water resources through our efforts in process optimization as well as by increasingly reusing or recycling wastewater within our organization. We ensure the responsible management and containment of water, wastewater and runoff as a Responsible Care® company and as per national and provincial regulatory requirements.

In 2015-16, EQUATE Group's water use consisted predominantly of surface water. This originated as seawater from the Gulf in the case of EQUATE Petrochemical Company and from the Red Deer River and North Saskatchewan River for the Prentiss and Fort Saskatchewan manufacturing facilities of MEGlobal. Out of the total water consumed by EQUATE Petrochemical Company, we recycled 9% of water within our operations, with the rest discharged after appropriate effluent treatment. The effluent meets the mandated parameters set by the relevant regulatory agencies in both Kuwait

and in Canada. To assess the impacts of the treated effluents on water bodies, MEGlobal conducts an Environmental Effects Monitoring Study every two years. We would continuously seek to explore opportunities to recycle or reuse water within our organization with the aim of reducing input water use.

Use of water sources at EQUATE Petrochemical Company in 2016

Potable water	0.08 %
Distilled water	1.06 %
Sea water	98.86 %

Use of water sources at MEGlobal in 2016

Rainwater	1.4 %
Public or private water utilities	27.6 %
Surface water	71 %

Our total water consumption and water discharge remained largely stable between 2012 and 2016. The 13% rise in water discharge between 2014 and 2015 can be attributed to the full resumption of operations after the shutdown in 2014.

Total water withdrawn (million m³)

2012	445
2013	456
2014	417
2015	425
2016	430

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal.

Total water discharge to surface water bodies (million m³)

2012	400
2013	418
2014	373
2015	420
2016	421

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal.



Initiatives for conservation and reuse of water

Within The EQUATE Group, we have successfully pioneered various initiatives to reduce and reuse water within our organization. We were the first company in the GCC region to establish a plant water recycling project. The wastewater recovery project, helps us to recycle wastewater from EQUATE Petrochemical

Company's plant processes and convert it to distilled water, which would be reused within our operations. During the reporting period the plant experienced technical issues. We remain committed to returning the plan to full operations and will provide updates in the next sustainability report.

Greenhouse gas emissions



The EQUATE Group remains committed to the reduction of greenhouse gases (GHG) from our operations, in line with the national commitments as part of the Paris Climate Agreement to combat climate change. As an energy intensive industry, we share a great responsibility towards reducing our carbon footprint through the adoption of clean technology and energy saving initiatives.

In addition to our voluntary commitments, in 2016, MEGlobal operations, was subject to the Specified Gas Emitters Regulation (SGER) in Canada. Under SGER, facilities that emit 100,000 tonnes or more of greenhouse gas emissions are required to annually reduce their site-specific emissions intensity by 20% as of Jan 1, 2017.

Direct GHG emissions (Scope 1) in '000 Tons CO₂e

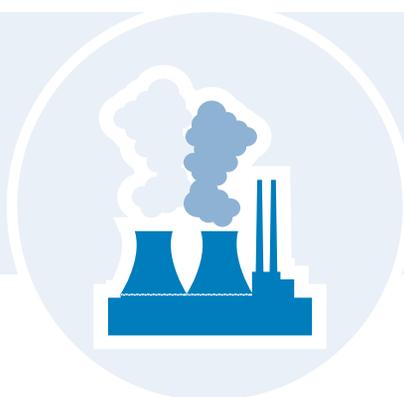
2012	1,346
2013	5,227
2014	5,112
2015	5,118
2016	5,059

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal. EQUATE Petrochemical Company's and MEGlobal's emission calculations included Carbon Dioxide, Nitrous Oxide and Methane. Scope 1 emissions reported in 2013 and 2014 were updated, due to a change in methodology. Data for 2012 could not be sourced in time of report publication to be adjusted.

Indirect GHG emissions (Scope 2) in '000 Tons CO₂e

2012	1,668
2013	1,636
2014	1,631
2015	1,679
2016	1,656

Note: Data boundary for Scope 2 emission between 2012 and 2016 covers EQUATE Petrochemical Company. 2012 to 2014 data was updated, due to a change in methodology.



Our scope 1 emissions consist of emissions released to the environment by the combustion of Compressed Natural Gas within our operations. We also monitor our scope 2 emissions, which cover emissions released into the atmosphere following purchase of electricity used by EQUATE Group directly. We strongly believe that our strategic focus on the use of renewable energy would help us reduce our Scope 2 emissions footprint in the future.

As part of the EQUATE Sustainability Strategy 2025, we would also seek to expand our boundary of GHG reporting and evaluate opportunities to include Scope 3 emissions in the future. We are committed to ensuring that we are able to accurately report the total GHG emissions along our value chain to enhance trust and accountability with all our stakeholders.

Initiatives to reduce our carbon footprint

Climate change is emerging as a significant business risk to companies. At The EQUATE Group we seek to identify opportunities to turn the risk into competitive advantage for our business. We would target technologies that will enable society to move toward a low carbon economy, through innovative more sustainable products as well as improving existing processes to reduce energy consumption and improve efficiency.



Case Study



Inauguration of Kuwait's first CO2 recovery plant

Aimed at achieving a number of economic, industrial and environmental added-values for overall sustainability in Kuwait, the CO2 plant, the result of a partnership between EQUATE and Gulf Cryo, was officially inaugurated in 2016. With a design capacity of 280 metric tons per day, the plant involves EQUATE providing raw CO2 resulting from its industrial operations to Gulf Cryo. In turn, Gulf Cryo enhances the quality of CO2 to be used in various commercial applications by its customers. Through the recovery and recycling of CO2,

the two companies are implementing world-class practices to protect the environment by reducing the carbon footprint and replacing conventional CO2 sources from burning fuels. In addition, the partnership is a prime example for integration between industrial organizations and economic diversification for Kuwait.

Although Gulf Cryo commenced operations in the CO2 plant in 2014, the official inauguration of the first CO2 plant in Kuwait was carried out in 2016.

Waste footprint



Protection of the natural environment is part of our commitment to our stakeholders, especially the local communities who may be directly impacted by our operations. We acknowledge that managing our waste effectively and preventing unplanned spills forms part of the ‘license to operate’ requirements in each of the countries of operation.

Hazardous and non-hazardous wastes from our operations include used oil, spent caustics, caustic polymer and charcoal, slop oil, dimmer wastes, coke, process waste and contaminated personal protective equipment. The EQUATE Group follows leading waste management practices as part of our commitment to Responsible Care® and as per the regulatory requirements mandated by environmental protection authorities.

The EQUATE Group’s general approach to waste management follows a Waste Management Hierarchy:

1. Eliminating or minimizing the generation of waste at the source shall be the first consideration in research, process design, plant operations, maintenance and must be considered prior to other options.
2. Reuse and recycling of materials shall be the next consideration prior to classification of waste.

3. Unusable or non-recyclable hazardous waste is to be treated to eliminate or reduce the hazardous nature and volume of the waste before disposal. Treatment may include destruction by chemical, physical, biological, or thermal (incineration) means.
4. Incineration is the preferred treatment for burnable wastes.
5. Disposal of waste materials in landfill is the least desirable option and is considered only after all other options have been thoroughly evaluated.

We manage all hazardous waste in compliance with national regulations and do not export waste.

In 2014 we generated 1,638 tons of hazardous solid waste. This figure fell by 23% to 1,196 tons in 2015. The increase to 2,066 tons in 2016 is due numerous shutdown activities across EQUATE Petrochemical Company’s facilities.

The fluctuations in the generation of non-hazardous solid waste are mainly due to adding MEGlobal to the reporting boundary. MEGlobal produced 16,143 tons of non-hazardous solid waste in 2016. Two sub-contractors manage the non-hazardous solid waste on behalf of EQUATE Petrochemical Company.

Hazardous solid waste (tons)

2012	51
2013	11,607
2014	1,544
2015	1,196
2016	2,066

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal. For EQUATE Petrochemical Company the data only reflects waste deposited at landfills.

Non-hazardous solid waste (tons)

2012	43
2013	6,186
2014	424
2015	5,007
2016	18,347

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal.



Spills to the environment



In 2014, EQUATE Petrochemical Company reported on spills using the Loss of Primary Containment approach. With the integration of EQUATE Petrochemical Company and MEGlobal into The EQUATE Group, we switched to reporting on Process Safety Containment Events (PSCE). PSCE aggregates the number of spills and process safety incidents into one number. For the purpose of reporting as per the GRI G4 Guidelines, we decided to report separately on spills to the environment. For further details on PSCE, please refer to page 83.

Our spills in 2015 predominantly released Hydrochloric acid and EB+ Benzene. There were no significant negative impacts caused by these spills. To reduce the likelihood of such incidents occurring we conducted dry slab campaigns, training and awareness on PSCE prevention, process safety trainings and developed a severity index based action plan.

Due to our proactive measures on environmental stewardship, in 2015 and 2016, The EQUATE Group did not face any instances of regulatory actions or fines related to non-compliance to any environmental regulations in any of the countries of operation during the reporting period.

Number of spills

2012	1
2013	6
2014	1
2015	3
2016	0

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal.

Volume of spills (tons)

2012	8
2013	21.7
2014	15.5
2015	1.3
2016	0

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal.





Supporting our community





The EQUATE Group considers our community as a critical partner to our long-term success. We believe that working closely with the community and creating value for them is closely aligned with our corporate mission and values. We consistently engage with local communities, and

participate in local developmental programs. Creating in-country value and contributing to the national developmental agenda of the countries of our operations is a key element of our sustainability strategy.

Our petrochemical operations continue to play an important role in the diversification of the economies we operate in. We create long-term national value through our direct financial contributions to governments, through employment, training and development of nationals, support for local entrepreneurs through procurement practices, as well as monetary and in kind contributions through our community engagement initiatives. The EQUATE Group's corporate objectives are closely aligned to the strategic national objectives of the key countries of our operations. We are especially keen to play a prominent role in contributing to the vision of His Highness the Emir of Kuwait, Sheikh Sabah Al-Ahmad Al-Jaber Al Sabah's vision of transforming Kuwait into a financial, cultural, and institutional leader in the region by 2035. Our corporate objectives as well as our sustainability strategy seeks to contribute to the objectives of the Kuwait National Development Plan as well as to the SDGs.

Performance highlights



Direct economic value generated

2015	USD 1,619m
2016	USD 3,557m



Economic value retained

2015	USD 0
2016	USD 37.5m



Payments to providers of capital

2015	USD 736m
2016	USD 679m



Community investments

2015	USD 1m
2016	USD 1m

Strategic initiatives as part of EQUATE Sustainability Strategy 2025

Expected outcome

Implement a sustainable procurement initiative

A sustainable procurement initiative would enable us to minimize our impacts along our value chain while ensuring resilience in our supply chain. We would also engage with our local suppliers and support them to improve their sustainability practices.

Establish a sustainability impact assessment process

The sustainability impact assessment process would help The EQUATE Group to assess both our positive as well as negative impacts of our operations and initiatives.

Develop a need-based community investment and SME development plan

The initiative would ensure a need-based community investment program which would help The EQUATE Group enhance its impact on the community. We would also support the development of SME's in line with the agenda for economic diversification in Kuwait.

Advocacy through multi-stakeholder dialogue in Kuwait

The EQUATE Group aims to enhance adoption of pro-sustainability policies and drive sustainable development in the State of Kuwait through strategic dialogue with regulatory stakeholders.

Creating economic value



The petrochemicals and chemicals industry is the second largest manufacturing sector in the Gulf region, delivering products worth over USD 100 billion annually. The growth of the industry has provided substantial contributions to the economic diversification of the region. The Kuwait petrochemical sector is expected to contribute over 60% of the country's non-oil income in 2016.

It is estimated that EQUATE contributes approximately USD 1 billion to the Kuwaiti economy every year through our contribution to various business sectors like logistics, telecommunications and others. Since our inception, we have also worked closely with the local plastics industry in Kuwait, and have contributed significantly to the development of the sector.

In addition, we also contribute to the local economy through the payment of wages and benefits to our employees. In 2016, we directly employed 1,280 individuals at EQUATE Petrochemical Company addition to providing employment opportunities to a large number of contract workers who work within our facilities in Kuwait. Among our direct employees, approximately 52% were Kuwait nationals. We paid USD 289 million (in 2015) and USD 330 million (in 2016) as the employer contribution to national pension paid to our Kuwaiti employees as part of their social security benefits. Through our payments to the government, which includes taxes, Zakat and our contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), continues to contribute to national development in the State of Kuwait. In addition, our efforts to employ, train and develop nationals has contributed significantly to the development of local human capital.

Direct economic value

Year	Direct economic value generated (USD million)	Economic value distributed (USD million)					Economic value retained (USD million)
		Operating costs	Employee wages and benefits	Payments to providers of capital	Payments to government	Community investments	
2015	1,619	730	140	736	12	1.3	0
2016	3,557	2,576	179	679	84	1.5	37.5

Note: Data boundary for 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal.



As part of our sustainability ambition, The EQUATE Group seeks to invest in initiatives and partnerships to drive sustainable innovation. We believe that innovation

would be key to finding solutions to challenges faced by petrochemical industries in the region as well as the GCC region as a whole.

Innovative Collaboration in Plastic Food Packaging

In 2016, EQUATE partnered with KFAS, Americana – Meat Cluster and Plastic Industries Company to develop an advanced solution for plastic food packaging. The solution was developed based on plastic raw material production, film conversion and food packaging. The results included developing and enhancing the food packaging plastic properties through EQUATE’s Research & Development (R&D) Center.

Sponsored GPCA Research & Innovation Summit 2016

EQUATE sponsored the 3rd GPCA Research & Innovation Summit, held under the theme “Managing R&D during Difficult Times: Creating Global Competitiveness,” the event gathered top executives from petrochemical and chemical companies, as well as government bodies and other entities to discuss various topics regarding R&D and innovation. As part of its ambition to drive innovation and creativity in Kuwait, EQUATE also sponsored an academic group from Kuwait University to attend the event.

Local procurement

A key objective of the Kuwait National Development Plan is to diversify the economy and reduce the dependence on the oil and gas industry, while developing the private sector. At EQUATE Petrochemical Company, we aim to maximize the retention of our total procurement expenditure within Kuwait through the purchase of products made in Kuwait and services provided by skilled Kuwaiti nationals. We understand that local suppliers would help us generate in-country value as well as secure our supply

chain. We therefore adopt a collaborative approach with our local suppliers, working closely with them to ensure compliance with our stringent quality, technical and health and safety requirements.

Through our collaborative approach, The EQUATE Group also supports local entrepreneurs and SME’s in Kuwait and in other areas of our operations.



Local employment



As a responsible business, The EQUATE Group invests in training and development of the local youth and in providing employment opportunities to the local community. We remain committed to the development of human capital in every country of our operation and ensure the recruitment, training and development of employees from local communities. Our recruitment policy is closely aligned to the national strategic objectives and regulations and seeks to identify the most suitable candidate for every position without any discrimination.

We recognize the challenges the Government of Kuwait faces to increase the participation of Kuwaiti nationals

in the workforce, and we have various initiatives in place that foster collaboration among local institutions. Over the years, we actively supported the development of local talent through our strategic partnerships with scientific as well as academic institutions within Kuwait. We have ongoing memorandums of understanding and cooperation with a number of organizations, such as KFAS, KISR, Kuwait University (College of Business Administration and College of Engineering & Petroleum), as well as the Public Authority for Applied Education & Training (PAAET).



Case Study



Job opportunities for Kuwaiti citizens

EQUATE Petrochemical Company supports the Kuwait community in its goal to increase the share of nationals in the workforce. As part of the Accelerated National Development Program, EQUATE Petrochemical Company aimed in 2015 and 2016 that 52% of its workforce is comprised of Kuwaiti citizens. A critical factor for success is the recruitment of qualified Kuwaiti nationals and their development. Therefore, we collaborate with local entities such as Kuwait Fund for Arab Economic Development, local/international academic institutions

by establishing partnership and supporting internship program. In 2015 and 2016 a total of 113 students and post-graduate students joined us for internships. A majority of interns are engineers or operators, who acquire hands-on exposure and experience of our manufacturing and non-manufacturing. Through our continuous efforts, we managed to increase the share of Kuwaiti citizens among our workforce from 50.5% in 2015 to 51.7% in 2016. We aim to reach our target during the next reporting cycle.



Community engagement



The EQUATE Group's contribution to local development also includes our investments in infrastructure as well as services which helps to create indirect economic value. Over the years, the organization has continued to invest in local development through our community initiatives. In line with our tagline "Partners in Success," we form partnerships with not-for-profit and nongovernmental organizations to support projects that safeguard the environment and uplift local communities through education and community outreach initiatives.

To maximize of our community engagement initiatives, The EQUATE Group prioritizes projects which are closely aligned to the needs of our communities as well as those which are aligned to our sustainability focus areas. We consider the community as a close partner and continuously engage with the local community to ensure the effectiveness of our initiatives. At MEGlobal, we believe in open and honest discussions with our neighbors and therefore engage with the community through Community Advisory Panels (CAPs). These CAPs, create a forum for communicating with the local communities on any issues related to our operations, including safety and the environment. These CAPs also help us identify and prioritize community initiatives as per the specific needs or requests of the local community.

We currently have CAPs connected with our manufacturing sites in Canada in both Fort Saskatchewan and Prentiss (Red Deer). These CAPs, comprising local residents and representatives of both MEGlobal and The Dow Chemical Company (MEGlobal's production facilities in Canada, are co-located with manufacturing facilities owned by Dow), meet on a regular basis to review a variety of topics of common interest and concern. The CAPs are an effective platform for us to maintain communications with the general public, and helps us play a key role in issues that impact the local community.

MEGlobal also operates a Community Contributions Program that supports community projects that demonstrate measurable, significant positive impact and align with at least one element of our sustainability philosophy. As part of EQUATE Sustainability Strategy 2025, The EQUATE Group would develop a need-based community investment plan.





Key highlights of our community initiatives in 2015-16

Community outreach initiatives



Case Study



Support for the Kuwait Blind Association

Continuing EQUATE's engagement with the Kuwait Blind Association, we provided members of the association with Esys Braille machines, which allows people with visual impairment to independently access and use the internet.



Case Study



Community partnerships during Ramadan

EQUATE carried out a number of initiatives during the holy month of Ramadan. The initiatives, were conducted in partnership with numerous organizations in Kuwait.

In cooperation with Zakat House, EQUATE hosted Ramadan Iftar meals throughout the entire month at a number of mosques. We also sponsored the Rijeemy Walkathon organized by the Rijeemy Center to promote a lifestyle of physical fitness and overall wellbeing through regular exercise, healthy eating habits and other relevant matters.

Furthermore, we contributed to the efforts of the Kuwait Association for the Care of Children in Hospital with a number of giveaways to bring joy to the society's children. Together with the hospital we conducted the Painting Smiles campaign to create community awareness about children receiving medical care in hospitals.



Case Study



Signature sponsor of the MEGlobal Athletic Park in Lacombe, Alberta

The EQUATE Group is the signature sponsor of the MEGlobal Athletic Park in Lacombe, Alberta, Canada. The park has developed into a prominent facility for sport and entertainment events in the region, with more than 50,000 hours of use in 2016 alone. Sports include lacrosse, soccer, rugby, football and quidditch, and 2017 will see the installation of a full size exterior basketball court. The 2017 Alberta High School Provincial games would be hosted at the MEGlobal Athletic Park, bringing up to 4,000 players and fans to Lacombe over two days during autumn.

Environmental initiatives



Case Study



Sponsoring the Ellis Bird Farm in Alberta

The EQUATE Group sponsors the Ellis Bird Farm, a non-profit organization and a working farm opposite our Prentiss manufacturing site in Red Deer, Alberta, Canada. The organization is dedicated to the conservation of Mountain Bluebirds, Tree Swallows and other native cavity-nesting birds and the farm is home to the world's largest outdoor collection of bluebird nest boxes.



Case Study



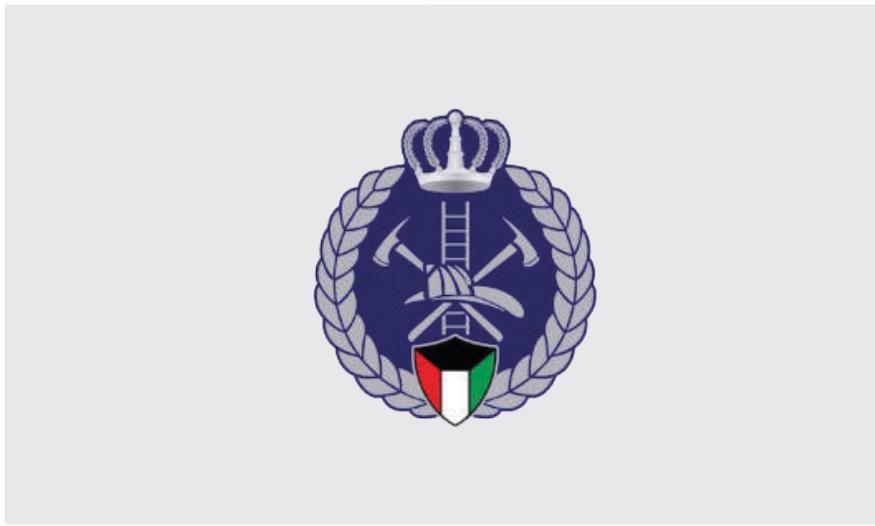
Waste Free Environment campaign

To increase awareness about protecting and preserving the environment, EQUATE Petrochemical Company, the Environment Public Authority and GPCA launched, for the fourth consecutive year, a partnership for the Waste Free Environment Beach Cleanup campaign. The campaign's partners included Kuwait Municipality, K's Path, Touristic Enterprises Company, Kuwait Dive Team and a number of schools. Held outside the Green Island, the activity was attended by EQUATE employees, school students and other volunteers, who collected 3,840 kilograms of waste.

Health and safety initiatives



Case Study



Fire prevention awareness videos

EQUATE and Kuwait Fire Service Directorate (KFSD) collaborated to produce short awareness videos about safety in elevators and using electrical equipment. These short video clips, which will be played throughout movie theatres and social media platforms, will address how to prevent fires resulting from electrical equipment and elevator malfunctions. Such an effort is an example of the care and attention devoted by KFSD and EQUATE to ensure the safety and protection of individuals and property in the society as a whole.



Case Study



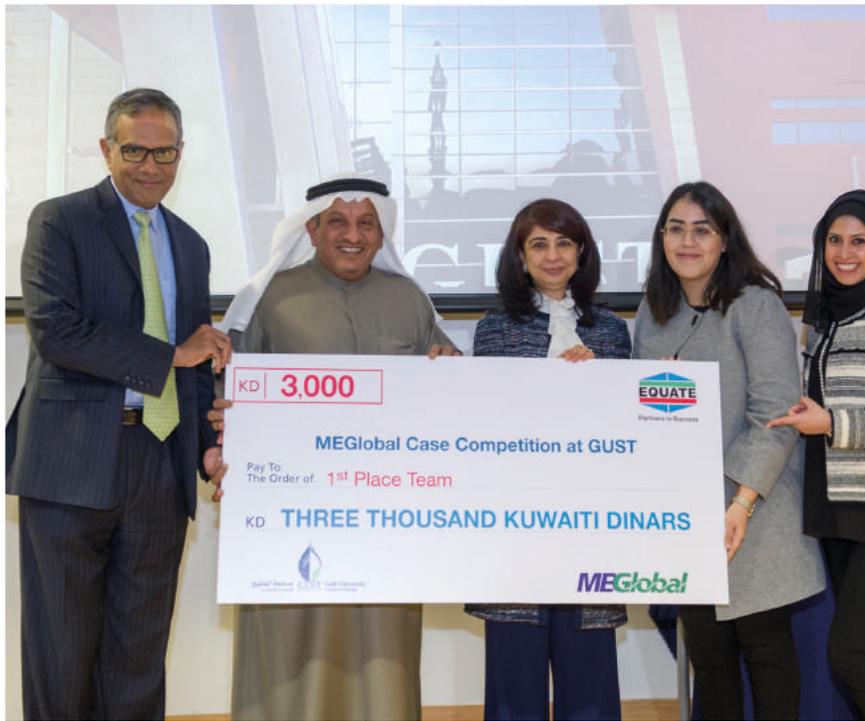
Stay safe desert campaign

The KFSD and EQUATE Petrochemical Company, launched Stay Safe in the desert campaign for the overall safety and security of desert campers. During the four-week campaign, KFSD and EQUATE officials visited a number of camps. The visits included sharing advice for safe camping, handing-out safety booklets and distributing fire extinguishers.

Promoting skill and talent development



Case Study

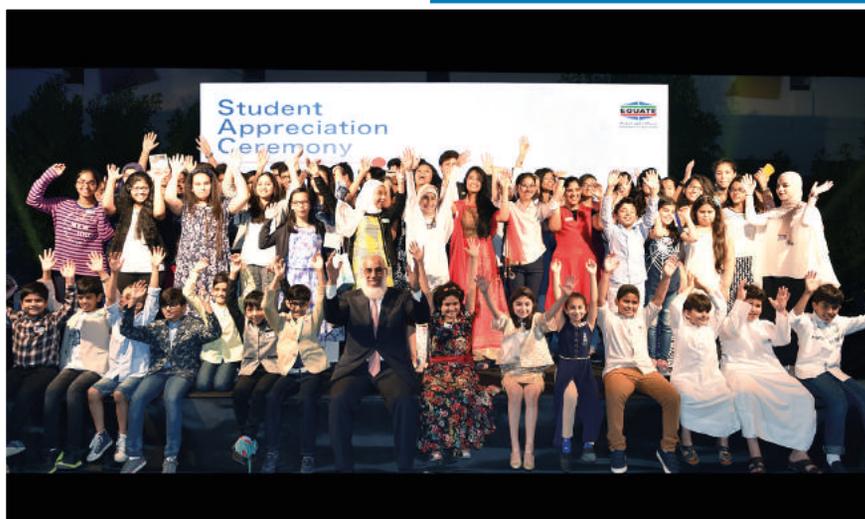


MEGlobal Case Writing Competition

The EQUATE Group collaborated with Gulf University for Science & Technology to organize the annual MEGlobal Case Writing Competition 2016 to develop the academic and scientific competencies of students. The competition included the participation of a number of teams from the University. Five teams, consisting of under-graduate and MBA students, were selected for the finals and developed the case studies. At the beginning of the competition, MEGlobal provided a number of cases for the students to use in the competition. The case studies covered marketing/sales, finance, human resources and management. The students were guided by a renowned author and researcher, who is an expert in developing innovation-based strategic business solutions to actual challenges.



Case Study



Honoring children of employees for outstanding achievements

We conducted a ceremony to honor the academic and athletic achievements of 60 children of our employees. We consider our employees and their children as key stakeholders of The EQUATE Group and take immense pride in the achievements of our children. With education and professional development being key focus areas for EQUATE Sustainability Program, the excellence displayed by the students in academic and athletic fields is a reflection of our mission, vision and values.



Case Study



Sponsored the sixth edition of the Proteges Program

EQUATE sponsored the 6th Proteges Program aimed at developing nationals & economy as part of EQUATE's support for national initiatives. This partnership with Proteges represents a number of elements in EQUATE's sustainability strategy through focusing on education, training, as well as developing the human capital by investing in the youth. This program aimed at improving the professional capabilities of youth to ensure economic growth, qualifying aspiring Kuwaiti youth, in addition to encouraging small and medium enterprises.



Case Study



مركز صباح الأحمد للموهبة والإبداع
Sabah Al-Ahmad Center For Giftedness & Creativity

Partnership with Sabah Al-Ahmad Center for Giftedness & Creativity

EQUATE signed a partnership agreement with the Sabah Al-Ahmad Center for Giftedness & Creativity to cover collaboration for innovation initiatives, intellectual property, patenting, technology transfer, R&D, building capabilities and other partnerships for overall sustainability. Through the partnership EQUATE would support and sponsors Kuwaiti youth and invest in their potential and creativity to ultimately accomplish common goals and exchange expertise in the field of scientific and technological R&D. In addition, the agreement will support EQUATE's national employees to register their ideas and innovations with international patenting offices, as well as participate in the center's workshops to promote a creativity-based culture in the society.



Case Study



EQUATE conducted a manpower development workshop with government entities

The Ministry of Social Affairs & Labor and the Public Authority for Manpower and EQUATE Petrochemical Company, organized a workshop for performance development through optimizing work processes and methods. This joint workshop was held in cooperation between the authority and EQUATE to boost performance through devising the best work processes and methods to ensure effective work execution and delivering optimum results in the shortest amount of time. The four-day workshop included defining, structuring and refining work processes and methods, as well as devising a number of added-value solutions.



Case Study



Summer training course for university and high-school students with KISR

EQUATE sponsored the annual summer training course for high school and university students organized by the KISR. With the participation of over 120 high-school and university students, the course addressed a number of subjects relevant to KISR's research programs and projects, chemistry, biology, computer, architecture, engineering and others.

The training course is one of the most important initiatives organized by EQUATE and we have been sponsoring this training program for the previous 11 years as part of embodying our "Partners in Success" slogan with KISR.



Case Study



Continued to sponsor teams from Kuwait University to attend GPCA events

EQUATE continued to sponsor academic teams from the College of Engineering & Petroleum at Kuwait University to attend key GPCA events. This provided opportunities for professors as well as students of the University to interact with senior experts in the petrochemical sector and learn about the challenges faced by organizations in the sector.

EQUATE's sponsorship of the professor and the students for GPCA activities is part of the Memorandum of Understanding signed with Kuwait University during 2008 for overall partnership and cooperation in industrial and academic fields.

Caring for our people





EQUATER's play an important role in the continuing success of The EQUATE Group. They represent 19* nationalities from around the world and are recognized for their cultural diversity and superior skills. We seek to provide our employees with a rewarding and safe place to work, with

opportunities for professional growth and development. This section introduces our management approach and performance on aspects related to employee recruitment and retention, occupational health and safety and employee training and development.

** Refers to EQUATE Petrochemical Company in 2016 and does not include secondees and contractors.*

G4-11

The EQUATE Group pays significant attention to its employees who are our greatest asset. The organization’s international recognition and exceptional performance in production, marketing, logistics, safety, customer service, and other fields are the direct result of the hard work of our people. Our leading human resource management practices help us attract talented recruits and we make every effort to nurture and support the training and continuous development of each of our employees.

As one of the leading petrochemical manufacturers in the GCC region, we play a significant role in the recruitment and development of nationals within our workforce. We ensure a merit-based recruitment practice but ensure opportunities for the recruitment of candidates from local communities and provide an environment that nurtures their talents while helping them grow within our organization.

Employees in the petrochemical sector typically work in high risk work environments. We take pride in our Environment, Health & Safety (EH&S) processes and procedures and our safety performance have been ranked as world class when compared with both regional and international peers. Our practices and performance are in line with our commitments to Responsible Care®. We believe that all injuries, occupational illnesses, loss incidents and environmental incidents are preventable. The EQUATE Group is a Target Zero company with a vision of Zero Incidents, Zero Injuries and Zero Harm to the Environment, and are committed to full compliance with all regulatory EH&S requirements within our operations.

Performance highlights



Total hours of employee training*

2015	106,776
2016	110,448



Total recordable injury rate*

2015	0.07
2016	0.07



Total number of employees

2015	1,297
2016	1,496



Employees covered by collective bargaining agreements*

2015	47%
2016	48%

Our employees are the cornerstone to our sustainability journey and we would continuously seek to engage them. The success of the EQUATE Sustainability Strategy 2025 and our sustainability ambitions are linked to the sustainability-related competencies of our workforce. Therefore, as part of our strategy, we plan to prioritize specific activities to develop the capacity of our employees.

Strategic initiatives as part of EQUATE Sustainability Strategy 2025 **Expected outcome**

Establish an employee engagement program to develop capacity on sustainability	A focused employee engagement program would enable The EQUATE Group to enhance awareness and employee participation in sustainability initiatives. Our engagement program would also include employee capability development to ensure successful strategy implementation.
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Employment practices

Due to the nature of our business, we seek to employ the right candidates who are fit to work in a technical work environment while matching the values and cultural attributes of our organization. We provide equal opportunities to all candidates without any cultural, demographic, ethnic, religious, gender-based bias, except for our efforts in recruiting predominantly Kuwait nationals for vacancies in Kuwait. Our recruitment practices meet the legal and regulatory mandates in each of the countries where we operate. We value our human capital and respect our employee’s diverse cultures, backgrounds, gender, nationalities, race, religion and ethnicity. Our commitment is reflected through our values

and are enforced through our recruitment practices and our operations. The EQUATE Group has established strategic partnerships with leading educational institutions where we operate to ensure recruitment of prospective employees from the local communities. In Kuwait, EQUATE has partnerships with the Public Authority for Applied Education and Training PAAET, Kuwait University, as well as the Manpower and Government Restructuring Program to attract new local talent. We also provide scholarships to students from our partner educational institutions to help support their development.

*MEGlobal not considered

EQUATE Group's employee profile

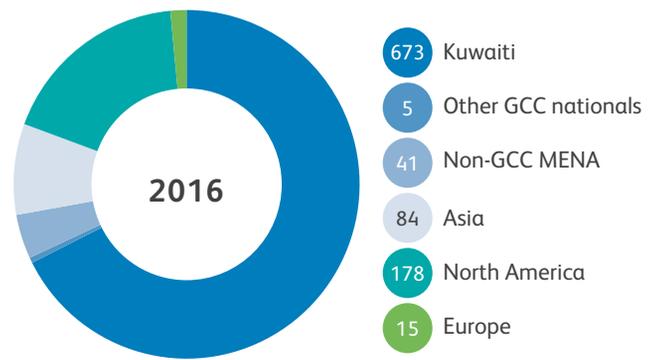
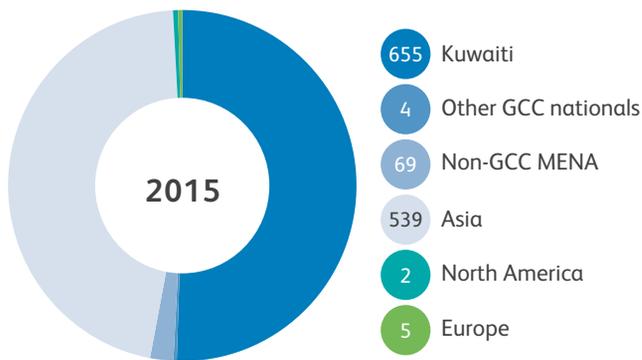


Total number of employees			
2012	1,373	1,286	87
2013	1,339	1,252	87
2014	1,311	1,227	84
2015	1,276	1,198	78
2016	1,496	1,362	134

Note: Data boundary between 2012 and 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal. Secondees and contractors were not considered. In 2014, EQUATE Petrochemical Company had one male employee less than reported in the previous sustainability report.



Employee nationalities



Note: Data boundary for 2015 covers EQUATE Petrochemical Company. 2016 also covers MEGlobal. Secondees and contractors were not considered.

Case Study



Collaborating with the Public Authority for Manpower and the United Nations

EQUATE supported the Public Authority for Manpower starting since 2014 in developing a Key Performance Indicators (KPIs) dashboard to establish an evaluation system, develop talents and support the human capital. Moreover, a specialized team from EQUATE provided Six Sigma training to the employees of the Public Authority with the objective of improving quality and daily business practices.

Workforce by age	2015	2016
Under 30 years	176	146
30–50 years	961	977
Over 50 years	139	157

Note: Data boundary for 2015 and 2016 covers EQUATE Petrochemical Company. Secondees and contractors were considered. In EQUATE's 2014 Sustainability Report the number of male employees under 30 years was reported at 904 and male employees between 30 and 50 years at 121. However, these numbers have to be inverted to 121 under 30 years and 121 between 30 and 50 years.

Workforce by employment level	2015	2016
Executive	2	2
Leaders	62	66
Other employees	1,212	1,212

Note: The Executive level refers to EQUATE Management Team members. The Leader level refers to EQUATE People Leaders. Employees not included in either Executive or Leader level are referred to as Other employees. Data boundary for 2015 and 2016 covers EQUATE Petrochemical Company. Secondees were not considered.



The EQUATE Group seeks to attract and retain the right talent with the help of our excellent compensation and benefits package. In Kuwait, EQUATE abides by the laws and regulations of the Ministry of Social Affairs and Labor, Public Institution for Society and Security, and Manpower and Government Restructuring Program. We invest in the well-being of our employees and provide medical and life insurance benefits. Other benefits include parental leave, educational assistance, leave travel allowance, private saving schemes, and competitive retirement options. All our Kuwaiti employees are entitled to pension benefits paid as part of the national social security scheme. In addition, in 2016, 48% of our workforce at EQUATE Petrochemical Company and 0% at MEGlobal were covered by collective bargaining agreements.

As is the general trend in the petrochemical sector, the unique but high risk working environment in The EQUATE Group attracts employees from a certain demographic. Our employees are predominantly males between the age group of 30-50 years. They bring in the necessary experience to work in high-risk work environments. In 2016, females represented only 6.5% of the total workforce in EQUATE. However, we are committed to increase the number of female staff within our workforce and encourage them to fill technical and non-technical roles and support them in reaching leadership positions.

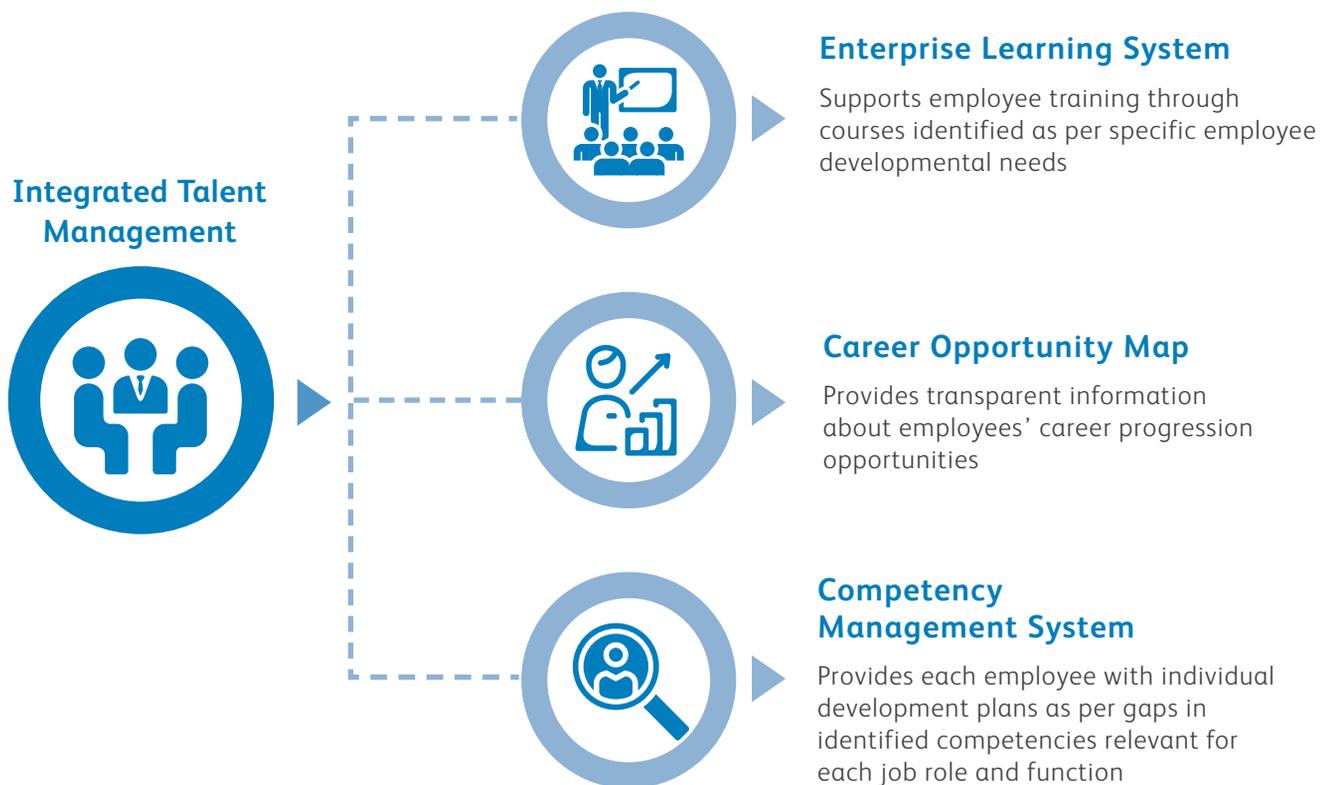
Within The EQUATE Group, we foster a culture of respect, acknowledging the diverse nature of our workforce. Our HR policies and practices discourage discrimination across all areas, including recruitment,

career progression, allocation of projects, transfer, termination, benefits and pay. In spite of our best efforts, we acknowledge that there might be occasions when our employees have specific concerns. As part of our guiding corporate principles, every employee is provided the opportunity to raise concerns and report specific grievances without fear of retaliation or reprisal. Our management is committed to ensuring thorough investigation of every formal employee grievance and has mandated the COBC committee to recommend appropriate remedial actions in case of a breach in our values.

Employee training and development



A highly skilled and high performing workforce would be crucial for The EQUATE Group to achieve our vision to become a world-class producer of petrochemical products. We continue to invest in our employees, strengthening their technical and leadership skills, and recognizing them for delivering results. Our approach towards talent development within The EQUATE Group is driven by our belief in ensuring “Excellence in every aspect in the way we work”. Our fully integrated talent management system drives employee excellence by inspiring and empowering our employees to enhance their knowledge, skills and demonstrate behavior in line with our business goals.



Training structure at EQUATE Group



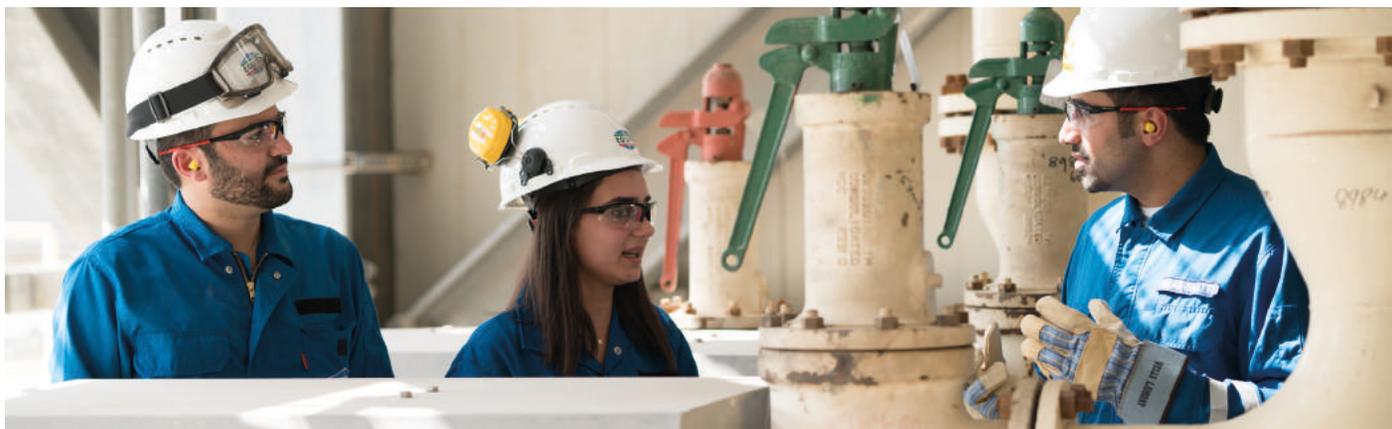
The training structure at EQUATE Petrochemical Company is composed of both enterprise-wide training as well as specific technical and soft-skill training programs to satisfy developmental needs of individual employees.

We also provide financial assistance for employees pursuing academic degrees in partnership with the Ministry of Education in Kuwait.



Employee training	2015	2016
Total hours of training	106,776	110,448
Males	103,268	107,326
Females	3,508	3,122
Average hours of training per employee	82	167
Executive	33	0
Leaders	108	58
Other employees	81	87

Note: Data boundary for 2015 and 2016 covers EQUATE Petrochemical Company. The average number of training hours per employee was substantially higher in 2016, due to the implementation of the TAMAZOY Project that revamped the Individual Development Plan process. This training is only reflected in the average training hours for the whole workforce and not in the individual sub-categories.



Each of EQUATE's contractors are provided mandatory training on EH&S to enable them to carry out their jobs safely. When necessary, we also provide specialized

technical competency training to contractors pertaining to the specific job requirement.

Snapshot of sustainability trainings developed and conducted in 2015-16

Puzzling the sustainability strategy	e-learning course
The EQUATE Sustainability Committee carried out an awareness session to inform all employees that the company has officially adopted a sustainability strategy. Each employee received a cube with their name and a particular instruction to visit, for example, the United Nations website on the Sustainable Development Goals. The cubes were then utilized to complete a puzzle, with the CEO placing the last piece. Upon inserting the only remaining piece the puzzle illuminated the words "EQUATE's Sustainability Strategy 2025", so as to indicate that the strategic objectives can only be achieved together.	We developed an e-learning course for every employee at EQUATE to raise the level of awareness on what sustainability stands for and why we seek to improve our sustainability performance. Aside from a general introduction to sustainability the course also defines sustainability risks and opportunities specific to The EQUATE Group and encourages employees to get engaged.



A critical element of ensuring a high performing workforce is an effective performance management system which recognizes excellence and rewards employees as per their performance. We provide opportunities for our employees to set annual goals in line with their specific job profile and expected performance targets. Mid-year and year-end appraisals provide an opportunity for every employee to receive feedback based on their performance. This helps our employees to assess their feedback based on the organization's expectations and identify a suitable developmental plan based on identified gaps. In 2016, 98% of the total workforce at EQUATE Petrochemical Company received performance feedback and career development reviews.

As part of our commitments to the Responsible Care® Global Charter, The EQUATE Group has adopted specific Environment, Health and Safety (EH&S) goals and targets. We have set ourselves ambitious goals to transition ourselves into a Zero Injuries Organization. However, we acknowledge the potential EH&S risks within our sector and therefore strive to manage safety risks to As Low as Reasonably Practicable (ALARP).



EQUATE Petrochemical Company follows nationally or internationally developed standards for the safe operation of chemical petrochemical facilities. Process safety events are monitored and reported as per API RP-754. MEGlobal has defined ten sub-categories of API RP-754 Tier 3 events which are known and available to all personnel within operations. API RP-754 Tier 1, 2, 3 and 4 events are entered into a Process Safety Event log. The number of events, the status of investigations, and progress on actions is reported to MEGlobal Manufacturing Leadership on a regular basis and reviewed as a whole during the annual management system review.

In 2015 and 2016, we achieved our target of a Recordable Injury Rate below 0.09. However, we did not achieve our target of registering zero Tier 1 and 2 process safety incidents in 2015 or 2016. We will continue to review our processes and identify ways to minimize the likelihood of process safety incidents.

Responsible Care® health and safety goals and targets	2013	2014	2015	2016
Strive for zero Recordable Injuries (RI) and limit Recordable Injury Rate to 0.09 by 2015	0.11	0.10	0.07	0.07
Strive for zero Process Safety Incidents (Tier 1 and Tier 2 as per API RP 754 definition)	1	0	2	1

Note: Data boundary Recordable Injury Rate between 2013 and 2016 covers EQUATE Petrochemical Company. Data for Process Safety Incidents between 2013 and 2015 covers EQUATE Petrochemical Company, and 2016 also includes MEGlobal.

Occupational health and safety



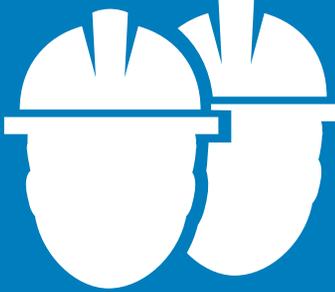
EQUATE Petrochemical Company adopted a Management Implementation plan, advised by the Core Strategic Committee, to ensure the safety of our employees. We set annual safety-related goals and objectives for the entire organization and have established a site-level governance

structure to ensure that our goals are met. Our entire workforce is represented through the site-based Environment, Health and Safety (EH&S) committees, departmental level focus teams as well as safety officers for various facilities.

EH&S governance within EQUATE Petrochemical Company

Site EH&S Committee

- Number of representatives: **10**
- Meeting Frequency: **Monthly**
- Proportion of Workers: **None**
- Level of Operation: **Site level**
(Headed by VP Operations)



Departmental EH&S Focus Teams

- Number of representatives: **10-15 per team**
- Meeting Frequency: **Weekly**
- Proportion of Workers: **50-60%**
- Level of Operation: **Departmental**

Safety Officers

- Number of representatives: **20-25 per facility**
- Meeting Frequency: **Weekly**
- Proportion of Workers: **80%**
- Level of Operation: **Multi-facilities**

The EQUATE Group embraces a safety culture and upholds the highest standards in occupational health and safety. We seek to achieve safety excellence within our value chain to protect our employees, customers, suppliers and the local community. As a Responsible Care® certified organization, our operations are one of the safest petrochemical plants in the world. The company has an enviable safety record with a world class Recordable Injury Rate within the sector.

Our safety programs are driven by the EH&S management systems, internal processes and most importantly with the help of our dedicated workforce at all levels of the organization. We continue to invest in health and safety training for our employees to ensure that

our employees are able to carry out their jobs safely and responsibly. Trainings are allocated depending on different requirements, specified, for example, by the Kuwait Environment Public Authority, our policies and management decisions. At EQUATE Petrochemical Company we conducted a total of 59,446 hours of EH&S specific training for our employees, of which 47,622 hours were e-learning and 11,824 classroom-based training. Some of our major training courses included, training on emergency procedures for all employees and, depending on the nature of work, hazard impact on personnel, company and the company. We conduct further trainings, specified in each EH&S standard title and assignment requirement.

Our safety performance



		Year	EQUATE Petrochemical Company	MEGlobal
	Total man-hours worked	2012	5,124,912	
		2013	6,302,363	
		2014	15,920,295	
		2015	8,438,194	
		2016	8,164,637	Not available
	Number of Lost Time Injuries (LTIs)	2012	0	
		2013	0	
		2014	1	
		2015	0	
		2016	0	1
	Lost Time Injury A Frequency (LTIF)	2012	0	
		2013	0	
		2014	0.2	
		2015	0	
		2016	0	0
	Number of Lost Days from LTIs	2012	0	
		2013	0	
		2014	18	
		2015	0	
		2016	0	0
	Number of Recordable Injuries	2012	4	
		2013	2	
		2014	4	
		2015	3	
		2016	3	1
	Total Recordable Injury Rate	2012	0.12	
		2013	0.06	
		2014	0.05	
		2015	0.07	
		2016	0.07	0.46
	Number of Sickness/Absence Days	2012	6,812	
		2013	5,877	
		2014	6,486	
		2015	5,720	
		2016	5,621	Not available
	Hours of EH&S related training	2014	25,000	
		2015	30,980	
		2016	28,466	Not available

Ensuring employee health and well-being

Our commitment to our employees is to minimize their exposure to health and safety risks at work and also to promote their overall health and well-being. The EQUATE Group's employee compensation policy covers comprehensive health-related topics, including occupational diseases and other lifestyle-related diseases. Our agreements with trade unions also cover health and safety topics.

As part of our approach towards EH&S risk mitigation, we regularly review our work procedures and identify specific activities which pose occupational health and safety risks to our employees. We also perform periodic ergonomic assessments to improve employee health and well-being, and reduce workplace risks. The EQUATE Group seeks to minimize employee exposure to potential risks through trainings, process optimization as well as through the use of appropriate Personnel Protective Equipment.

All of our employees are required to undergo a full general medical check to ensure physical fitness to work. In addition, employees in high-risk job categories receive specialized medical check-ups at periodic intervals. In 2015-16, EQUATE Petrochemical Company conducted a total of 1,229 periodic medical examinations, 1,683 Occupational Health related tests and provided 212 employees with First Aid Training.

The EQUATE Group monitors occupational illnesses as well as other lifestyle related diseases among our employees. We believe that our efforts in educating employees on specific health related topics through our periodic health bulletins as well as other relevant employee engagement campaigns would help us promote health and well-being within our workforce.



Case Study



Designing a more healthy work environment

While conceptualizing our new head office we focused on the linkage between the design of the office space and the wellbeing of our employees. Our main focus lay on allowing natural light to illuminate every corner of the building and use colouring schemes that provide a feeling of comfort and spaciousness to minimize stress. Multiple self-service drinking stations on all floors and a cafeteria with break-out space were added to provide employees with break-out space and enable them to connect outside of their cubicles. To improve indoor air quality smokers are asked to go a designated spot outside of the main building. In cases of emergencies or instances of feeling unwell, employees can visit a fully functional clinic that can provide all treatments also available at the Refinery Medical Center. We are also currently working with a consultant to certify the new head office with the United States Green Building Council's Leadership in Energy and Environmental Design certificate.



GRI Content Index



Level of disclosure		
● Full	◐ Partial	○ Not Disclosed

General Standard Disclosures

GRI Indicator	Level	Page	Comment
Strategy and analysis			
G4-1	●	4	
Organizational profile			
G4-3	●	5	
G4-4	●	28	
G4-5	●	22-23	
G4-6	●	22-23	
G4-7	●	19	
G4-8	●	22-23	
G4-9	●	22-25, 79	
G4-10	●	79-80	
G4-11	●	78	
G4-12	●	28-29	
G4-13	●	8, 22-23	
G4-14	●	34	
G4-15	●	36, 48	
G4-16	●	35	
Identified material aspects and boundaries			
G4-17	●	19	
G4-18	●	8, 10-13	
G4-19	●	12-13	
G4-20	●	12-13	
G4-21	●	12-13	

General Standard Disclosures

GRI Indicator	Level	Page	Comment
G4-22	●	57, 79, 80	Total male workforce, workforce by age, Scope 1 and Scope 2 emissions were updated
G4-23	●	8	
Stakeholder engagement			
G4-24	●	9	
G4-25	●	10	
G4-26	●	9	
G4-27	●	9	
Report profile			
G4-28	●	8	
G4-29	●	8	
G4-30	●	8	
G4-31	●	14	
G4-32	●	7, 88-89	
G4-33	●	88	No external assurance of KPIs in this report
Governance			
G4-34	●	30-31, 33-34	
Ethics and integrity			
G4-56	●	21, 34	

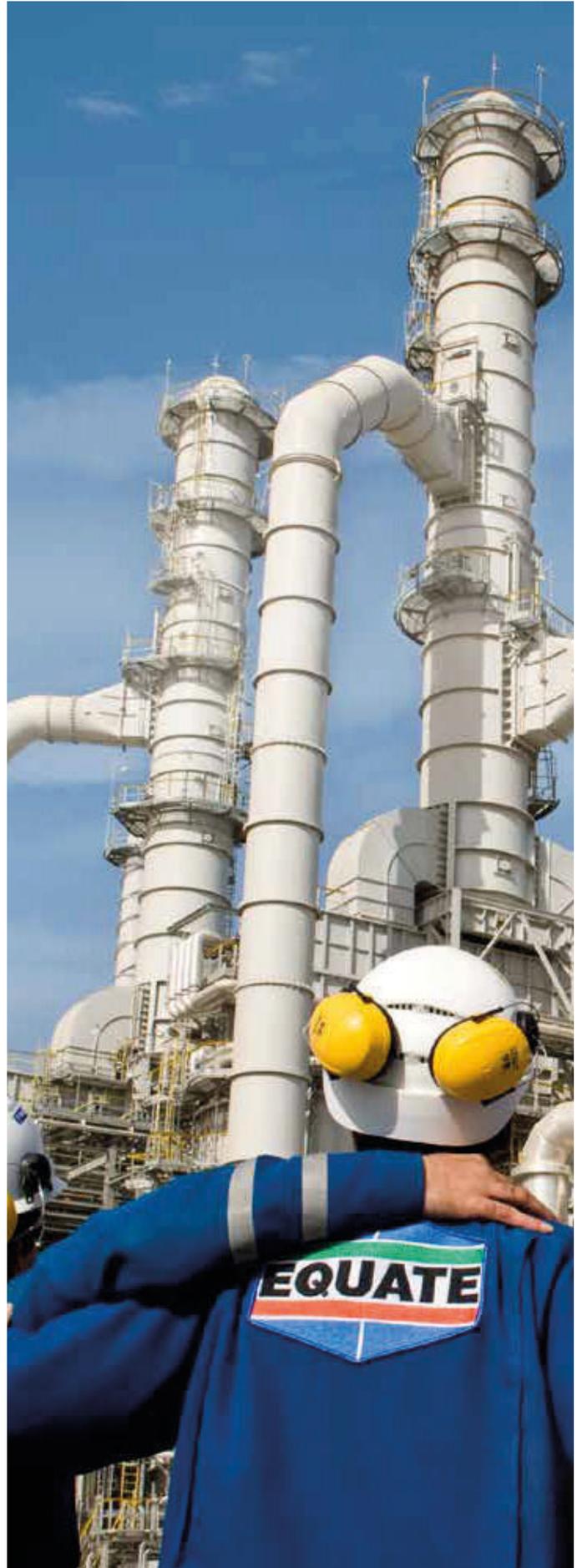
Specific Standard Disclosures			
GRI Indicator	Level	Page	Comment
Category: Economic			
Economic performance			
G4-DMA		65	
G4-EC1	●	65	
G4-EC3	●	65	
Market presence			
G4-DMA		67	
G4-EC6	●	67	
Indirect economic impacts			
G4-DMA		68	
G4-EC7	◐	68	
G4-EC8	●	65	
Category: Environmental			
Energy			
G4-DMA		55	
G4-EN3	●	55	
G4-EN4	◐	55	
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G4-EN8	●	56	
G4-EN9	●	56	2016 only
G4-EN10	◐	56	
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G4-EN15	●	57	
G4-EN16	●	57	
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G4-EN24	◐	60	
G4-EN25	●	59	

Specific Standard Disclosures			
GRI Indicator	Level	Page	Comment
Compliance			
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G4-EN29	●	60	
Category: Social			
Sub-category: Labour practices and decent work			
Occupational health and safety			
G4-DMA		84	
G4-LA5	●	84	
G4-LA6	●	85	
Training and education			
G4-DMA		81	
G4-LA9	●	82	
G4-LA10	◐	81	
G4-LA11	●	83	
Sub-category: Society			
Local communities			
G4-DMA		33, 68	
G4-S01	◐	33, 68	
Public policy			
G4-DMA			
G4-S06	◐		EQUATE Petrochemical Company has not and does not provide any politically intended contributions in any part of the world, both directly and indirectly.
Compliance			
G4-DMA		34	
G4-S08	●	35	
Asset integrity and process safety			
G4-LA11		83	
G4-OG13	●	83	

Glossary of abbreviations

ALARP	As Low as Reasonably Practicable	ISO	International Organization for Standardization
API	American Petroleum Institute	JV	Joint Venture
BPC	Boubyan Petrochemical Company	KARO	Kuwait Aromatics Company
BZ	Benzene	KD	Kuwaiti Dinar
CAP	Community Advisory Panel	KFAS	Kuwait Foundation for the Advancement of Sciences
CEO	Chief Executive Officer	KFSD	Kuwait Fire Service Directorate
CO ₂ e	Carbon Dioxide equivalent	KISR	Kuwait Institute of Scientific Research
COBC	Code of Business Conduct	KIU	Kuwait Industries Union
CSR	Corporate Social Responsibility	KPI	Key Performance Indicator
DMA	Disclosures on Management Approach	KPPC	Kuwait Paraxylene Production Company
EG	Ethylene Glycol	LTI	Lost Time Injury
EH&S	Environment, Health & Safety	LTIF	Lost Time Injury Frequency
EMC	EQUATE Marketing Company	MBA	Masters in Business Administration
EQUATE	EQUATE Petrochemical Company	MENA	Middle East and North Africa
ESG	Environment, Social and Governance	METIP	Middle East, Turkey and the Indian Peninsula
G4	Guidelines version 4	PAAET	Public Authority for Applied Education and Training in Kuwait
GCC	Gulf Cooperation Council	PSCE	Process Safety Containment Event
GHG	Greenhouse Gas	PE	Polyethylene
GJ	Giga Joules	PET	Polyethylene terephthalate
GPCA	Gulf Petrochemicals & Chemicals Association	PIC	Petrochemical Industries Company K.S.C
GRI	Global Reporting Initiative	PP	Polypropylene
HA	Heavy Aromatics	PX	Paraxylene
HR	Human Resources		
HSE	Health Safety & Environment		

QPIC	Qurain Petrochemical Industries Company
R&D	Research and Development
RI	Recordable Injury
SDG	Sustainable Development Goals
SM	Styrene Monomer
SME	Small and Medium Enterprise
TKOC	The Kuwait Olefins Company
TKSC	The Kuwait Styrene Company
USD	United States Dollars
VP	Vice President





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