



Partners in Success



EQUATE Group
**Sustainability
Report**
2017 - 2018

Enhancing value creation
through global integration



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Message from our President and CEO

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This 2017-2018 sustainability report details our sustainability performance in terms of economic contribution, environmental impacts and caring for our people and communities.

Welcome to the sixth sustainability report of the EQUATE Group. Headquartered in Kuwait and established in 1995, we are a global producer in the petrochemical industry and the world's second largest producer of ethylene glycol. Today, our Group employs over 1,500 people and we have manufacturing facilities in Kuwait, Canada and Europe with a combined annual production of over 6 million tons of the highest quality grades of ethylene, ethylene glycol, polyethylene, polyethylene terephthalate, styrene monomer, paraxylene, heavy aromatics and benzene. Our products are the building blocks of many everyday consumables and are distributed globally. While expanding our global footprint provides us with the competitive advantage to serve our customers in the world, one of EQUATE Group's priorities is to shrink our carbon footprint. Indeed our recent scientific breakthroughs, notably in introducing commercially viable, food-grade, 25 percent chemically recycled PET, is a testimony to this effort.

Sustainability is firmly embedded in our organizational culture and we acknowledge the vital role it has to play for the future success of EQUATE Group. Our sustainability vision for 2025 is based around the three pillars of sustainability - economic, social and environmental - and defines the strategic initiatives that we believe will shape our Group in becoming a more responsible yet more resilient organization by 2025. We are committed to delivering open, transparent and balanced communications to our stakeholders in the disclosure of our sustainability performance and we continue to embrace GRI standards to guide our reporting process.

As a global player in the petrochemical industry, we are conscious of our responsibilities at a global, regional and local level. We are wholeheartedly committed to the United Nations Sustainable Development Goals to which we align our sustainability objectives. We support the national visions of the countries in which we operate as we take steps to fulfill the Kuwait National Development Plan, government's vision for New Kuwait 2035, Canada's Federal Sustainable Development Strategy and Alberta's Strategic Plan. We embrace industry best practices through ISO certification and our engagement in Responsible Care®, a voluntary initiative within the global chemical industry, that promotes the safe handling of products from development, manufacture and distribution to disposal.

We have long been regarded as leaders in sustainability in Kuwait, a reputation of which we are proud. Today, as a global operator, we seek to replicate that reputation across our global operations and reduce our global footprint, and manage the sustainability impacts within our value chain, as much as we can.

The landscape at EQUATE Group over the past four years has been dominated by a global merger and subsequent integration. We have developed from an organization local to Kuwait to a global operator in the petrochemical sector. Our goal is to transition to one cohesive operating group that can garner the benefits of economies of scale to further enhance our sustainability performance. During our integration



process, our subsidiaries have learned from each other and this exchange of knowledge has resulted in the adoption of best group practices as well as the introduction of change, such as utilizing world-class digitized systems and the creation of function-specific, specialized departments. In 2017-2018 we identified key integration targets and are making good headway in integrating processes and procedures in areas such as Finance and HR.

We recognize that employees are central to the success of our business and we place their health, safety, well-being and education as a high priority on our agenda. Offering our employees the opportunity to learn and develop not only allows them to improve their skill sets but also makes economic sense in terms of employee attraction, retention and succession planning. In 2018, we were delighted to launch Astrolabe, which is an accelerated people and technical leadership program that identifies high-potential leadership candidates across our organization and fast tracks their learning. This gives us a qualified pool of potential management leaders, as well as technical expertise leaders, and contributes to self-sufficiency in our future human capital needs for driving our organization forward.

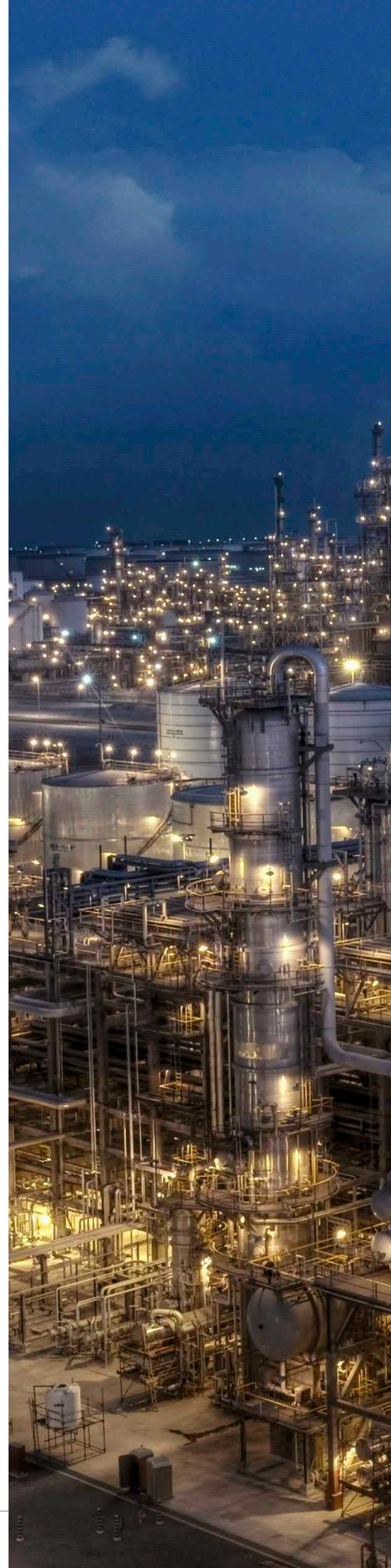
Further highlights of which we are proud across the reporting period, included a reduction in our direct GHG emissions and decrease in the levels of hazardous waste we generated. As a measure of our commitment to group-wide sustainability efforts, we allocated approximately USD 1.5 million to our Sustainability Committee to drive our progress and achievements internally, as well as supporting external community initiatives.

Looking to the future, we embrace the next stage of our sustainability journey as we harness the improvement opportunities that our integration process presents, particularly as we combine the sustainability strategies of our Kuwait operation and Canadian operation, a goal we aim to achieve by 2020.

I encourage you to delve further into this Report and learn more about the sustainability journey of EQUATE Group as we continue on our ambition to create value for all our stakeholders.

Dr. Ramesh Ramachandran

President and CEO
EQUATE Group



Disclaimer

Certain statements and illustrations contained this Report are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase”, “may fluctuate” and similar expressions (regardless of nomenclature or type), or by future or conditional verbs such as “will”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group’s targets and or soft commitments provided herein to be materially different from any future results or prospects expressed or implied by such statements or cause the Group to not achieve its published targets. Such factors include, among others:

- The frequency, severity and development of insured claim events, particularly natural catastrophes, human-made disasters, pandemics, acts of terrorism or acts of war;
- Mortality, morbidity and longevity experience;
- The cyclicity of the commodities sector;
- Government intervention relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions;
- Increased volatility of, and/or disruption in, global markets and supply chains;
- Changes in legislation and regulation, or the interpretations thereof by regulators and courts, affecting the Group or its ceding companies, including as a result of comprehensive reform or shifts away from multilateral approaches to regulation of global operations;
- Uncertainties in estimating targets, and processes;
- Legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability;
- Changes in performance metrics;
- Changes in standards, practices or policies;
- Significant investments, acquisitions or dispositions or similar activities;
- Extraordinary events affecting the Group’s including shut-downs due to environmental disasters;
- Changing levels of competition;
- The effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events;
- Limitations on the ability of the Group’s subsidiaries to pay dividends or make other distributions; and
- Operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing risks.

These factors are not exhaustive. The Group operates in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. EQUATE Group undertakes no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise (regardless of nomenclature or type)

This communication is not intended to be a recommendation to buy, sell or hold securities and does not constitute an offer for the sale of, or the solicitation of an offer to buy, securities in any jurisdiction, including the United States. Any such offer will only be made by means of a prospectus or offering memorandum, and in compliance with applicable securities laws.

About this report

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This is EQUATE Group's sixth sustainability report (the "Report"). The Report highlights EQUATE Group's performance against the economic, environmental and social pillars of sustainability and demonstrates our efforts in contributing towards overall sustainable development through our business operations and practices. Following the trend from our previous sustainability reporting cycles, the present report discloses our sustainability performance over two calendar years from 1 January 2017 to 31 December 2018. It should be noted that our last sustainability report covered our sustainability performance for 2015 and 2016.

Enhancing value creation through global integration

The 2017-2018 Report highlights the integration of EQUATE Petrochemical Company and MEGlobal as one organization, EQUATE Group, with multiple legal entities following the acquisition of MEGlobal by EQUATE Petrochemical Company in December 2015. The Report more specifically outlines the integration of the processes and procedures across different functions during the reporting period in the form of detailed case studies presented throughout the Report.

The Report also aims to highlight the contribution of MEGlobal's addition as a major growth opportunity for EQUATE Group to scale its network and outreach and transition towards a more global presence. More specifically, the integration enhanced EQUATE Group's value creation through optimal fiscal structure, seamless business activities with no disturbance, cost optimization and knowledge transfer across the Group.

Reporting framework

This Report has been prepared in accordance with the GRI Standards: Core option. GRI Standards are regarded as the most widely used and recognized global reporting framework for sustainability performance disclosures by organizations. We are also committed to contributing towards the sustainable development objectives set by the United Nations Sustainable Development Goals (UN SDGs), as well as, Kuwait National Development Plan and Canada's Federal

Sustainable Development Strategy in an understanding of the local, regional and global impact of our business practices. The Report highlights our contribution to these sustainable development agendas, wherever applicable and relevant.

Information covered

The Report's sections and the information provided are in line with the material topics identified for the reporting years. Please refer to pages 34-36 for more details on the list of material topics identified for EQUATE Group. Furthermore, the Report covers details on the initiatives listed in our Sustainability Strategy. These details include but are not limited to the results of the progress achieved, and any changes or updates planned to related targets or goals for the next years. The core sections include our performance in generating economic growth and prosperity, handling and managing our environmental footprint, and our focus on caring for all people associated with EQUATE Group in any capacity.

Stakeholder inclusiveness

Our stakeholders influence and are influenced by, our activities, products, operations and services and are the key drivers for EQUATE Group's continuing success. We constantly aim to communicate our sustainability achievements, efforts and progress on a regular basis with all our internal and external stakeholders through different communication platforms and to be in a position to respond to their requirements timely and effectively. More information regarding our key stakeholder groups and the different channels of engagement with each group can be found on page 32.

With respect to this Report, stakeholder engagement was mainly conducted as a part of the materiality assessment exercise held to identify the material topics for 2017-2018. Please refer pages 33-36 for more details on our approach to materiality.



Reporting topic boundaries

GRI 102-49

The overall reporting boundaries for 2017-2018 for all the data and information, in addition to the material topics disclosed in this Report is based on EQUATE Group's operational control over an asset or facility. Hence, our reporting boundaries for 2017-2018 cover all aspects of our operations in Kuwait, which mainly consist of our head office in Ahmadi and the company's production activities in Shuaiba Industrial Area, in addition to MEGlobal's operations in Canada.

Data from previous years is presented within the Report for comparison, however, the data boundary for years 2012 to 2015 comprises of EQUATE Petrochemical Company and, for 2016-2018 the data boundary is for EQUATE Group (including MEGlobal).

The specific reporting boundaries for the material topics considered for this Report are detailed in the Materiality section on pages 35-36.

Data collection and reporting approach

The information disclosed in this Report is in line with the reporting principles defined by GRI Standards, is presented in a manner that is clear to understand for all our stakeholders and readers and ensures transparency and comparability of all data in a balanced manner. The data and information disclosed in this Report were collected from relevant functional groups and teams as per the data requirements of the GRI Standards. We have clearly defined our data collection approach, calculation methodologies, proxies and assumptions, if any, wherever relevant in the Report. Any global tools, methodologies or standards used for any information have also been disclosed, including a GRI content index on pages 101-103. Although this Report has not been externally assured, we have followed a rigorous internal data review and approval process to ensure that the data and information disclosed in this Report is accurate and reliable. We aim to implement a process that makes it possible to obtain external assurance in the future and receive an external validation on the accuracy of our sustainability disclosures.

Feedback and suggestions

We welcome feedback from all our stakeholders on any of our activities or operations, including our sustainability performance, impacts and commitments. Please direct any comments or feedback you may have on our Group's performance or this Report to sustainability@equate.com





Performance highlights for EQUATE Group in 2017-2018

Extent of development of significant infrastructure investments and services through taxes and direct community contribution

2017
88.16
USD million

2018
126.07
USD million

Economic Value Distributed

2017
3,994
USD million

2018
3,502
USD million

Direct economic value generated (revenue)

2017
4,252
USD million

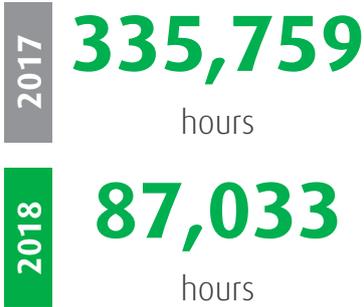
2018
4,821
USD million



Number of new hires



Total hours spent on training



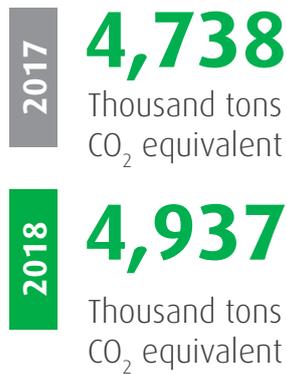
Total energy consumption within the organization



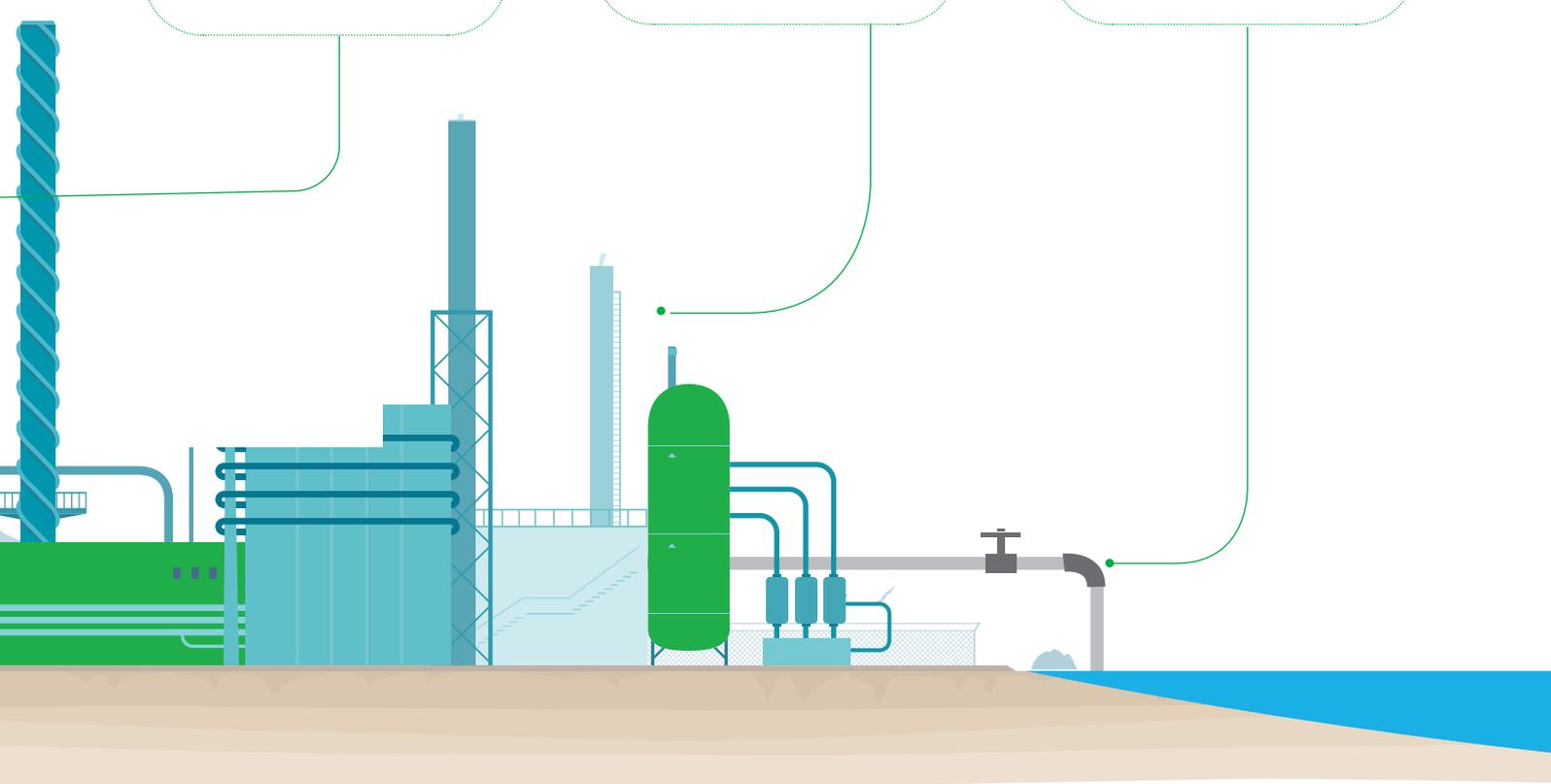
Process safety tier 1 and tier 2 events



Scope 1 GHG emissions



Water discharge





Our profile and values

Our business context

EQUATE Group is a global leader and world-class producer of petrochemicals that are essential components of many of the products used around the world today. We strongly believe in the benefits that successful partnerships and associations can bring to our business and how they allow us to enhance the sustainability of our business practices by combining expertise, innovation and competent human resources.

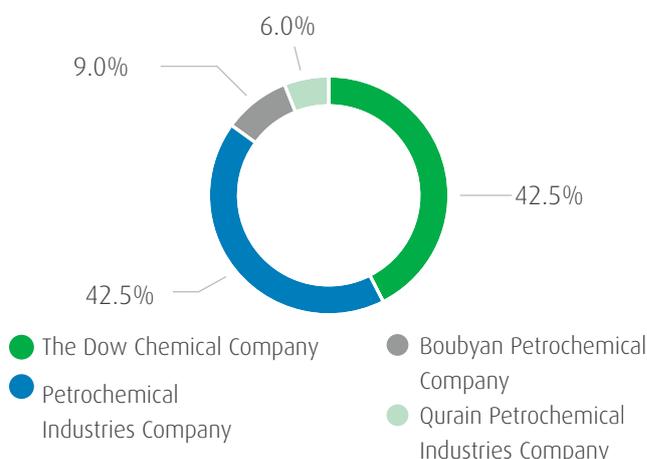
Heightened climate challenges, changing hydrocarbon dynamics, alternative resources and technologies, e-mobility and circular economy are some of the latest megatrends impacting global and regional economies and the dynamics of many industries, including petrochemicals. At EQUATE Group, we address these challenges by drawing a path to alternative scenarios consistent with the UN Sustainable Development Goals, exploring enabling technologies and strategies, and assessing our impacts and the contribution of our business to sustainable development.

About EQUATE Group

[GRI 102-1](#) [GRI 102-2](#) [GRI 102-3](#) [GRI 102-4](#) [GRI 102-5](#)
[GRI 102-6](#) [GRI 102-7](#) [GRI 102-10](#) [GRI 102-13](#) [GRI 102-45](#)

Established in 1995, EQUATE Group is the owner and/or single operator of several fully integrated world-class petrochemical complexes in Kuwait, North America and Europe. Headquartered in Kuwait, the Group is a global producer of petrochemicals and the second largest producer of ethylene glycol in the world, providing reliable products and solutions that are essential components of many of the products used around the world today. We produce over 6 million tons annually of the highest quality grades of ethylene, ethylene glycol (EG), polyethylene (PE), polyethylene terephthalate (PET), styrene monomer (SM), paraxylene (PX), heavy aromatics (HA) and benzene (BZ), and our products are marketed throughout Asia, the Americas, Europe, the Middle East and Africa.

EQUATE Group is Kuwait's first petrochemical company with a joint venture model that combines government-owned, international investor and privately-owned companies. Our Group shareholders include Petrochemical Industries Company (PIC), The Dow Chemical Company (Dow), Boubyan Petrochemical Company (BPC) and Qurain Petrochemical Industries Company (QPIC).



To further strengthen our company's slogan of 'Partners in Success' and establish our position as a global leader in the petrochemical sector, we acquired 100% ownership of MEGlobal in December 2015. With MEGlobal's existing strong global presence in the manufacturing and marketing of mono-ethylene glycol and diethylene glycol markets, this acquisition allowed us to achieve significant economies of scale with a larger and more diversified distribution platform through Kuwait, Canada, the United States and Germany. In addition, it helped in establishing an optimized cost structure with multiple points of access to feedstock from sources in North America and the Middle East with improved operational efficiency.¹

Furthermore, our Greater EQUATE joint venture consists of one fully-integrated operational umbrella that includes EQUATE, The Kuwait Styrene Company (TKSC), Kuwait Paraxylene Production Company (KPPC) and The Kuwait Olefins Company (TKOC).

¹ EQUATE Group (2015). EQUATE further expands globally with the acquisition of MEGlobal a bigger and stronger industry leader. [online] Available at: <https://www.equate.com/events/equate-further-expands-globally-with-the-acquisition-of-meglobal-a-bigger-and-stronger-industry-leader/> [Accessed 29 Dec. 2019].



Our Mission

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

Our Vision

A global leader and world-class producer of petrochemicals.

Our Values

Excellence

We believe excellence is a habit, not a goal. We enthusiastically strive for uncompromising excellence in all that we do. We welcome challenges and go above and beyond expectations to achieve and exceed our goals. We act, and measure results, based on facts in order to continually improve every aspect of our business.

Quality

We accomplish our goals the right way, not the easy way. We invest our time, money and resources to achieve exceptional quality that exceeds expectations every day, everywhere we operate, in every area of our business.

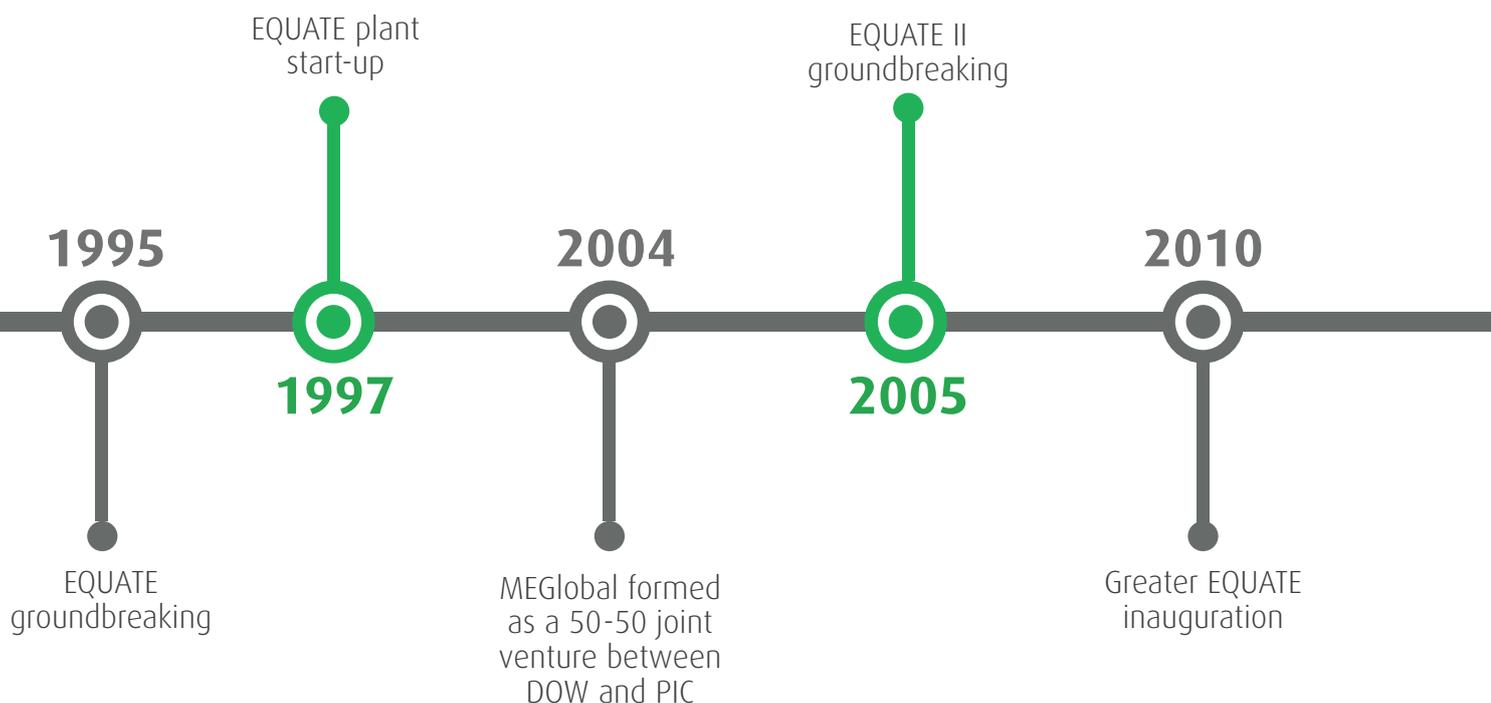
Unity

When there is unity, there is success. We work cohesively with our colleagues, our customers and our business partners to build strong relationships based on acceptance, understanding and mutual cooperation.

Advancement

If there is a better way, we find it. We invest in ourselves and in one another not just to improve as a global organization, but to improve as individuals. We encourage a thirst for knowledge, growth and innovation. Through personal development and continuous improvement, we enrich our business and our lives, and we are better prepared to meet each opportunity and challenge we face.

Our operational history

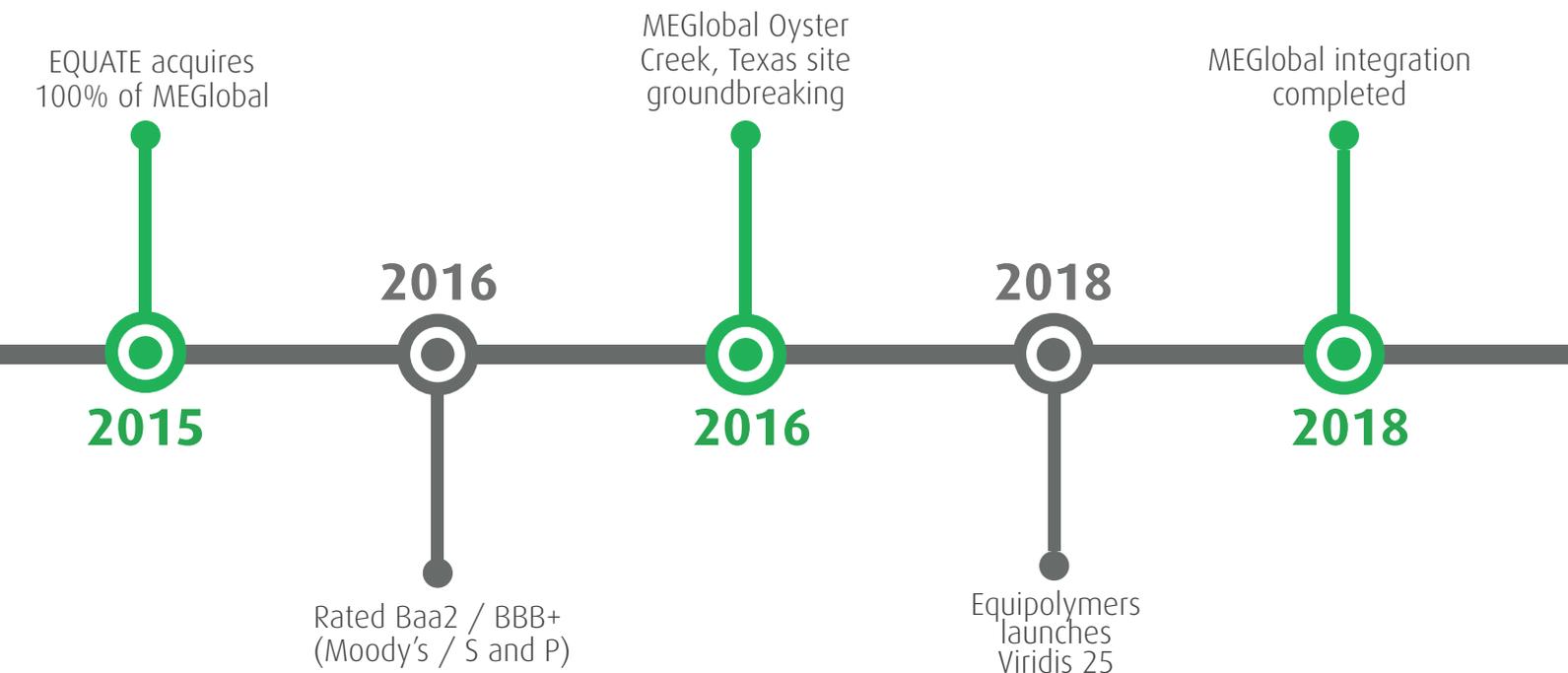


Trust

Our word is our bond. We believe our promise is our most vital product. The relationships that are critical to our success depend entirely on maintaining the highest ethical and moral standards around the world. We earn the trust of each other, our customers, business partners and stakeholders through a pattern of unquestionable integrity.

Environmental, Health and Safety Responsibility

Our primary focus is workplace safety, sustainability and good stewardship of our environment. Our unwavering compliance with our EH&S policies ensures we operate under effective business processes focused on robust compliance, sustainability and risk management that protects the health and safety of EQUATERS, the environment and our communities. We believe we are personally responsible for our behavior and we understand that every success we have is dependent on the environmental health and safety of ourselves, our business partners and the communities in which we operate.



Our Areas of Operation and Markets of Service

Who we are: A global operation headquartered in Kuwait





4
Continents



over
1500
Employees



40
Nationalities



● Product distribution

📍 EQUATE group offices

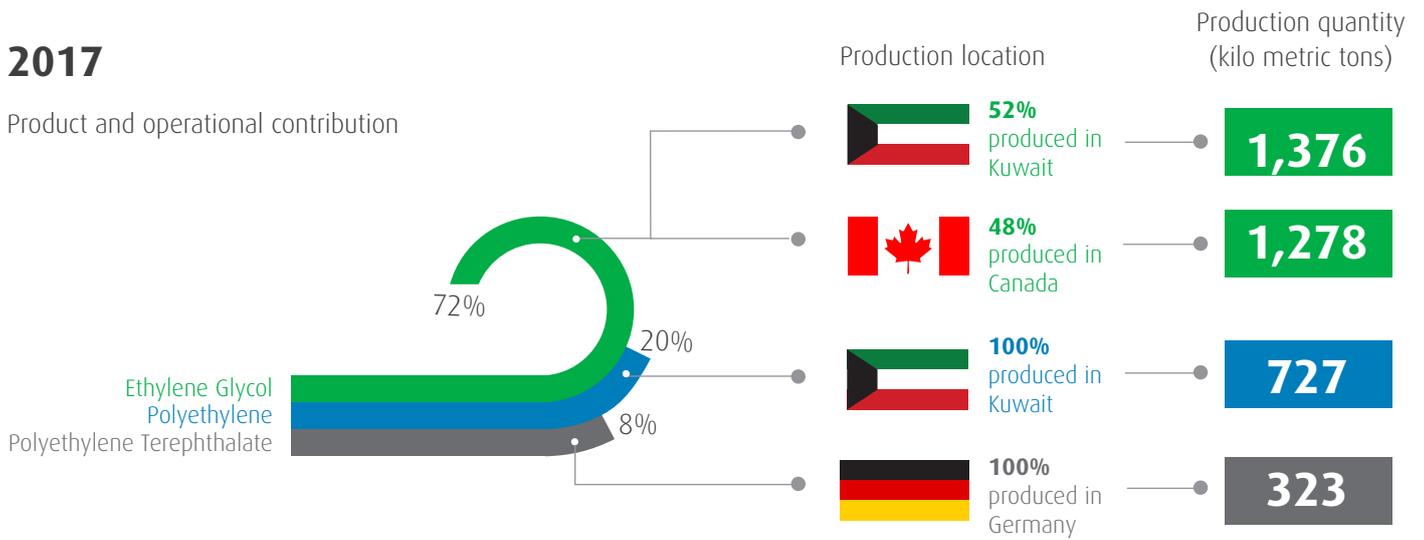
* Note: The Hong Kong office was in operation in 2017 but closed down in 2018.



Scale of operations

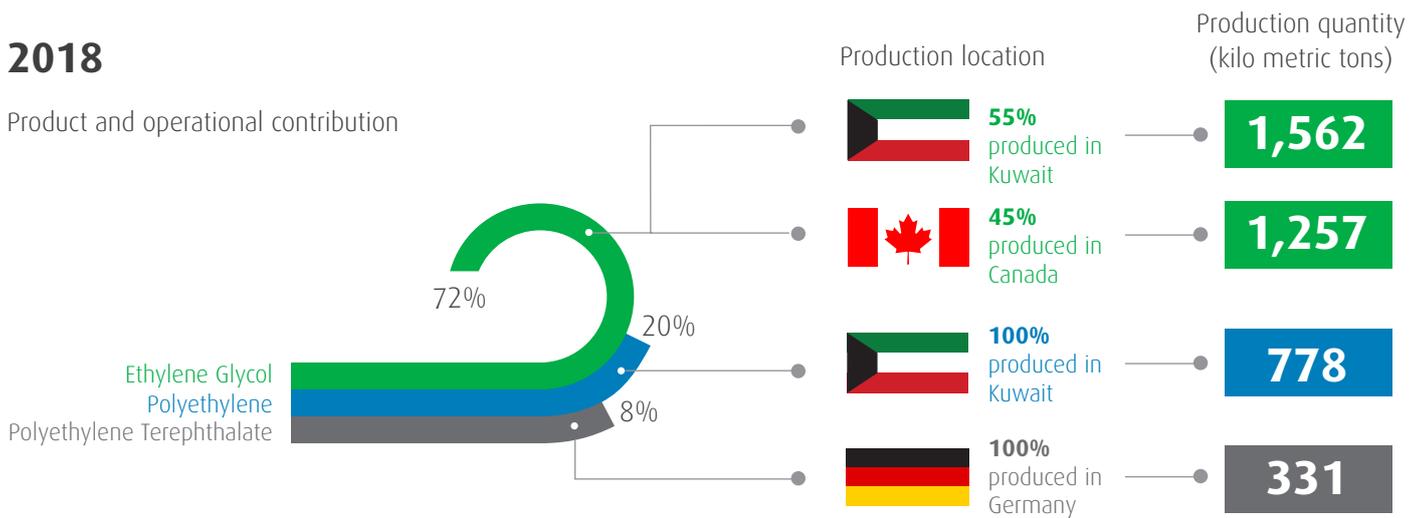
2017

Product and operational contribution



2018

Product and operational contribution



Note: EQUATE Group operates facilities that produce styrene monomers, polypropylene and paraxylene. However, EQUATE Group does not own or fully own these facilities. Hence these products were not included in EQUATE Group's scale of operations.



Production capacities

With industrial complexes in Kuwait, Canada and Germany, we constantly strive to maintain our competitive edge in the petrochemicals industry while continuing to create value for all our stakeholders and shareholders by growing our businesses, investing and creating opportunities that will create a positive impact.

We contribute to over 60 percent of Kuwait's revenues from non-oil exports, thereby contributing to the national economy and supporting the government's plans of achieving economic diversification.

Our main products include 1) Polyethylene (PE), which is used in several applications such as flexible and food packaging, industrial packaging, household and industrial cleaning, plastics and agricultural film and other plastic products and 2) Ethylene glycol (EG), used for applications such as polyester fibers, PET bottles and packaging, antifreeze and coolants, resins, de-icing fluids, heat transfer fluids and construction materials.

Company	Shareholders	Products	Capacity (tons)	Location	Marketing Outlet
EQUATE	PIC - 42.5% Dow - 42.5% BPC - 9% QPIC - 6%	PE	1 million	Kuwait	EQUATE Marketing Company
		EG	550,000		
MEGlobal	EQUATE - 100%	EG	1.34 million	Canada	MEGlobal
		PET	323,000	Germany	MEGlobal
TKOC	PIC - 42.5% Dow - 42.5% BPC - 9% QPIC - 6%	EG	850,000	Kuwait	MEGlobal



Our memberships

World Petroleum Council

World Petroleum Council (WPC) is an oil and gas industry forum and international organization representing the petroleum sector worldwide. WPC creates and facilitates dialogue amongst stakeholders to find sustainable solutions to key energy issues.

The prime function of the WPC is to catalyse and facilitate dialogue among stakeholders, both internal and external to the petroleum industry on key technical, social, environmental and management issues in order to contribute towards seeking solutions to those issues.

American Chemistry Council

The American Chemistry Council (ACC) represents a diverse group of companies that are involved in the business of chemistry. The ACC aims to deliver value to members through advocacy, using best-in-class member engagement, political advocacy, communications and scientific research. The ACC is also committed to fostering progress in the economy, environment and society.

European Petrochemical Association

The European Petrochemical Association (EPCA) is the primary European business network for the global petrochemical business community with more than 700 member companies from 54 different countries.

EPCA also assists members on specific topics that underpin the sustainable development of the global petrochemical industry.

Gulf Petrochemicals and Chemicals Association

The Gulf Petrochemicals and Chemicals Association (GPCA) represents the downstream hydrocarbon industry in the Arabian Gulf and was established in 2006.

GPCA manages six working committees – Plastics, Supply Chain, Fertilizers, International Trade, Research and Innovation, and Responsible Care® – and organizes six world-class events each year. GPCA supports the growth and sustainable development of the petrochemical industry and has played a vital role in the adoption of Responsible Care® in the region.

Singapore Business Federation

Singapore Business Federation (SBF) is the apex business chamber that champions the interests of the Singapore business community in trade, investment and industrial relations.

Chemistry Industry Association of Canada

The Chemistry Industry Association of Canada (CIAC) represents Canada's chemistry sector leaders and provides commitment to bettering the socially, environment and the economy.

Texas Chemical Council

The Texas Chemical Council (TCC) is a statewide trade association of chemical manufacturing facilities in Texas and represents 70 member companies who operate over 200 manufacturing and research facilities across the state.

The TCC creates a globally competitive environment for the chemical industry in Texas in a manner that is positive for the state and its people.

Our certifications

ISO 9001

International Organization for Standardization's certification on quality management systems.

ISO 14001

International Organization for Standardization's certification on environment management systems.

RC 14001

Responsible Care® certification on HSSE management.

ISO 27001

International Organization for Standardization's certification on information security management.

Our recent awards and recognitions



EH&S Innovation Award from Dow

Innovation Technology Award for successfully executing a project to clean the Ethylene Unit (EU).



Regional Excellence Awards from the American Society of Safety Engineers

Received four Gulf-level Excellence Awards in recognition of our pioneering role in Health, Safety and Environment (HSE).



Regional Award from Meridium® on asset performance management

Recognized as the global leader in asset performance management (APM) software and services, with the APM Best Practices in Europe, Middle East and Africa (EMEA).



Canada's Safest Employer Award from Canadian Occupational Safety Magazine

Received the Gold Level Winner at Canada's Safest Employer Awards recognizing outstanding accomplishments in promoting health and safety of workers.



Our business model and organizational structure

GRI 102-5 GRI 102-7 GRI 102-16 GRI 102-18 GRI 102-19

EQUATE Group is Kuwait's first international petrochemical joint venture model that combines government, international investors and local private sector companies. We are Kuwait's first Responsible Care® accredited and certified organization and also one of the founding members of Gulf Petrochemicals and Chemicals Association. As a key entity contributing to the local economic growth in Kuwait, and supporting national development plans and agendas, we understand our responsibility towards maintaining business excellence across all our activities.

We have a Group corporate business strategy in place, which is revised and updated every three years. Our corporate business strategy embeds sustainability elements within its objectives and focuses on five key pillars. The infographic below depicts our corporate business strategic objectives for the years 2018-2020.



Our corporate governance structure

We are dedicated to operating in a transparent and ethical manner that safeguards the interest of all our stakeholders. We strongly believe in the role of a holistic corporate governance structure to drive excellence in business and to ensure sustainable long-term growth of the organization. Our corporate governance framework has been established to serve our stakeholders' needs while allowing us to monitor our company's performance and effectively meet our business goals and objectives.

Our corporate governance structure is led by our Board of Directors and Executive Management Team, which is responsible for upholding EQUATE Group's integrity, accountability and commitment towards our stakeholders.

Board of Directors*



Sulaiman AlMarzouqi
Board Chairman



Raja Zeidan
Board Vice Chairman



Nadia AlHajji
Board Member



Ghadeir AlQadfan
Board Member



Dr. Salman AlAjmi
Board Member



Jack Broodo
Board Member



Luciano Poli
Board Member



Luis Antuna
Board Member



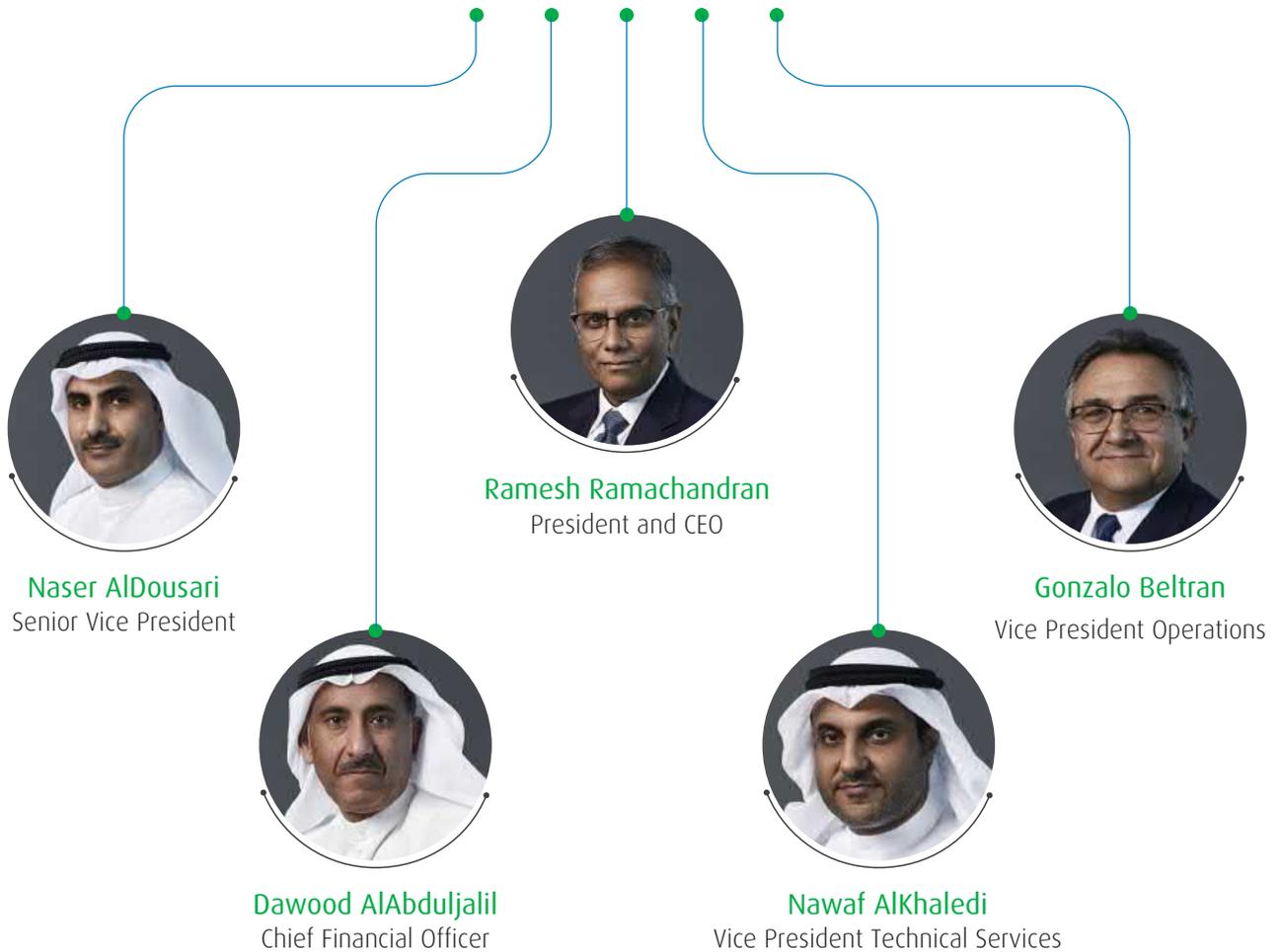
Sheikh Mubarak AlSabah
Board Member



Dabbous AlDabbous
Board Member



Our Executive Management Team*



*Note: The governance structure is up-to-date as of December 2019.

Driving excellence through effective governance

We believe that effective governance can only be achieved by striving to exceed regulations while meeting the interests of, and increasing long-term value for stakeholders. Our people are required and expected to uphold the highest level of ethical and business standards across all their business activities. We have implemented a Code of Conduct (Code) across our business operations that outlines our values, ethical principles and policies related to conducting business globally within EQUATE Group. The Code is applicable for all our employees and is expected to be adhered to stringently by all our suppliers and contractors.

We have established a global Ethics and Compliance Committee (ECC) to promote a culture of ethical conduct and compliance in accordance with the highest ethical business standards, applicable laws and regulations, while respecting the jurisdictional boundaries of each of our business entities. The ECC is responsible for developing,

maintaining, and protecting EQUATE Group's values and fostering an organizational culture that seeks to exceed global expectations in terms of performance and integrity.

We ensure all our business operations and activities are conducted in line with our overall business strategy, vision, mission and organizational values. Our Code of Conduct includes the key principles listed on the next page and serves as a guideline to everyone associated with EQUATE Group in terms of conducting their business with integrity, accountability and transparency. For more details about our Code, please refer to our website at www.equate.com.

Key principles of our Code of Conduct



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 EQUATE Group'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 based 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 EQUATE Group's reputation. Employees should avoid any investment, interest, association or activity that may cause others to doubt their or EQUATE Group's fairness or integrity.



Obligations to customers, competitors and regulators

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 is 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 EQUATE Group's guidelines/policies.



Reporting and non-retaliation

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



Reporting mechanisms for Code of Conduct

We always strive to promote a culture of open, transparent communication on any issues or incidents faced by any employees as a part of their association or work with EQUATE Group or related activities. We have stringent reporting mechanisms and communication protocols in place to allow for such incidents to be reported and corresponding corrective action policies to ensure any such complaints are addressed in a timely and effective manner.

We did not face any grievances or receive any complaints related to any potential violation of the Code of Conduct or any incidents of misconduct during 2017-2018, including from our suppliers and contractors.

We have established the ECC to receive any queries, suggestions or concerns regarding our Code of Conduct or to report any related potential violations or non-compliance with the Code or EQUATE Group policies. We also have a reporting website and an EQUATE Ethics line operated by a third party set up for all employees to have a continuous channel of communication to direct any inquiries, suggestions or potential violation regarding our Code of Conduct anonymously.

The ECC is also responsible for appropriate investigation of any behavior that may damage EQUATE Group's reputation or impact our ability to conduct business in an ethical manner. Furthermore, our non-retaliation policy provides our employees with the provision to report any incidents or send any inquiries or suggestions related to Code of Conduct without any fear of retaliation or reprisal from others. We are committed to taking strict disciplinary action, including discharge from employment, in case of any identified incidents of an employee being involved in any activities of defamation or retaliation against other employees.

Enabling the transition to a sustainable economy

GRI 102-10

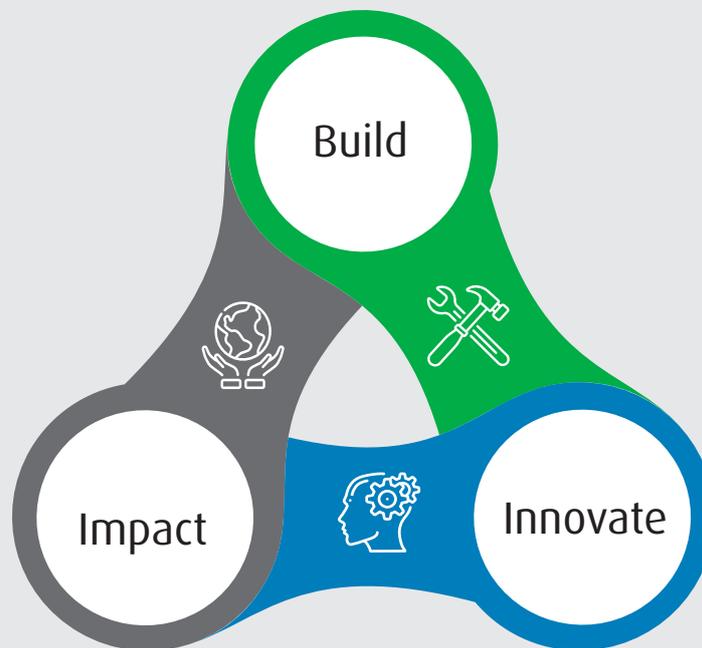
As a major economic contributor across various business sectors, we at EQUATE Group recognize the impact we can have on sustainable economic development. In Kuwait, we contribute to over 60 percent of Kuwait's export value from non-oil sources and in all geographies that we operate, we invest in various community-related services, infrastructure and events. Our sustainability strategy, which was developed in 2015, is established to reinforce our commitment to sustainable development and support in creating more impact on our sustainability journey as we continue to mature. We benefit from the advantages of combining innovation and industrial expertise with competent human resources, technological breakthroughs, rich feedstock and valuable infrastructure to implement our 16 key sustainability strategic initiatives by 2025.

Our Sustainability Strategy is aligned with our Group corporate business strategy, with the initiatives focusing on building a sustainable work and operational environment, innovating for a renewable and sustainable energy industry, and positively impacting the environment and local communities. Our Sustainability Strategy is developed around the three key pillars shown on the next page and all initiatives under the strategy are determined to contribute to these pillars, with the overarching aim of achieving sustainable growth and development.



EQUATE Sustainability Strategy 2025

- Establish governance structure and process
- Develop an external stakeholder engagement plan
- Implement sustainable procurement initiative
- Establish an employee engagement program to develop capacity on sustainability
- Assess sustainability-related tax saving opportunities
- Establish a sustainability management program



- Establish a sustainability impact assessment process
- Update GHG accounting process and obtain assurance
- Advocacy through multi-stakeholder dialogue in Kuwait
- Develop a transition plan towards integrated reporting
- Develop a need-based community investment and small and medium enterprise development plan
- Drive sustainability among peers through GPCA

- Establish an innovation process and structure to create value out of sustainability opportunities
- Implement a digital sustainability strategy
- Implement a renewable energy strategy and investment plan
- Establish a circular economy initiative

As a part of our Sustainability Strategy, we partner with public institutions, the business community, and the society and public at large to attain a holistic level of sustainable performance in our operations while also aiming to achieve increased productivity and operational efficiency. The table on the next page lists the sustainability initiatives that we have achieved progress on so far and provides a description of the progress.



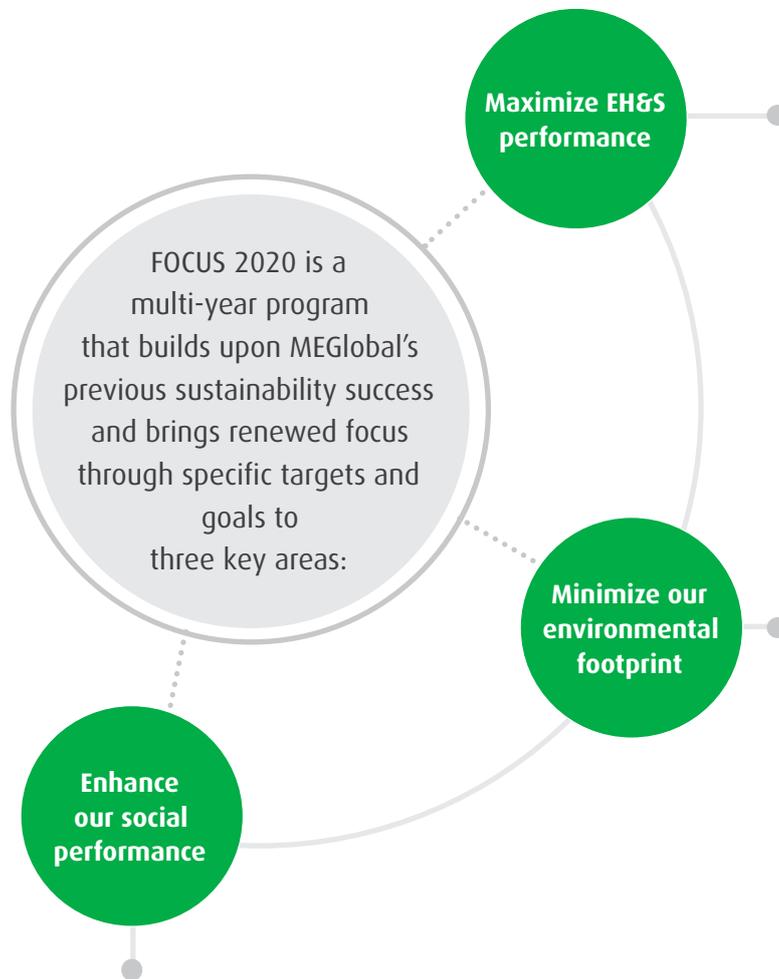
Sustainability Strategy Pillar	Sustainability 10-year Objective	Sustainability Initiatives	Progress achieved in 2017-2018
 Build	Sustainability Management Program	Establish Sustainability Management Program	<p>Sustainability Committee created a section as part of the existing Operating Discipline Management System (ODMS) for all sustainability-related documentation such as:</p> <ol style="list-style-type: none"> 1- Community Outreach Policy 2- Sustainability Policy 3- Sustainability Strategy development procedure 3- CSR Guidelines <p>The Sustainability Committee documented all processes and objectives through the ODMS, which were then published for all employees in the organization.</p>
 Build	Governance Structure and Processes	Establish sustainability governance structure and processes	Implemented a procedure for establishing a sustainability governance structure, which has also been published and shared with all employees.
 Build	 Impact	External Stakeholder Engagement Plan	<p>Develop and establish a comprehensive stakeholder engagement plan and advocacy through multi-stakeholder dialogue</p> <p>The process was based on two key steps.</p> <ul style="list-style-type: none"> • Step one started by creating an internal EQUATE Group committee that includes members from corporate communications, marketing and EH&S to evaluate and assess the key stakeholders for EQUATE Group. • Committee created a list of key stakeholders for the organization and identified the different communication channels with which to engage with the external stakeholders. • Step two started with the objective of establishing business advocacy with these identified key stakeholders. • Created four tactics to effectively perform business advocacy with key stakeholders.
 Build	Sustainable Procurement	Develop and implement sustainable procurement initiative	<ul style="list-style-type: none"> • Included sustainability efforts as a part of the vendor selection criteria for all vendors and suppliers. • The Sustainability Strategy was shared with all suppliers and vendors in addition to explaining to them the definition of sustainability and what it entails with respect to our requirements. • All vendors and suppliers were also requested to share their existing sustainability programs and initiatives with us and also encouraged to partner with EQUATE Group to implement sustainability initiatives moving forward (As part of this initiative, EQUATE signed an agreement with Emerson on an initiative focusing on reducing emissions).



Sustainability Strategy Pillar	Sustainability 10-year Objective	Sustainability Initiatives	Progress achieved in 2017-2018
 Build	Employee Engagement to develop capacity	Develop and implement an employee engagement program for sustainability	<ul style="list-style-type: none"> Initiated a Sustainability Day in 2017, which is celebrated on the last Thursday of March every year, with the aim of raising awareness of sustainability-related issues through various seminars and activities. All employees are also encouraged to volunteer for different programs and activities related to sustainability. Additionally, each department has an open day, where the sustainability team encourages the departments to include discussions on sustainability-related topics and issues and identify new and innovative solutions.
 Innovate	Renewable Energy Strategy	Develop and implement a renewable energy strategy and investment plan	<ul style="list-style-type: none"> Conducted an analysis on all EQUATE Group assets in Kuwait to identify potential areas of implementing renewable energy solutions, and to contribute to Kuwait's national target of renewable energy contributing 15 percent of the total energy consumption by 2030. Three potential areas were identified, and a feasibility study was conducted to assess the implementation potential. However, the results of the study indicated all three areas as low feasibility areas due to high capital costs and low cost-savings potential. Decided to implement a renewable energy solution for a public entity and conducted preliminary research internally to identify potential areas of investment. Example areas identified included Co-operations, parks, Kuwait Parliament, and Public Authority of Industry (PAI). Liaised with external entities to identify specific locations from the preliminary list and decided to install solar panels at PAI. The project was initiated in 2018 and is still ongoing.
 Impact	Sustainability Impact Assessment Process	Develop and establish processes for sustainability impact assessment of key initiatives	<ul style="list-style-type: none"> Trained Sustainability Committee members on conducting Social Return on Investment (SROI) studies. The first SROI study is expected to be initiated in 2019 for the renewable energy investment at PAI.
 Impact	GHG Accounting	Develop and implement GHG inventory process and implement GHG reduction program as per the developed plan	<ul style="list-style-type: none"> EQUATE Petrochemical Company launched many energy efficiency and GHG reduction projects across its plants



It must be noted that MEGlobal has its own FOCUS 2020 sustainability strategy, which was established prior to the acquisition of MEGlobal by EQUATE Petrochemical Company. Hence, our Group took the decision to have MEGlobal continue with its Focus 2020 strategy, noting that MEGlobal will be integrated with our Group's 2025 sustainability strategy by 2020.



EH&S Performance 2020 Targets

	Target 2020	Focus 2020
Process safety incident	0	Sustain
Injury/Illness Rate	0.1	80%
LOPC	1	50%
Agency notification	1	75%
Transportation incidents	0	100%

Environmental Footprint 2020 target

	Reduction
Chemical	50%
Ethylene oxide	50%
CO ₂ Intensity	30%
CO ₂ Emission	25%
Energy Intensity	15%
Raw material usage	6%
Water Intake	10%

Social performance 2020 targets

Our commitment to sustainability includes being accountable and responsive while enhancing the quality of life in our community. Our social performance targets include:



Embedding sustainability focus within our governance mechanisms

Our Sustainability Strategy is focused on achieving development that takes into account our present obligations, stakeholder expectations and requirements while also considering the needs and expectations of future generations.

We aim to achieve economic growth, increased productivity and operational excellence while also reducing our negative impacts across the value chain. We also aim to increase positive impacts across the environment, community, education and health and safety aspects and to foster an

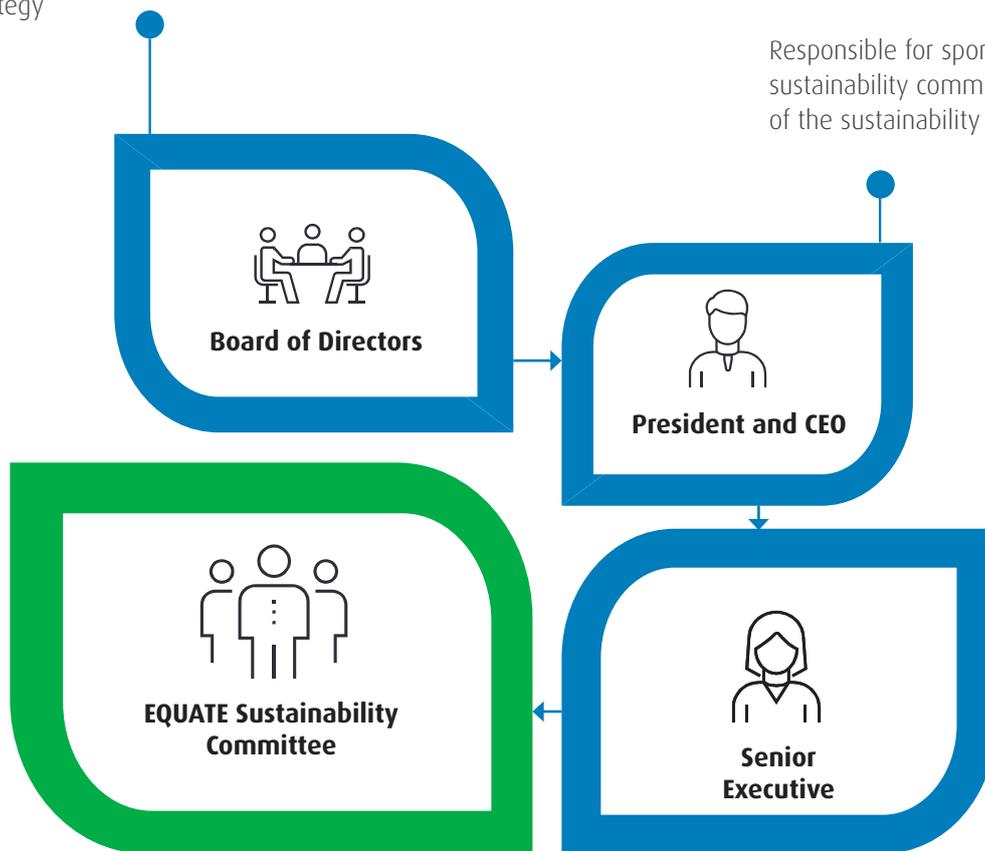
environment of holistic and sustainable development for all. Our Board of Directors and management play a key role in guiding our efforts towards ensuring accountability and sustainability of all our business practices and procedures. Our dedicated Sustainability Committee is assigned the responsibility of implementing our Sustainability Strategy across all our business activities and ensuring regular monitoring and management of the targets and initiatives embedded within the strategy.

Our sustainability governance structure

The roles and responsibilities for our sustainability governance are defined and established to support the implementation of the sustainability strategy.

Responsible for high level approval of the sustainability budget and sustainability strategy

Responsible for sponsoring the sustainability committee and approvals of the sustainability budget and strategy



Responsible for the development and implementation of the sustainability strategy and all the sustainability initiatives

Responsible for leading and directing the Sustainability Committee



Reporting on our sustainability performance

GRI 102-46

We are committed to being transparent about the impacts of our business activities and operations and have deployed a number of channels to communicate on a regular basis to all our stakeholders. In addition to the regular communication channels with our stakeholders - including surveys, direct communication, board meetings, shareholder and investor meetings, conferences and community meetings - we also publish a Sustainability Report every two years, which covers our performance against the economic, environmental and social pillars of sustainability for the two-year reporting period.

To ensure the credibility of our sustainability reporting procedures and the information we disclose in the Report, we align our reporting mechanism to the information requirements of the Global Reporting Initiative (GRI) – a globally recognized organization that helps organizations to report on their sustainability performance. For our 2017-2018 Report, we have aligned our disclosures to the requirements of GRI Standards, the latest reporting framework published by GRI. Deviations or assumptions, if any, in the reporting approach or information provided have been clearly stated in the Report.

Our approach towards ensuring the consistency and effectiveness of the quality of our Report includes compliance and alignment with the following reporting principles as per the GRI Standards.

Balance: This Report aims to provide a complete picture of our performance during the reporting period. It includes both positive as well as negative impacts that we have observed across all our business operations and supply chain during the period.

Comparability: We have ensured that the data provided for 2017 and 2018 in this Report is comparable to data presented in our previous reports. However, as the integration of our systems, processes, procedures and plans with those of MEGlobal was initiated during these reporting years, we have expanded some of our reporting boundaries to incorporate data and information from MEGlobal, which may not have been included in the previous reporting years. Nonetheless, the methodology used for compiling and representing the data was consistent with our methodology used in our previous reports and any key deviations, assumptions, calculation methodologies and disclaimers have been clearly described along with the data reported.

Accuracy: The qualitative and quantitative data provided in this Report has been provided, reviewed and approved by dedicated internal stakeholders at EQUATE Group, assigned

with the responsibility of providing and coordinating such information for the sustainability reporting process. We also followed a multi-level review process, similar to previous reporting cycles, 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 and information.

Timeliness: This Report provides an overview of our performance during the period 1 January 2017 to 31 December 2018. This Report enables stakeholders to review our sustainability information across economic, environmental and social aspects within the reporting period.

Clarity: The information published in this Report is presented in a way that is easy to understand for all our internal and external stakeholder groups. We have clearly described our data collection and calculation methodology. To ensure clarity of disclosures and information reported, we have provided the GRI content index on page 101 and the glossary of abbreviations on page 97.

Reliability: We adopted an internal review mechanism to ensure that the data and information presented in this Report is accurate and reliable. We seek to obtain external assurance of our reports in the future to ensure the reliability of our data.

Stakeholder engagement and materiality assessment

GRI 102-42 GRI 102-43 GRI 102-46

A stakeholder-driven sustainability approach is an effective and important mechanism to ensure an organization continues to remain aware of changing market needs and the needs and requirements of all stakeholder groups.

Our stakeholders are key to driving our decision making within the organization and their opinions and requirements are considered important by our leadership when implementing any new strategies, programs or systems or while making any key investment-related decisions. We work closely with all our stakeholders, internal and external, and we engage with them regularly to identify, understand and respond effectively to their needs and expectations, creating value in everything we do.

Our stakeholder engagement process

Our stakeholder engagement process involves identifying and prioritizing the key stakeholder groups that reasonably impact or can be impacted by our business decisions, activities and operations. The table on the next page indicates a list of all our key stakeholder groups and the different channels of engagement that we have used to communicate with them.



Stakeholder Group	Channels of Engagement	Sustainability Interest	Frequency of engagement
Shareholders	<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 	<ul style="list-style-type: none"> On-going Quarterly through meetings and investor calls
Employees	<ul style="list-style-type: none"> Interviews Intranet and newsletter Employee survey Team-building exercises Code of Conduct 	<ul style="list-style-type: none"> Employee rewards and benefits Career growth Employee retention Talent acquisition 	<ul style="list-style-type: none"> On-going Annual through appraisals
Customers	<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 optimization 	<ul style="list-style-type: none"> Annually through surveys On-going basic
Government and regulatory entities	<ul style="list-style-type: none"> Meetings, conferences and collaborations Publication of biennial Sustainability Report Corporate and Government Services Department 	<ul style="list-style-type: none"> National strategic priorities Regulatory compliance Employment and development of Kuwaiti nationals 	<ul style="list-style-type: none"> Biennial On-going
Suppliers	<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 	<ul style="list-style-type: none"> Annual On-going
Industry associations	<ul style="list-style-type: none"> Committee meetings Publication of biennial Sustainability Report Attendance at events and conferences 	<ul style="list-style-type: none"> Impact on environment Support for local causes Sharing of knowledge 	<ul style="list-style-type: none"> Annual
Local communities and educational institutions	<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 	<ul style="list-style-type: none"> Annual

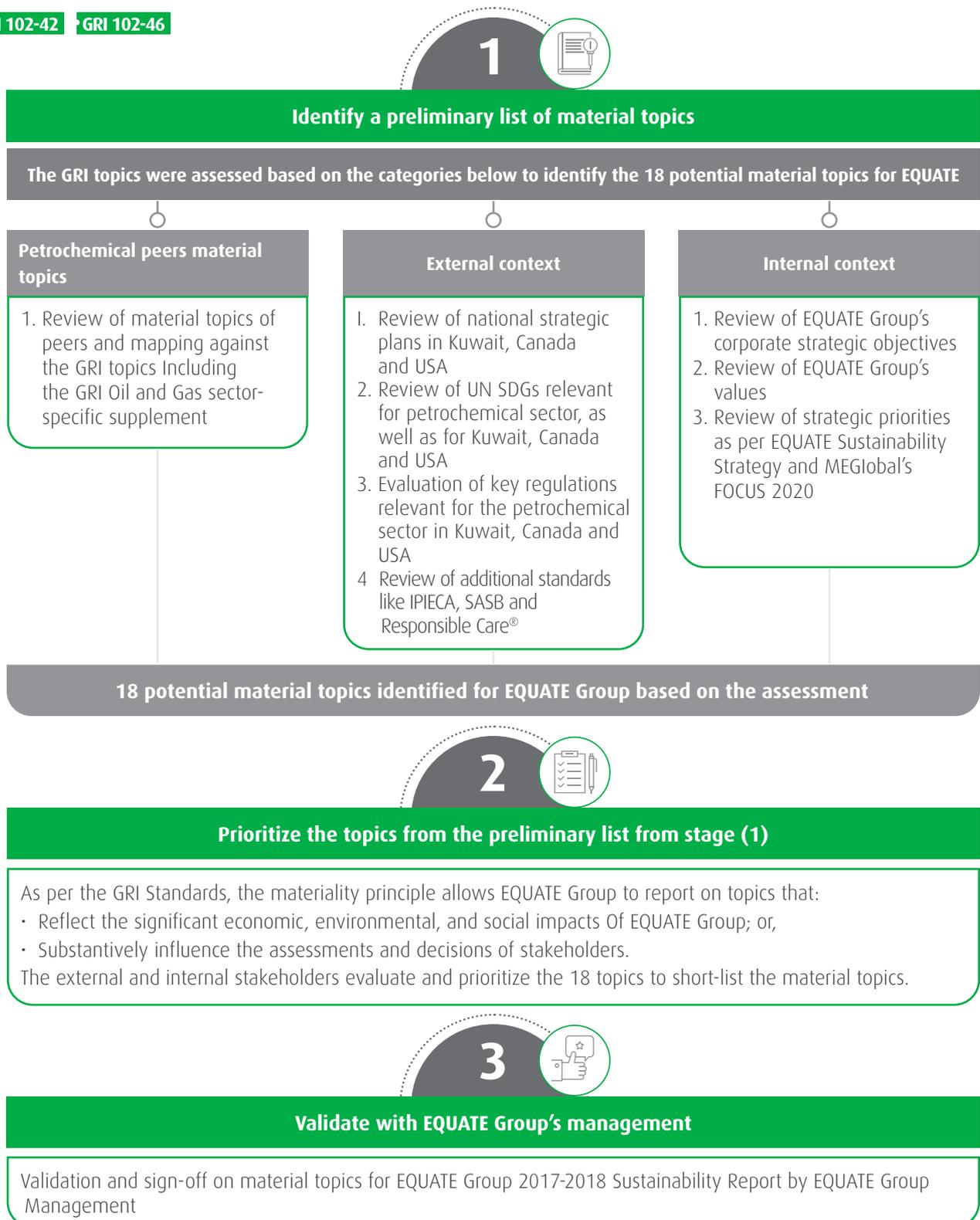


Our materiality assessment process

We decided to conduct a materiality assessment process with our key stakeholders to identify the key material topics for our performance in 2017 and 2018. The process also served as an opportunity for us to understand and assess the progress made so far in our sustainability journey and ensure alignment with existing market practices in the region. Our materiality assessment approach was aligned to the GRI Standards, as well as the GRI Oil and Gas sector-specific guidelines.

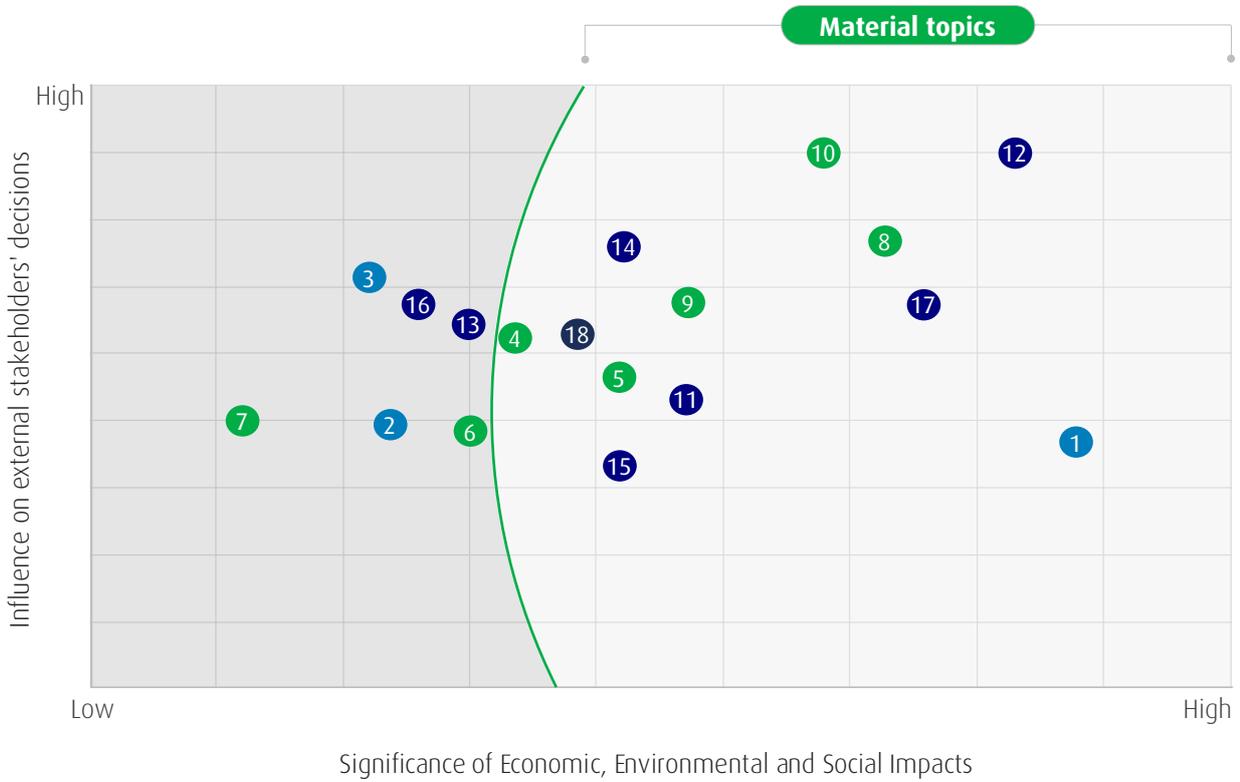
Materiality process

GRI 102-42 GRI 102-46



Materiality matrix

GRI 102-46



Economic

- 1 Economic performance
- 2 Local content
- 3 Innovation

Environmental

- 4 Materials
- 5 Energy
- 6 Water

7 Biodiversity

8 Emissions

9 Effluents and waste

10 Environmental compliance

Social

11 Employment

12 Occupational health and safety

13 Labor practices

14 Training and education

15 Diversity and inclusiveness

16 Human rights assessment

17 Asset integrity and process safety

18 Product stewardship



Reporting boundary for the material topics

GRI 102-46 GRI 102-47

Material Topic for 2017-2018	Reporting Boundary*	Impact Boundary	Link to GRI Standards	Link to EQUATE Sustainability Strategy 2025 pillars	Page Reference
Occupational Health and Safety	Within EQUATE Group	Within EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 403-1, 403-2 	 Impact	70-72
Environmental compliance	Within EQUATE Group	Within and outside EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 307-1 	 Impact	66
Emissions	Within EQUATE Group (excluding Head Office)	Within and outside EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 305-1, 305-2, 305-7 	 Impact	60 - 62
Asset integrity and process safety	EQUATE Group	Within EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • OG13 	 Impact	73 - 75
Economic performance	EQUATE Group	Within and outside EQUATE Group	<ul style="list-style-type: none"> • 102-45, 103-1, 103-2, 103-3 • 201-1, 201-3 	 Impact	42, 43, 45, 46
Effluents and waste	EQUATE Group	Within and outside EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 306-1, 306-2, 306-3 	 Impact	62 - 64

*Reporting boundary for the period 2017-2018 is for EQUATE Group (including MEGlobal).
Note: For linkage of the material topics to UN SDGs, please refer to pages 39, 53, 54, 69, and 81.

Material Topic for 2017-2018	Reporting Boundary*	Impact Boundary	Link to GRI Standards	Link to EQUATE Sustainability Strategy 2025 pillars	Page Reference
Training and education	EQUATE Group	Within EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 404-1, 404-3 	 Build	88 - 93
Employment	EQUATE Group	Within EQUATE Group	<ul style="list-style-type: none"> • 102-8, • 103-1, 103-2, 103-3; • 401-1, 401-2 	 Build	82 - 85
Product stewardship	EQUATE Group	Within and outside EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 416-2 	  Innovate Impact	77 - 78
Energy	EQUATE Group (excluding head office in Kuwait)	Within EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 302-1, 302-3 	  Innovate Impact	57 - 60
Materials	MEGlobal and the ethylene unit at EQUATE Petrochemical Company	Within EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 301-1 	  Innovate Impact	55 - 56
Diversity and inclusiveness	EQUATE Group	Within EQUATE Group	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 405-1 	  Innovate Impact	86 - 88





Section | 03



Focusing on our economic growth and prosperity

Key performance highlights

Retirement benefit obligation of EQUATE Group

2017 **416**
USD million

2018 **406**
USD million

Direct community contribution

2017 **2.29**
USD million

2018 **2.55**
USD million

Direct economic value generated (revenue)

2017 **4,252**
USD million

2018 **4,821**
USD million

Important Topics covered in the section

Link to GRI Standards

Link to EQUATE Sustainability Strategy 2025 pillars

Link to SDGs

Economic performance

- 102-45, 103-1, 103-2, 103-3
- 201-1, 201-3
- 203-1, 203-3



Impact



Indirect economic impact

- 103-1, 103-2, 103-3
- 203-1



Impact



Our approach to sustainable economic growth and community development

We understand our role in contributing towards the growth of the local economy as well as our contribution towards supporting the development objectives set under the Kuwait National Development Plan. We also recognize the government's strategic focus on achieving long-term sustainable growth through economic diversification. Hence, we consider it our strategic business priority as a key petrochemical industry player to continuously work towards attaining improved efficiency and excellence across all our business practices – thereby achieving increased revenue growth and positive economic impacts. We firmly believe that strong economic performance at the organization level is key to macroeconomic growth, including contributions to growth in national gross domestic production (GDP), employment opportunities, and increase in investments and public spending. We play a key role in national economic growth by contributing to over 60 percent of total non-oil-based exports from Kuwait.

Through our business activities and operations, we strive to create both tangible and intangible economic impact on the local economies in the areas that we operate in – through

supporting local small and medium enterprises (SME) and other local businesses, up-skilling our local workforce through world-class professional skills and competencies, and collaborating with local petrochemical industries and suppliers to our business operations. Furthermore, we contribute towards creating overall long-term national value through our direct economic contributions to the government, providing employment, training and professional development, community contribution, and other procurement practices.

We are committed to aligning our overall corporate business strategy and priorities with our sustainability strategy, thereby focusing on creating holistic economic development for all our stakeholders. In addition, we are committed to the strategic national objectives and development commitments of the key countries where we operate. Following the acquisition of MEGlobal by EQUATE Group, we completed the integration of all EQUATE Group and MEGlobal information systems and processes, ensuring that the national objectives applicable to MEGlobal were taken into consideration during the integration, including their impact on other EQUATE Group operations.

”

“At EQUATE Group, we are firm believers that sustainability requires being ‘Partners in Success’ with all stakeholders. Our stakeholders include our employees, their families, communities, shareholders, government bodies, private organizations, customers, civic bodies and many others who share our ambition and values. We are highly aware of our direct and indirect economic impacts on our workforces and on the local economies in the countries we operate in. We continue to remain committed towards striving to attain excellence across all our business activities and generating positive economic impact for all.”

Dawood Al-Abduljalil
EQUATE Group CFO





Enabling integration



Integrating our finance operations to fit our global portfolio

Subsequent to the acquisition of MEGlobal, EQUATE Group engaged Project One in 2017 to integrate the service profile, organizational brand and legal aspects of the two organizations.

Under the service profile, EQUATE Group identified various 'towers' for integration between EQUATE Petrochemical Company and MEGlobal. The towers are essentially functions at EQUATE Group. One of the first towers to undergo the integration process was the Finance tower. After the initiation of the integration, six main sub-functional groups were identified under the finance operation, treasury, credit, tax, statutory reporting, business finance and forecasting, and plant controlling.

Six teams were formed to oversee the integration process for each of the sub-functional groups. Each team included members from EQUATE Petrochemical Company, MEGlobal, and Project One consulting firm. For each sub-functional group, a team carried out a current state assessment in which it compared the processes, sub-processes, and tasks between EQUATE Petrochemical Company and MEGlobal. As a result of the assessment, missing elements and gaps were identified, and the respective sub-functional group teams discussed the path forward.

Following the conclusions on the processes, sub-processes and tasks, all MEGlobal data was migrated to EQUATE Petrochemical Company and testing commenced. In order to ease the transition of integrating the finance processes, a training program was conducted for the teams of the sub-functional groups. Each group attended training on familiarization and usage of relevant processes. In cases where new processes were implemented, teams were trained to train the remaining staff in their own geographical location. This warranted an easier transition into the new integrated system for Finance.

Following the full implementation of the integrated financial system at EQUATE Group in 2017, EQUATE Group's integrated financial system earned the award for "Best in Class Treasury Solution in the Middle East" at the Adam Smith Awards 2018 organized by Treasury Today.



Generating economic value

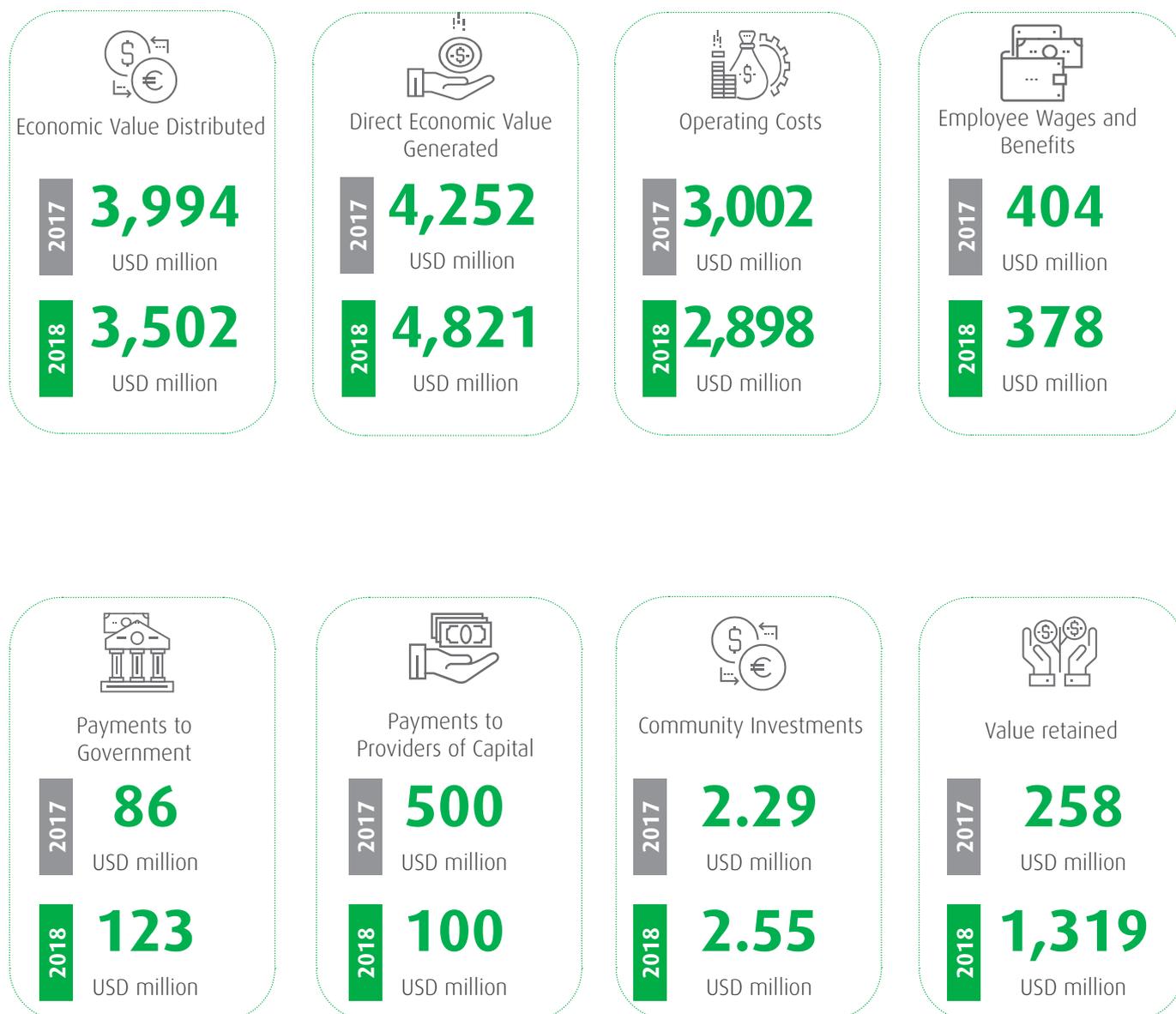
GRI 201-1

At EQUATE Group, we realize that the petrochemical industry continues to be impacted by the globalization and integration of the world economy as well as other influencing factors such as economies of scale, crude oil price fluctuations, environmental concerns, technological disruptions, geopolitical risks, and overall changes in demand for petrochemical products. We have always strived to adopt a forward-looking approach in managing our business practices and setting business strategies and future targets – taking into

consideration that companies in our sector need to adopt more efficient and disciplined approaches in the future to continue meeting the targeted economic and financial goals. Our Group aims to use digital and advanced analytics to reach new levels of productivity in the future and attain higher capital productivity on the industry's large-scale projects; as well as transition from a linear-economy-based approach towards a more integrated circular economy approach.

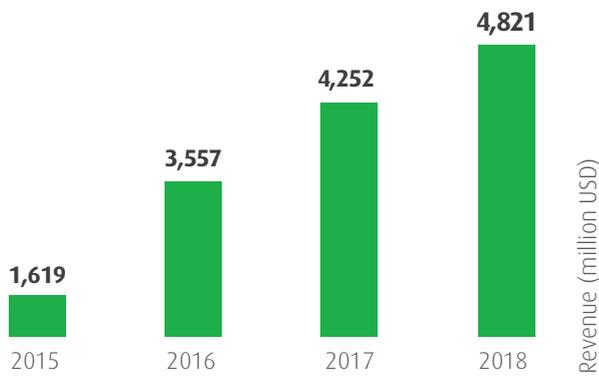
Our Group's economic performance plays a primary role in impacting the economic growth of the countries we operate in.

Our economic performance in 2017-2018

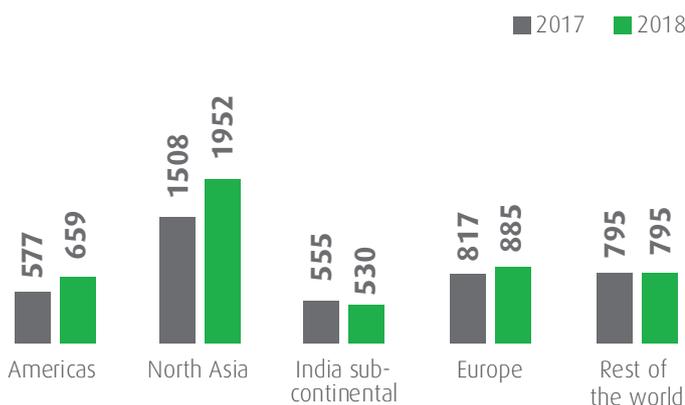


The infographic below provides a further breakdown of the direct economic value or revenues generated through our business operations by different products and across different geographic regions where we operate.

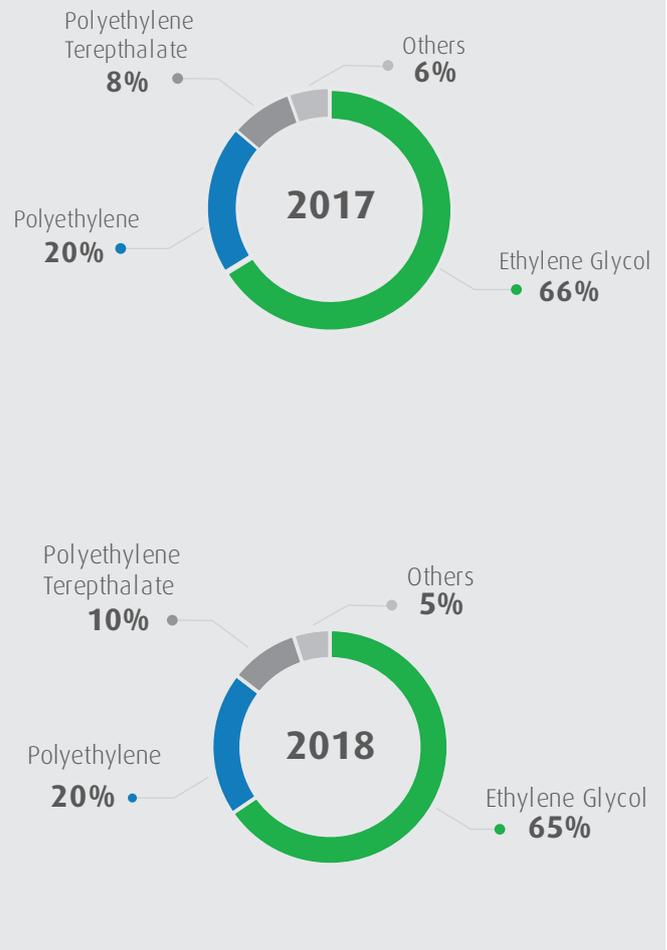
EQUATE Group revenue



Sales by geographical area (million USD)



Revenue by product group at EQUATE Group



We at EQUATE Group achieved 13 percent increase in revenue in 2018 when compared to 2017 due to the multiple strategic initiatives we have implemented in our efforts of becoming more profitable. Some of our key strategic initiatives towards managing our economic performance and economic value creation include:

- **Cost optimization:** Utilizing cost effective models to optimize cost whilst maintaining highest achievable performance, results and outcomes.
- **Effective working capital management:** Liaising on an on-going basis with debtors and creditors across all business operations to ensure efficient and effective management of all working capital.
- **Efficient financial performance forecasting and management:** Developing an efficient performance monitoring and reporting mechanisms to regularly track financial metrics and KPIs, as well as developing effective planning models to forecast future financial performance for EQUATE Group business operations.
- **Implementing appropriate refinancing arrangements:** Assess the global market conditions and economy to identify opportunities where EQUATE Group can refinance existing debt during periods of low interest rates in the market.
- **Optimize our operations at our Kuwait and Canadian plants:** Evaluate current process performance and search for optimization opportunities that can result in significant savings to EQUATE Group.



Key Initiative

Increasing Ethane Feed to our Kuwait operation

About this Initiative

In Kuwait, EQUATE Group receives its (ethane) feedstock from KNPC Gas Plant, a subsidiary of Kuwait Petroleum Corporation (KPC). Ethane is produced as a by-product of the crude oil refinery process and KNPC was producing excess ethane. On realizing this, our Group initiated an improvement exchange dialogue with KPC at which it was agreed that KNPC would pass its surplus to us.



Details of the initiative

This initiative represented an opportunity to increase the supply of feedstock to our Kuwait operation in 2017. We firmly believe in collaborating with peers in our industry to exchange ideas on best practice and achieve mutually beneficial results, and a full-day improvement workshop between KPC and EQUATE Group's Kuwait operation achieved this goal.



Impacts of the initiative

- Resulted in savings of USD 8.43 million
- Increase in the amount of feedstock to our Kuwait operation and hence, increase in the volume of products produced

Key Initiative

Unit specific modifications and improvements at our Kuwait operation

About this Initiative

Our Kuwait operation conducted various unit improvement projects with the goal of increasing production and saving money. These unit improvements were focused on two major units: Ethylene unit and continuous catalyst reformer unit (CCR).



Details of the initiative

Improvements introduced at our CCR unit took advantage of new catalyst technologies and studies we conducted based on a higher yield catalyst of CCR. In addition, in response to our ethylene unit's production levels exceeding maximum asset capability during summer in 2015 and 2016, we made further improvements by replacing the refrigerant and making process modifications.



Impacts of the initiative

- Improvement of CCR unit and ethylene unit resulted in savings of USD 27.95 million
- Resulted in additional production of 19,520 tons of ethylene during June to September 2017 compared to 2016.



In addition, we have developed and implemented multiple strategic KPIs that allow us to effectively monitor and measure our financial performance across all our business operations. Some of these key indicators include:

- **Ratings from credit-rating agencies:** While the credit rating does not directly impact the issuing of bonds, maintaining a certain high level of rating allows EQUATE Group to maintain its brand image and reputation and attain similar levels of preferential quotations in the future.
- **Revenue, Earnings before Tax Depreciation and Amortization, Net income after Tax, and Financial Compliance:** Internal financial performance evaluation metrics, which also directly impact the annual bonuses and incentive packages for the EQUATE Group Board of Directors.

We have also established several committees that are responsible for monitoring financial and non-financial KPIs and reviewing and discussing them with EQUATE Group management on a periodic basis. Some of these committees include:

- Board Finance Committee
- Board Audit Committee
- Board Project Steering Committee
- Global Ethics and Compliance Committee

Our approach towards our defined plan obligations

GRI 201-3

We are committed towards providing all our employees with retirement plans and other benefits, as a part of their social security benefits. As an alternative to pension plan schemes, we have established a savings scheme for our employees at our Kuwait operations (in the form of trust funds with banks), to which both our Group and all employees contribute 5 percent of an employee’s earnings respectively on a monthly basis.

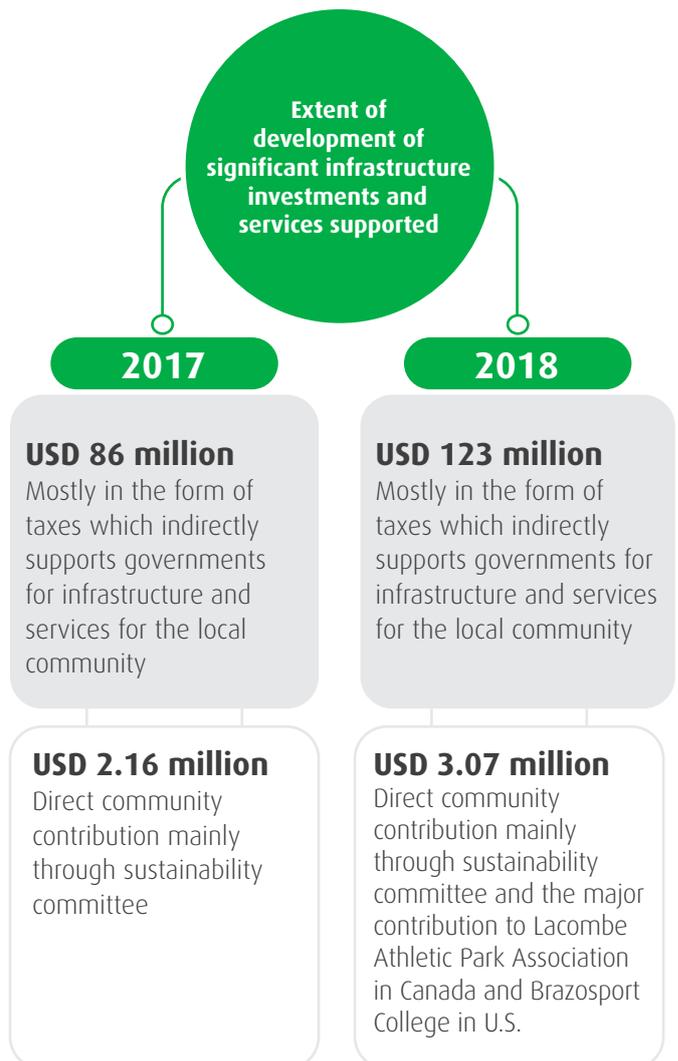
We determine our costs for providing retirement benefits using a Projected Unit Credit Method with actuarial valuations conducted with each statement of financial position date. Accrual valuations are based on a number of assumptions and require significant judgements made by EQUATE Group management. As EQUATE Group, we do not have a separate fund that pays for our pension liabilities; however, our subsidiaries have invested in Plan Assets.

Retirement Benefit Obligations of EQUATE Group	
2017	2018
USD 416 million	USD 406 million

Managing our indirect economic impacts

GRI 103-1 GRI 103-2 GRI 103-3 GRI 203-1

As a key player in the petrochemical industry, we are also aware of the indirect economic impacts we create through our business activities and related practices, including our contribution to the local economy of the countries we operate in. For 2018, it is estimated that EQUATE Group’s contribution to the local Kuwait economy was approximately **USD 1.35 billion**, through contributing factors including local employment spend, taxes (Zakat and KFAS), local community spend, and dividends paid to Kuwaiti shareholders – PIC, Boubyan and Qurain. We also continue to work very closely with the local plastics industry in Kuwait and have contributed in a major way to the development of the sector in the country. In addition, we contribute to human capital value creation through our employment practices and pension plans– by employing over 1,500 employees across different business operations and across 25 countries. Through our payments to the government, which includes taxes, Zakat and our contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), we continue to contribute to national development in Kuwait and Canada.



Moreover, at EQUATE Group, a significant proportion of our investments in the local communities were endorsed by the Sustainability Committee, which was allocated a budget of approximately USD 1.8 million in 2017 and USD 1.5 million in 2018. The contributions of the Sustainability Committee's investments span across:

Economic investments: primarily includes investments in national and regional oil and gas conferences and exhibitions.

Environmental investments: include investments in projects for the Kuwait Environmental Protection Agency, Kuwait dive team, plastic recycling non-profit organization (Omniya), and the renewable energy project for PAI.

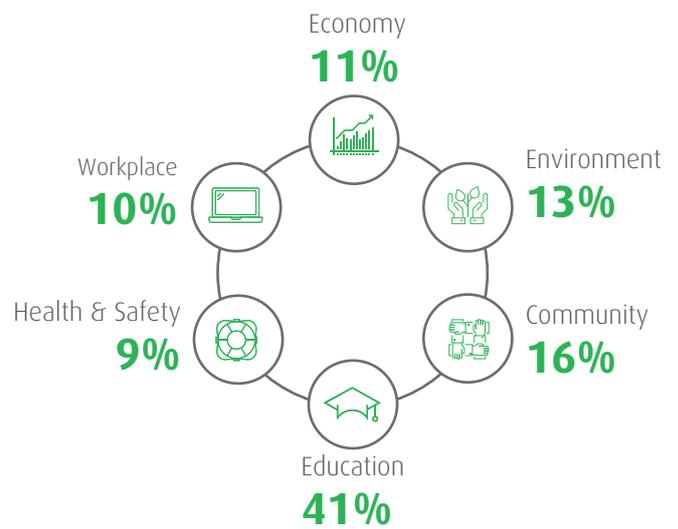
Community investments: investments in youth empowerment programs, chronic diseases hospitals, projects for governmental institutions, and community-based non-profit organizations.

Education investments: funding of student graduation projects at universities, and Kuwait Institute for Scientific Research (KISR) training program.

Health and safety investment: funding of health and safety exhibitions, and health-related campaigns and awareness programs.

Workplace investments: funding of annual Omra trips for contractors, and awareness campaigns for employees on health, safety and environment.

Breakdown of EQUATE Group's average investment through the Sustainability Committee in 2017 and 2018



Key Initiative | Ellis Bird Farm

About this Initiative

MEGlobal Canada ULC (MEGlobal) is the largest supporter of the Ellis Bird Farm, a beautiful conservation and education facility located across from MEGlobal's Prentiss site, near Red Deer, Alberta.



Details of the initiative

MEGlobal has been affiliated with Ellis Bird Farm since its inception in 2004. The company provides the bird farm with more than USD 150,000/year in operational funding to support its research and education programs. In 2016, MEGlobal also provided funding for the construction of a visitor center at Ellis Bird Farm. The visitor center houses educational displays, a gift shop, and facilities to provide school groups with educational programs on wildlife and habitat conservation. The Ellis Bird Farm is also a center of leading scientific research on mountain bluebirds and tree swallows. The Ellis Bird Farm is open from May to September each year and is expected to operate for many years to come.



Impacts of the initiative

As a result of the MEGlobal/Ellis Bird Farm partnership:

- More than 1,000 Alberta school students attend field trips at Ellis Bird Farm each year
- More than 15,000 visitors per year go to the bird farm to enjoy the beauty of the facility and to learn about birds and wildlife habitat.
- Research from Ellis Bird Farm is published nationally and internationally.



Our Group is committed to developing and taking steps to give back to the local communities in which we operate.

Key Initiative

MEGlobal Athletic Park

About this Initiative

In October 2018, MEGlobal Canada ULC (MEGlobal) announced a USD 2 million investment in the expansion of the MEGlobal Athletic Park in Lacombe, Alberta. Already supporters of the park, MEGlobal's donation will enable the park to add track and field facilities, improve spectator areas and enhance the existing field house.



Details of the initiative

MEGlobal Athletic Park currently consists of an all-weather playing field, basketball court, field house, seating and lighting. It hosts dozens of sporting events annually, as well as concerts and other community activities. In 2017, an estimated 75,000 people visited the park for sporting and community events.

In 2018, MEGlobal invested an additional USD 2 million to expand the current facilities in order to meet increasing usage demand.

The investment is part of a long-term partnership with the Lacombe Athletic Park Association (L.A.P.A.) and project supporters such as the City of Lacombe, Lacombe County and Wolf Creek Public Schools.

Work on the expansion of the field house and spectator enhancements is expected to begin in the spring of 2019, and the track and field event facilities will begin construction in 2020.

More information about the MEGlobal Athletic Park is available at www.lacombeathleticpark.ca.



Impacts of the initiative

- More than 50,000 people use the MEGlobal Athletic Park annually.
- The park acts as an economic driver to the local community, bringing in athletes, fans and coaches from across Canada to its events.
- It is a strong demonstration of MEGlobal's commitment to community sustainability and health.



Our approach towards creating impact includes visionary leadership, a sociable business environment, workforce skills development through apprenticeship training, internship programs, and infrastructure investments. It also includes partnering with communities, local regional and international businesses and local governments.

Key Initiative ▶ Community Advisory Panels

About this Initiative

MEGlobal runs Community Advisory Panels (CAPs) at both its Prentiss and Fort Saskatchewan sites. The panels are comprised of local residents and company representatives who meet on a regular basis to discuss MEGlobal's operations, safety performance and community outreach activities, as well as other topics of interest.



Details of the initiative

Our Community Advisory Panels offer an important opportunity for dialogue for a key stakeholder group for us- our communities. Held five or six times a year, the CAPs recommend ways to improve communications with the general public and provide input on community issues that the company may wish to address as a corporate neighbor. Operational updates from company representatives keep the panel members informed and a round table format encourages community members to ask questions or voice topics of concern or interest. The Prentiss CAP also hosts a CAP Summer Social for all neighbors within three kilometers of the Prentiss site. As a good corporate citizen, we value these opportunities for two-way, open and transparent communication between community members and our company. The Prentiss and Fort Saskatchewan CAPs were started by Dow in the 1980s; MEGlobal joined in 2004 when the company was established.



Impacts of the initiative

- The Fort Saskatchewan and Prentiss CAPs offer an important stakeholder engagement opportunity - to keep our communities informed of MEGlobal's operations and activities as well as to listen to any concerns or questions our communities might have.
- The CAP Summer Social is attended by ~75 near neighbors of the Prentiss site.



Key Initiative

Feasibility study for implementing renewable energy in Kuwait

About this Initiative

As part of our Sustainability Strategy 2025, and in support of the Kuwait government's renewable energy target (15% of total energy consumption from renewable sources by 2030), we conducted an analysis on the feasibility of installing renewable energy at our Kuwait operation, and other public assets.



Details of the initiative

As part of our Sustainability Strategy 2025, and in support of the Kuwait government's renewable energy target (15% of total energy consumption from renewable sources by 2030), we conducted an analysis on the feasibility of installing renewable energy at our Kuwait operation, and other public assets.

We conducted an analysis of all our assets in Kuwait including our operations in Shuaiba Industrial Area to identify potential areas to implement renewable energy and as a result identified three potential areas, on which a feasibility study was conducted. The results of the study indicated that it would not be feasible to implement any of the three options due to high capital costs and low savings.

Although we were unable to identify opportunities for the use of renewable energy for our assets, in a further quest to support the government's targets, our Group examined the feasibility of introducing renewable energy to a public entity in Kuwait. Following research and further feasibility analysis, in 2018, we chose to install solar panels at the Public Authority of Industry's head office. This state-of-the-art installation comprises components and panels that specifically cater to commercial applications, and the plant is predicted to produce up to 420 MWh of energy annually.



Impacts of the initiative

- Production of up to 420 MWh of renewable energy annually through the installation of solar panels.
- EQUATE Group is the first private entity to invest in renewable energy for the public sector and the community.

Our procurement practices

GRI 102-9

In our journey to support national economic growth in our countries of operation, we aim to maximize the retention of our total procurement expenditure within Kuwait and Canada through the purchase of products made in Kuwait and Canada and services provided by skilled Kuwaiti and Canadian 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.





Enabling integration



Forming Interconnected Procurement Practices

Subsequent to the acquisition of MEGlobal, EQUATE Group engaged Project One in 2017 to integrate the service profile, organizational brand, and legal aspects of the two organizations.

Under service profile, EQUATE Group identified various 'towers' for integration between EQUATE Petrochemical Company and MEGlobal. The towers were essentially functions at EQUATE Group. One of the main towers that underwent the integration process was procurement.

The integration of procurement practices was unique due to the fact that MEGlobal did not have a distinct procurement function. MEGlobal's procurement practices were outsourced to a third party. Hence conducting a comparative analysis between EQUATE Petrochemical Company and MEGlobal was not entirely possible.

In order to initiate the integration process, the Procurement Integration Committee met with the third-party provider handling MEGlobal's procurement services to recognize the systems and processes used for MEGlobal's procurement practices. Moreover, the Procurement Integration Committee conducted meetings with the MEGlobal departments that have direct contact with procurement services to understand their needs and requests in regard to the procurement of products and services.

Based on the conducted meetings, the Procurement Integration Committee created a procurement function at MEGlobal and hired employees for the function.

Thereafter, the Procurement Integration Committee created processes, systems and procedures for MEGlobal by leveraging EQUATE Petrochemical Company's knowledge. The MEGlobal system was structured and set up in line with the North American regulations and codes.

It should be noted that EQUATE Petrochemical Company's procurement system was benchmarked against global best practices prior to leveraging and integrating it with MEGlobal.

Following the system structuring for MEGlobal, all MEGlobal procurement data were migrated from the third-party provider system.

During the data migration process, all MEGlobal procurement employees were trained on the new systems by Procurement leaders at EQUATE Petrochemical Company. Moreover, the IT function at EQUATE Petrochemical Company was available using an online support system for one year to ease the integration and assist with any queries on the new MEGlobal procurement system.

In the end, the integrated procurement processes and systems of EQUATE Petrochemical Company and MEGlobal allowed EQUATE Group to create a central repository for all Group-wide contracts, which allowed our Group to control duplicate or overlapping contracts and ensure compliance.



Continuing on our sustainable economic growth

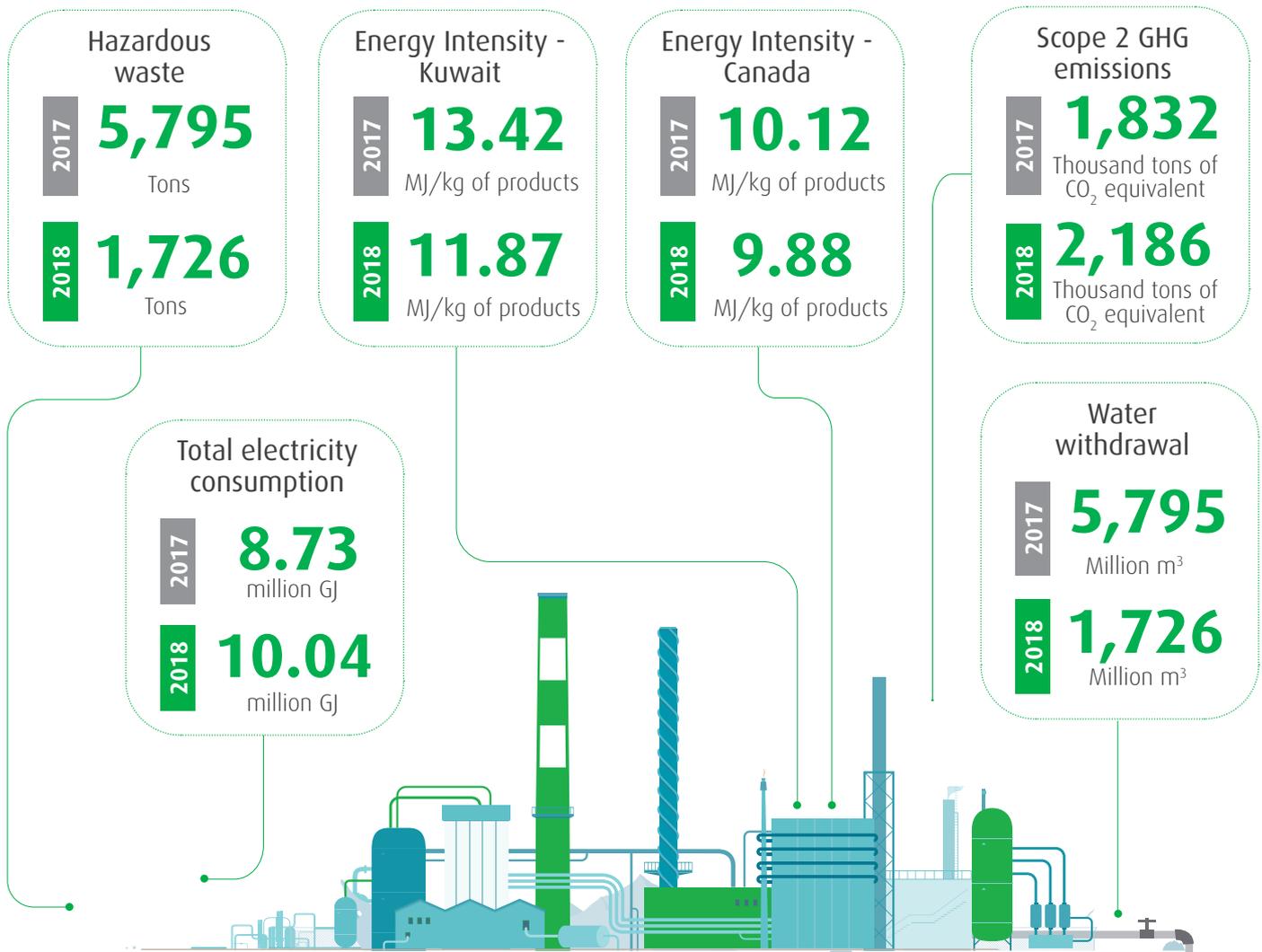
Our Group aims to continue its sustainable economic growth by ensuring productivity, profitability and cost-control. We also strive to continue maturing further in our sustainability journey through our contribution to local economies, and investments in the community. We are committed to driving positive impact in the communities and countries that we operate in and will continue to do so in the future with the support of our sustainability committee.





Preserving our environment

Key performance highlights



Important Topics covered in the section	Link to GRI Standards	Link to EQUATE Sustainability strategy 2025 pillars	Link to SDGs
Materials	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 301-1 	 	
Energy	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 302-1, 302-3 	 	   



Important Topics covered in the section	Link to GRI Standards	Link to EQUATE Sustainability strategy 2025 pillars	Link to SDGs
Emissions	<ul style="list-style-type: none"> • 103-1, 103-2,103-3; • 305-1, 305-2, 305-7 	 <p>Impact</p>	    
Effluents and waste	<ul style="list-style-type: none"> • 103-1, 103-2,103-3; • 306-1, 306-2, 306-3 	 <p>Impact</p>	     
Environmental compliance	<ul style="list-style-type: none"> • 103-1, 103-2,103-3; • 307-1 	 <p>Impact</p>	    

Our global environment is changing at a rate never witnessed before. Global population is also rising at an unprecedented rate. This places growing pressure on our world’s resources. Rising energy prices and climate change have created a need for new lower carbon energy sources. All of this is driving the transition towards a resource and energy efficient society, and the petrochemical industry has a role to play in contributing to this shift. Along with our peers in the Oil and Gas sector, at EQUATE Group we are acutely aware of the complex relationship our business activities have on the global stage. Additionally, our direct and indirect economic impact

contributes hugely to social and economic welfare in terms of employment and contribution to GDP; our petrochemical products are building blocks of the modern world and are essential components of many of the products used around the world today. Yet, on the other hand, we recognize the adverse impact the petrochemical industry can have on the environment and the depletion of global resources in terms of energy consumption, emissions, waste and wastewater. We believe our Group’s approach to sustainability must be driven by this balancing act as we engage in innovation to tip the scales in favor of even greater environmental stewardship.

”

“At EQUATE Group, we fully endorse the principle of sustainable development and actively endeavor to reduce waste and minimize the consumption of resources. As a large petrochemical Group, we seek for opportunities to balance our environmental footprint and our economic contribution.”

Mohammad Al-Shamary
Global Responsible Care® Director

At EQUATE Group, we are committed to conforming to international regulations and voluntary codes pertinent to our industry. We align ourselves with the UN SDGs 12, 13, 14 and 15 on responsible consumption and production, climate action, life below water and life on land. Both Kuwait and Canada, which between them house most of our manufacturing facilities, are signatories to the Paris Agreement on climate change and we too wholeheartedly support the transition to a low-carbon economy. We support Kuwait's national ambition on renewable energy (to reach 15 percent of total energy consumption by 2030) and are exploring opportunities for renewable energy as part of our sustainability strategy.

We are Subscribers to Responsible Care®, a voluntary commitment by the global chemical industry to drive continuous improvement and achieve excellence in environmental, health and safety performance. Responsible Care® harnesses the industry's dedication to safely managing chemicals throughout their life-cycle from development, manufacture and distribution to disposal, while simultaneously ensuring that chemistry can continue to contribute to a healthier environment, improved living standards and a better quality of life for all.

The following section highlights our performance on the environmental topics identified as the five most material for our organization – materials, energy, emissions, effluents and waste and environmental compliance. Further details on our Group's topic-specific approach can be found in each of the following sections.

While evaluating EQUATE Group's performance, it must be noted that 2017 was a turnaround year for our Kuwait operation, which meant some of our plants had to undergo major maintenance work resulting in our major equipment being shut down for a few weeks and a stop in our production operations in the respective plants. This is a routine occurrence for a petrochemical company but had a material impact on our performance indicators for that year.

Handling our materials

GRI 301-1

As a major producer of petrochemical products, we are large consumers of materials and how we procure, use and dispose of our materials is significant for sustainable operations. We strive to handle our materials using the latest management processes with the ultimate aim of reducing our environmental impacts and lowering our raw material procurement costs.

The data boundary for our materials reporting includes all our Canadian operations but pertains only to the ethylene unit in Kuwait as this is the primary plant in our Kuwait complex that feeds into all other plants. In the 2017-2018 reporting period, all of our Group's materials were non-renewable – mainly ethane, ethylene, oxygen and process aids which constitute of all chemicals used to facilitate the reactions or to treat water such as sodium hypochlorite, sulfuric acid and antifoam agents. The increase in our overall consumption of materials can be explained by the increase in our feedstock supply.

Total weight of materials that are used to produce and package EQUATE Group's primary products



In the future, we plan to monitor our renewable and non-renewable materials more closely and we seek to evaluate the possibility of monitoring our material intensity in order to manage our resources more efficiently and effectively. We are also committed to ensuring that all our products are produced effectively, and no input materials are wasted. We undertook multiple initiatives to reduce material use, including the operational initiatives described below.

Key Initiative ▶ Installation of ethylene recovery unit at our Kuwait operation

About this Initiative

In a quest for continuous improvement and reduction in wastage, our Kuwait operations decided to look at recovering valuable ethylene from waste streams (cycle gas purge), which historically had been burnt at flare stack (as part of the original plant design). The team considered introducing new technology into the main ethylene glycol process to recover ethylene from the waste stream.

 **Details of the initiative**

A feasibility analysis conducted by a technology vendor ascertained how much ethylene recovery was possible and, following an internal cost-benefit analysis, an ethylene recovery unit was purchased and introduced into our industrial process, reducing waste and generating increased income.

 **Impacts of the initiative**

- Ethylene recovery resulted in a significant reduction in waste by recovering valuable ethylene that would otherwise have been burned, representing a reduction in wasting raw materials and a reduction in our Group’s environmental footprint.
- Additional revenue generation of USD 2.3 million for EQUATE Group.

Key Initiative ▶ Reducing the total monomer ratio (TMR) for our high-density polyethylene (HDPE) lines

About this Initiative

The TMR represents the amount of raw material (ethylene and hexene/butene) used to produce one ton of polyethylene. The purpose of this initiative was to assess whether the TMR for both the HDPE lines could be reduced resulting in savings of ethylene and hexene.

 **Details of the initiative**

A reduction in TMR of 0.001 for polyethylene results in an approximate saving of USD 750,000 per year based on production of 750 kilo tons per annum. Our Kuwait operation scrutinized various process-related actions in order to reduce its TMR. One example was improving the reliability of the packaging check-weight to reduce any excess material going into bags.

 **Impacts of the initiative**

- The TMR was reduced by 0.0064, which resulted in savings of around USD 2.78 million and reduced waste levels.

Our energy intensity and consumption

GRI 302-1 **GRI 302-3**

Due to the industrial nature of our Group, energy plays a key role in our daily production processes. Our energy consumption is material to the whole Group from two perspectives – our commitment to an energy-efficient and low-carbon society and delivering value to our stakeholders via lower production costs. We acknowledge our responsibility and are always looking for new ways to reduce our energy consumption. We have comprehensive Environment, Health and Safety (EH&S) standards, Responsible Care® Management System and ISO 14001 in place, which collectively deliver consistency across our organization on reducing our environmental footprint. Moreover, we have a detailed standard on energy reporting which guides our approach to energy management and our overall quest to reduce our consumption levels.

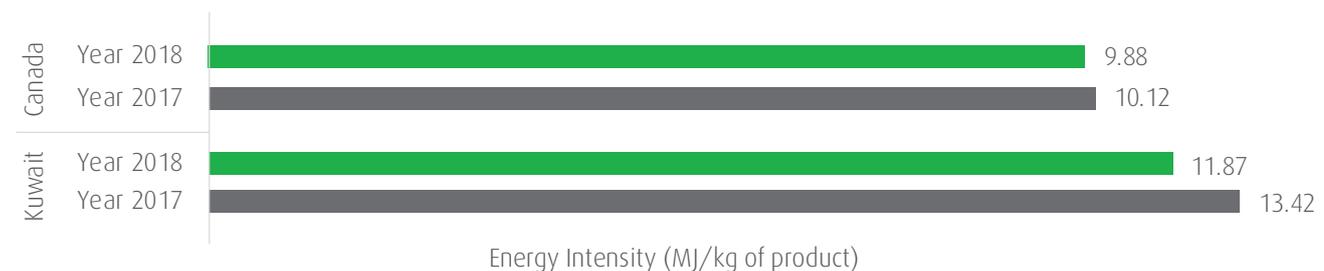
We use Dow’s Ken Nelson method for energy consumption calculation. This method allows us to accurately track and improve a plant’s performance and processes for our major energy streams. In addition, our Group sets specific targets on energy intensity as we understand that the best way to assess our energy efficiency is to measure our energy consumption in relation to our production. Our Canadian operations, and as part of their Focus 2020 goals, have set an ambitious goal to reduce energy intensity by 15 percent over the 2010 baseline. Our Canadian operations met this goal and exceeded it with a 28 percent reduction in energy intensity compared to the baseline (2010). At our Kuwait operation, energy intensity is measured for each of our plants and targets are set on an annual basis for each plant respectively. In 2018, we achieved 21.9 percent reduction in energy intensity compared to our 2010 performance. We recognize that reducing our energy intensity is an on-going goal and one that will evolve as we adopt further technological advancements.

Energy intensity at our Group

GRI 302-3

At our Group energy intensity is considered as a significant indicator of our progress on energy management and optimization. The reason energy intensity is deemed a better indicator of energy performance is ascribed to it being a ratio of total energy consumption to total production. Hence, normalizing our energy consumption against increased production. Our energy intensity is calculated as the total energy consumption per kilograms of products for each of our operational locations. At both our Kuwait and Canadian operations, energy intensities have declined in 2018 in comparison to 2017 by 11.5 percent and 2.37 percent respectively. The reduction in energy intensity at our Group can be associated with our continuous efforts in setting targets and performing rigorous reviews, conducting optimization studies, and launching various initiatives across our operations.

Trend of energy intensity at EQUATE Group



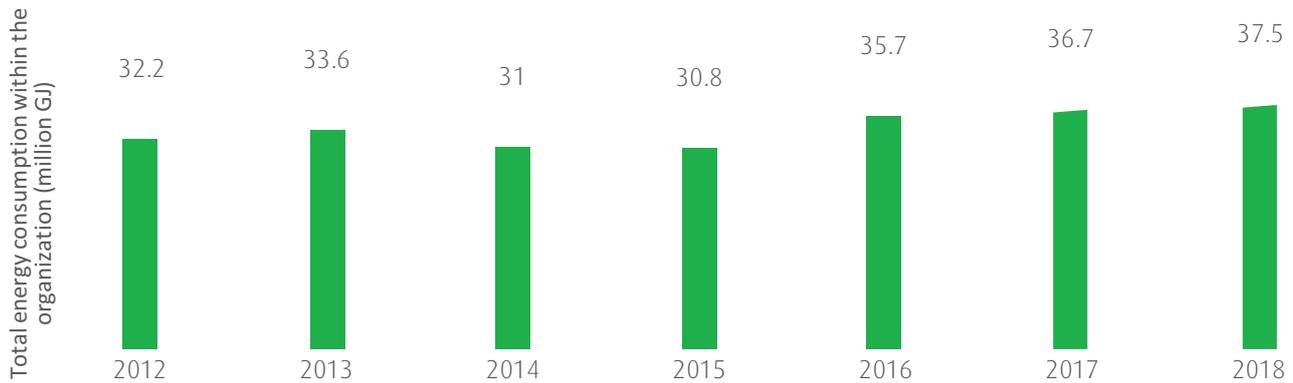
Total energy consumption

GRI 302-1

Total energy consumption at EQUATE Group is based on three sources - fuel, electricity and steam. The primary source of fuel consumption is compressed natural gas, which is used to produce steam and in process furnaces. Electricity is used for running electrical drives. In an effort to mitigate some of its overall consumption levels, our Canadian operation, was able to sell some of the steam it generated – the steam sold amounted to 417,312 GJ in 2017 and 378,383 GJ in 2018. However, over the past three years, total energy consumption figures have increased, mostly due to increased production. At our Group the breakdown of our energy consumption is detailed in the following pages.



Trend of total energy consumption within EQUATE Group



*Note: The data boundary from 2012 to 2015 only includes EQUATE Petrochemical Company. The data boundary includes EQUATE Petrochemical Company and MEGlobal from 2016 to 2018.

Along with leading practices for the reduction in energy consumptions in operations, our LEED® certified head office in Kuwait set the benchmark in Kuwait.

Key Initiative ▶ EQUATE Group Headquarters LEED® Certification

About this Initiative

Before starting the design of EQUATE Group's headquarters building, EQUATE Group's management decided that having a LEED® (Leadership in environmental and energy design) certified building contributes to EQUATE Group's vision in creating a better value towards communities and the environment.



Details of the initiative

LEED® certification is a global certification for certifying buildings and accrediting individuals, it is the art of designing the building with minimal negative environmental impact, better health and comfort for building users and cost optimization.

The certification categories for buildings include four levels: Certified, Silver, Gold and Platinum.

As of today, EQUATE's building is the first building in Kuwait Certified as LEED® Silver for Building Design and Construction (BD+C).



Impacts of the initiative

- The building roof is made of high reflectance low sun energy absorption material that helps reduce the heat island effect on the land and reduce the load of cooling
- More than 5 percent of the car parking is allocated for low emission and fuel-efficient vehicles
- The total reduction of the building water usage is 36 percent, this amount was achieved by using high-efficient water fixtures and sensors
- The building saves 26.7 percent of energy usage including 5 percent of solar panels located in car parking roof
- The building refrigerant is CFC free based refrigerant - CFC refrigerant is very harmful for ozone and causes ozone depletion.
- All shared areas such as meeting rooms, main halls, mosque, etc. are monitored by CO₂ sensors to improve the air quality in the building



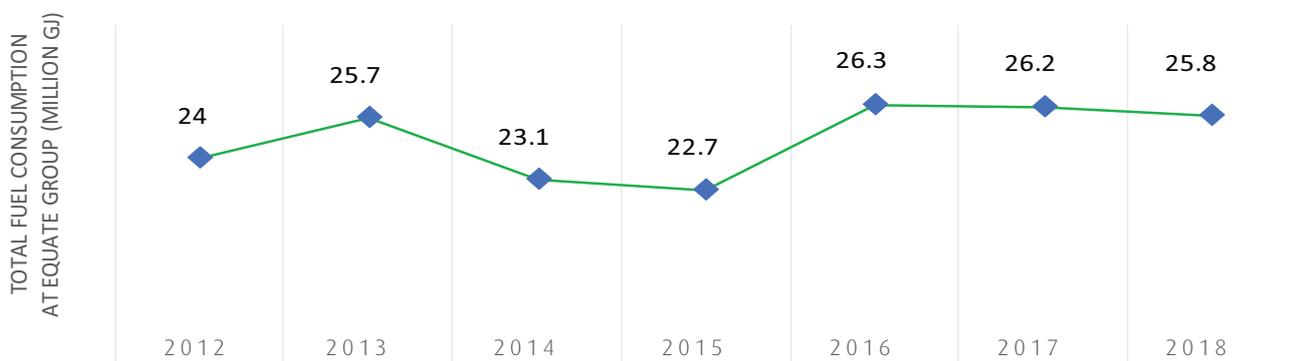
Fuel consumption

GRI 302-1

Fuel consumption figures at the Group remained steady over the past three years with a slight decrease in 2018. This decrease can be attributed to the efforts made by our Kuwait operation to reduce steam consumption following a number of optimization studies. It should be noted that a decrease in steam consumption results in a direct reduction in fuel needed to power boilers for steam production. Hence, a reduction in scope 1 direct greenhouse gas emissions, as fuel consumption is the primary contributor to scope 1 emissions.

It is also worth mentioning that all our fuel comes from non-renewable sources at the Group. In terms of fuel types, our operation in Kuwait mainly uses compressed natural gas in its processes, mostly to produce steam and in process furnaces. In Canada, we use a mix of diesel, propane and compressed natural gas although the latter accounts for 99 percent of our total fuel consumption there.

Fuel consumption trend at EQUATE Group



*Note: The data boundary from 2012 to 2015 only includes EQUATE Petrochemical Company. The data boundary includes EQUATE Petrochemical Company and MEGlobal from 2016 to 2018.

At our Group, we conducted several initiatives to optimize our steam consumption to manage our energy consumption.

Key Initiative

Optimization of High-Pressure Steam Import in Aromatics Unit at our Kuwait operation

About this Initiative

Aromatics Unit consumes high pressure steam for the process heat requirements. Boilers used fuel to heat water and produce high pressure steam. Hence, any suboptimal use of high-pressure steam can result in reduction of fuel consumption and cost savings.

Based on our internal analysis, it was observed that some internal streams within the unit can be heat integrated leading to less high-pressure steam import.



Details of the initiative

Aromatics units have 12 units consuming different grades of steam (high pressure, medium pressure, low pressure). All the heat exchangers were carefully studied, and feasible opportunities of heat integration were performed using pinch technology. Subsequently, possible opportunities for integration were narrowed down based on the execution strategy, high benefits, and low implementation cost. Based on this study, three projects were identified for heat integration.



Impacts of the initiative

- 8 percent reduction in high-pressure steam import to Aromatics Unit was achieved. (reduction of 13 tons per hour of high-pressure steam)
- Flexibility on utilities boiler operations
- Fuel gas and CO₂ Emission reduction



Electricity consumption

GRI 302-1

Electricity consumption at EQUATE Group decreased in 2017 by 7.1 percent when compared to 2016 baseline and increased by approximately 6.8 percent from 2016 to 2018. The decrease in electricity consumption in 2017 can be attributed to the fact that 2017 was a turnaround year at our Kuwait operation. On the other hand, electricity consumption increased in 2018 due to increase in production. Purchased electricity consumption contributes to scope 2 indirect greenhouse gas emissions.

Electricity consumption at the EQUATE Group



Total electricity consumption at EQUATE Group (million GJ)

*Note: The data boundary from 2012 to 2015 only includes EQUATE Petrochemical Company. The data boundary includes EQUATE Petrochemical Company and MEGlobal from 2016 to 2018.

Managing our releases to air, land and water

We are very aware that the chemical and petrochemical industry represents one of the largest contributors to emissions globally, accounting for around 7 percent of greenhouse gas (GHG) emissions associated with industry in general.² We operate in an energy-intensive sector and EQUATE Group remains committed to the reduction of greenhouse gases from our operations, in line with the Paris Climate Agreement to combat climate change. We understand that reducing our carbon footprint is a continuous commitment and we will continue to set targets to reduce our emissions in the future. We also support a Six Sigma quality approach to emissions reduction. Along with our peers, we share responsibility towards reducing our carbon footprint through the adoption of clean technology and energy saving

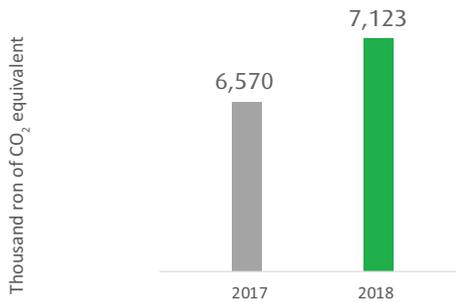
initiatives. We believe that it is possible to reduce GHG emissions while sustaining and contributing to sectorial and economic growth by embracing the best available and emerging innovative energy technologies.

Emissions reduction is a clear management objective at EQUATE Group and as such KPIs on emissions are linked to performance incentives. The Operating Discipline Management System (ODMS) on pollution prevention underpins our environmental protection policies and formalizes our approach to environmental compliance. Our EH&S standards have comprehensive guidelines on controlling emissions. Every type of emission is classified, and we measure, manage and report on them.

² Griffin, P. W., Hammond, G. P., and Norman, J. B. (2016). Industrial energy use and carbon emissions reduction: a UK perspective. Wiley Interdisciplinary Reviews: Energy and Environment, 5(6), 684–714. doi: 10.1002/wene.21



Operational GHG emissions of scope 1 and scope 2 at EQUATE Group



Alongside our voluntary commitments, our Canadian operations in Alberta are subject to a new Carbon Competitiveness Incentive Regulation (CCIR), which replaced the Specified Gas Emitters Regulation (SGER) on January 1, 2018. The CCIR introduces output-based allocation of allowable carbon emissions intensity on individual industries and imposes an output-based benchmark on all competitors in the same emitting industry. In Kuwait, our Group follows the Kuwait Environmental Public Authority (KEPA) guidelines and regulations.

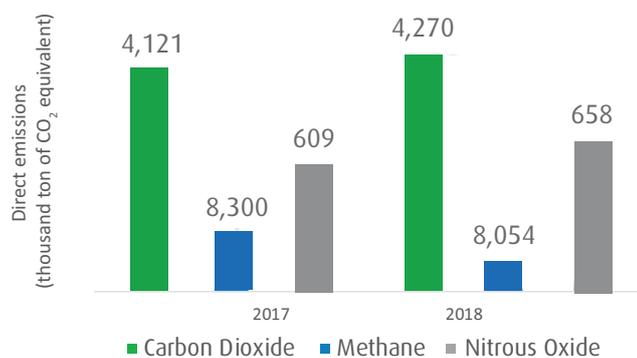
Direct (Scope 1) GHG Emissions

GRI 305-1

At EQUATE Group, our main direct GHG emissions are made up of carbon dioxide, methane and nitrous oxide, and levels are calculated using the US EPA methodology. By far the biggest contributor to scope 1 emissions is carbon dioxide.

In 2018, we set a target at our Kuwait operation to reduce scope 1 GHG emissions by 16,000 tons of CO₂ equivalent compared to the baseline (2016) and have met our target achieving a reduction of 19,450 tons. Moreover, over the past five years, our Canadian operations achieved a 30 percent reduction in CO₂ intensity and a 25 percent reduction in CO₂ emissions as part of their FOCUS 2020 sustainability strategy.

Breakdown of direct green house gas emissions in 2017 and 2018 at EQUATE Group



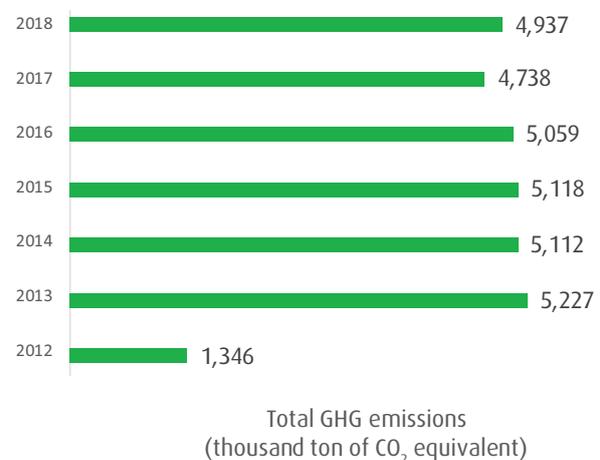
At our Kuwait operation, our Scope 1 emissions primarily consist of emissions released to the environment by the combustion of compressed natural gas. In our efforts to reduce these emissions, we continue our partnership with Gulf Cryo in the recovery and recycling of CO₂. Inaugurated in 2016, and with a capacity of 280 metric tons per day, the CO₂ recovery plant enhances the raw CO₂ that it receives from our Kuwait operation into a state that can be sold and further utilized in other commercial operations rather than burning fossil fuels, thereby reducing carbon footprint. In 2017 and 2018, we sold 90,185 and 100,786 tons of CO₂ to Gulf Cryo respectively.

At our Canadian operations, CO₂ is generated as part of the ethylene glycol manufacturing process through the combustion of fuel gas to generate steam to heat the industrial processes and the oxidation of ethylene as part of a chemical reaction. However, as part of our Canadian operation's aim to reduce its environmental footprint, CO₂ is annually captured and sold to third parties for industrial use. In 2017 and 2018, our Canadian operation sold 79,360 and 81,221 tons of CO₂ respectively.

It should be noted that the CO₂ that is sold in our Kuwait and Canadian operations is not included in the total emissions figures.

Since 2016 baseline, our Group has seen a steady decline of scope 1 GHG emissions in comparison with emissions prior to 2016, despite the data for this period now including both our Kuwait operation and Canadian operations. In fact, we have witnessed a decrease of 6 percent in 2017 and 2.4 percent in 2018 of our GHG emissions in comparison with 2016. It should be noted that 2017 saw the lowest reported GHG emissions value due to the fact that 2017 was a turnaround year for our Kuwait operation.

Trend of the total direct green house gases emissions at the EQUATE Group



Note: The data boundary from 2012 to 2015 is EQUATE Petrochemical Company only. The data boundary from 2016-2018 is EQUATE Group (including MEGlobal)



Indirect (Scope 2) GHG emissions

GRI 102-48 | GRI 305-2

We monitor our Scope 2 emissions, which cover emissions released into the atmosphere following purchase and consumption of electricity by EQUATE Group directly. We have adopted a new calculation methodology for indirect emissions and all data back to 2012 has been updated so that comparisons are possible. Compared to 2016, we have witnessed a nine percent decrease in 2017 due to the fact that 2017 was a turnaround year at our Kuwait operation. In 2018, we have witnessed a 20 percent increase in our Scope 2 GHG emissions compared to 2016 because of the rise in electricity consumption in 2018.

Indirect GHG emissions trend



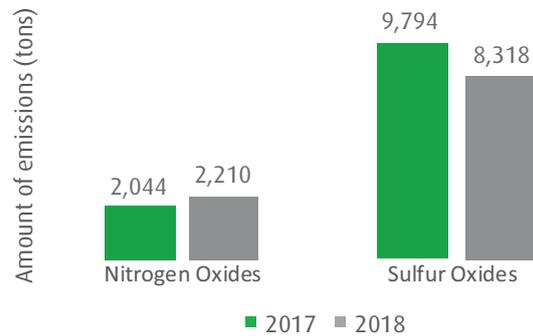
It should be noted that since our Scope 2 emissions from 2012 to 2015 cover our Kuwait operation only, our data comparisons are more focused on our data from 2016 to 2018 which covers EQUATE Group (including MEGlobal).

Nitrogen oxides, sulfur oxides and other significant air emissions

GRI 305-7

Currently, our Kuwait and Canadian operations monitor emissions of nitrogen oxides and sulfur oxides and are committed towards the reduction of these emissions. In our efforts to materialize our commitment, our Kuwait operation installed new equipment such as low NO_x burners, which are designed to control fuel and air mixing at each burner in order to create larger and more branched flames, thereby reducing peak flame temperature and resulting in less NO_x formation.

Emissions of nitrogen oxides and sulphur oxides at EQUATE Group



Managing waste and effluents

As a responsible member of the petrochemical industry, we strive to protect the environment, and the life within it wherever we can. Effluents and waste remains a key material topic for us. We acknowledge our actions have a direct impact on our stakeholders and in particular the communities in which we operate and for this reason we endeavor to do everything we can to manage our effluents and waste alongside our efforts to prevent significant spills.

For us, proper disposal of waste requires the intelligent selection of the treatment, storage, recycling and disposal methods available to us to minimize the risks to human health and the environment. Our strict EH&S standards on waste management and wastewater management- identify our sources of waste and wastewater which are monitored, controlled and reported on a regular basis. The standards also formalize a detailed approach to waste, in terms of reduction at source, recycling or re-using, treatment and disposal, while considering community concerns, potential environmental impact and the health and safety of employees and the public. We employ leading waste management practices via Six Sigma and our commitments as part of Responsible Care[®], as well as adhering to the environmental protection policies of KEPA and the Alberta authorities in Canada.

In our approach to waste management, we consider the following:

- Inherent waste hazards
- Degree of effectiveness in destroying or eliminating hazardous waste
- Residues or by-products created
- Handling and transportation risks
- Short- and long-term costs
- Short- and long-term risks to human health and the environment
- Short- and long-term liability potential
- Applicable governmental regulations



Within the context of our approach to waste management, we follow a waste management hierarchy as follows:

1. Eliminate or minimize the generation of waste at source
2. Reuse or recycle
3. Treatment or elimination of waste that is not reusable or recyclable prior to disposal. (Treatment might include destruction by chemical, physical, biological means or incineration)
4. As a last resort, dispose of waste to landfill (once all other options are exhausted)

At EQUATE Group, our water discharges are mainly to surface water bodies. In terms of quality, we comply fully with KEPA and Alberta Environment and Parks regulations. For KEPA, this means using sequential batch reactor technology and DynaSand filter technology to treat our industrial wastewater. In Canada, we are governed by rigorous regional and national wastewater treatment standards such as the Wastewater Systems Effluent Regulations and the Fisheries Act.

Types of waste

GRI 306-2

At EQUATE Group, we generate both hazardous and non-hazardous waste, and do not export waste.

Hazardous waste

Includes degraded sulfolane, solidified process sludge, and activated alumina.

Non-hazardous

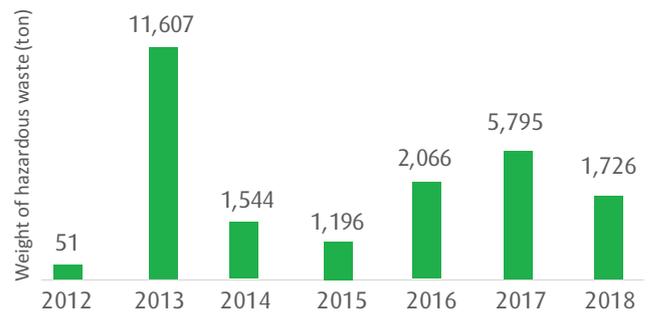
Includes ceramic balls, foods waste, etc.

Hazardous waste

EQUATE Group follows leading waste management practices as part of our commitment to Responsible Care® and manage the disposal of hazardous waste as per regulatory requirements. In Canada, hazardous waste is similarly disposed of through a third-party contractor to landfills but, following the waste management hierarchy, some hazardous waste is disposed of through recycling or incineration. At our Kuwait operation, all solid hazardous waste is disposed of through a third-party contractor to landfills and some of our hazardous liquid waste is incinerated on-site.

Total levels of hazardous waste generated at Group level more than doubled in 2017 when compared to 2016 because of the major turnaround at our Kuwait operation in 2017. However, our Group saw a 70 percent decrease in hazardous waste generated in 2018 when compared to 2017, and 16 percent decrease when compared to 2016.

Trend of hazardous waste amount at EQUATE Group



Note: The data boundary from 2012 to 2015 is EQUATE Petrochemical Company only. The data boundary from 2016-2018 is EQUATE Group (including MEGlobal)

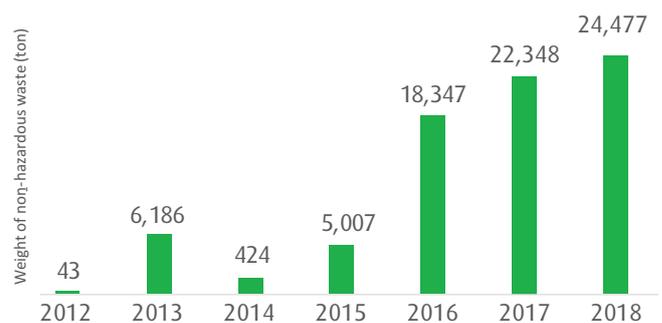
Non-hazardous waste

All non-hazardous waste at our Kuwait operation is disposed of to landfill. In Canada, non-hazardous waste is disposed of through recycling and incineration, as well as partially to landfill.

At Group level, the period 2016-2018 saw a steady increase in levels of non-hazardous waste as our organization continued to grow.

However, we understand the implications of waste to the environment and will continue to explore opportunities to manage our waste footprint through every stage of the waste hierarchy.

EQUATE Group non-hazardous waste



Note: The data boundary from 2012 to 2015 is EQUATE Petrochemical Company only. The data boundary from 2016-2018 is EQUATE Group (including MEGlobal)



Significant spills

GRI 306-3

Over the reporting period 2017-2018, there was only one incident recorded due to a spill of one barrel of hot polymer at our Kuwait operation, but the spill was contained and did not have any negative environmental impacts. For more information on this incident, please refer to page 74.

We analyze near miss incidents and develop detailed action plans. We conduct stringent follow-up inspections and campaigns for spills reduction. Moreover, we develop and work to find new technologies to minimize and mitigate our impacts in case a spill occurs.

Key Initiative

Liquid waste solidifiers and spill kits

About this Initiative

This initiative was established to find an optimal solution for the effective control of any liquid hydrocarbon spills and minimization of costs associated with treatment of liquid wastes generated from operating units.



Details of the initiative

During a turnaround period, which is a regular period of plant maintenance that occurs every few years, the generation of wastewater is high, and a contingency plan was sought in case the temporary waste water treatment failed. In line with KEPA regulations, the solution involved establishing a back-up plant that could convert wastewater into solid waste by using solidifying technology. Following a technology audit, our Kuwait operation brought sample ARCUS solidifiers from Canada, which effectively absorbed all the hydrocarbon wastewater generated by the 2017 turnaround period.



Impacts of the initiative

- Solidifying hydrocarbon waste water
- Minimizing turnaround downtime
- Effective cost saving for the company
- Managing spills effectively and clean-up of hydrocarbon tanks

Water discharge and withdrawal

GRI 303-1 GRI 306-1

At EQUATE Group, the primary source of water withdrawal is surface water contributing around 98 percent of the total water withdrawal at our Group. Water supplied by municipal and private utilities only accounts for 1.4 percent of the total water withdrawal at EQUATE Group, and the remaining 0.6 percent is from rainwater directly collected and stored by our Group.

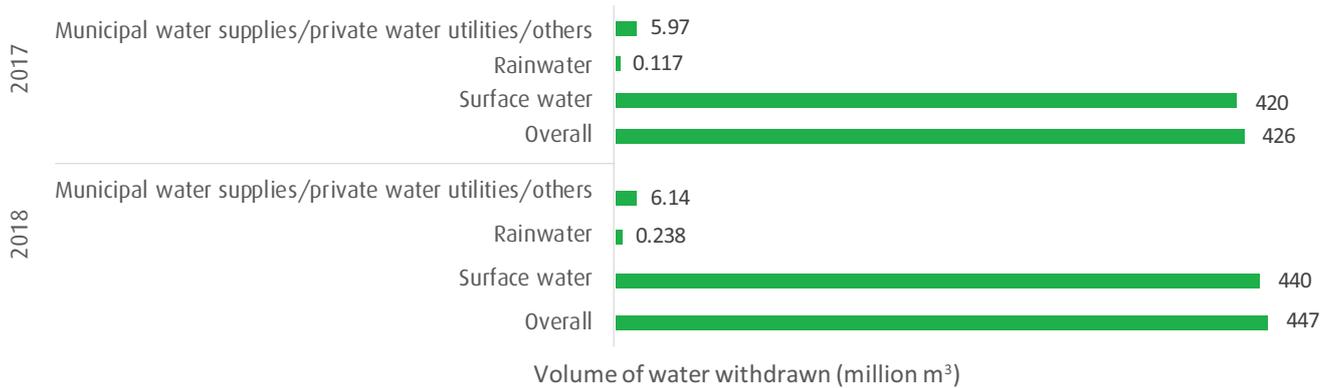
Currently, our water discharges are not reused by any third party. Our water discharge increased by 4.6 percent in 2018 compared to 2017 due to an increase in water discharge at our

Kuwait operation in 2018 which was ascribed to increased plant loads. This was also the reason for the rise in surface water consumption in 2018 over 2017.

In our steps to pioneer in wastewater management and water reuse, we have initiated a wastewater recovery project in 2015 to recycle wastewater from our Kuwait operation's processes and convert the wastewater to distilled water. However, the wastewater treatment plant faced some technical issues in 2016, which persisted in 2017 and 2018. We are still working on solving all the technical issues that occurred and remain committed and hopeful that the wastewater treatment plant will be back into full operation in the near future.



Breakdown of water withdrawal at EQUATE Group



Water discharge to surface water bodies at EQUATE Group



Key Initiative

Wastewater recycle in ethylene glycol unit at our Kuwait operation

About this Initiative

Following the installation of a new catalyst in its ethylene glycol unit, EQUATE Petrochemical Group wanted to explore the opportunity of wastewater recycling.



Details of the initiative

A catalyst is used in a petrochemical environment to start or speed up a chemical reaction while undergoing no permanent change itself, but all catalysts only have a certain lifespan. With the installation of a new catalyst comes new and improved operating conditions offering the opportunity to embrace better processes and reap greater savings. Following the introduction of a new catalyst in our Kuwait ethylene glycol unit, impurity generated was reduced and the concept of waste water recycling became a possibility for the first time. A team was formed to analyze, scope, implement and run the initiative on the wastewater recycle in the ethylene glycol unit. This initiative was implemented successfully and achieved great results, delivering a more environmentally positive outcome by our unit.



Impacts of the initiative

- 45 percent reduction in wastewater generation.
- Reduction in the consumption of demineralized water leading to annual savings of USD 300,000.



Ensuring environmental compliance

GRI 307-1

Environmental compliance is material to our organization as we seek to play our part on the global stage and shoulder our responsibilities as good corporate citizens in protecting our planet and contributing to a future for generations to come. At an organizational level, non-compliance can result in a raft of negative outcomes, not least of which is a loss of trust. Loss of trust can threaten the license to operate and can diminish intangible assets such as reputation or intellectual capital as well as attracting attention from media or neighbors or even regulatory fines. Any company's bottom line is dependent on having a clean compliance record.

During the reporting period 2017-2018, EQUATE Group did not face any instances of regulatory actions or fines related to non-compliance to environmental regulations in any of its countries of operation.

At our Canadian operation, we use a compliance task tool, which is an access database that manages repetitive compliance tasks and minimizes risks in relation to state or federal regulations by flagging completion dates and following up lack of action with corrective plans. We also maintain procedures for reporting on non-compliance in terms of legislation or regulations.

Key Initiative

Environmental compliance gap assessment at our Kuwait operation

About this Initiative

In 2017, EQUATE kick started a gap analysis and compliance assessment of the new KEPA law. The purpose of this project was to identify applicable environment law articles and their associated by-laws and to determine the current compliance of those identified. This project is expected to ensure EQUATE Group's adherence to the local environmental requirements.



Details of the initiative

Our Kuwait operation conducted a gap assessment against the new Kuwait Environmental Public Authority law to identify, assess and comply with the applicable environment law and associated by-laws. We completed the gap analysis through environmental consulting vendors, and we are validating the applicable findings and assessing the current compliance. We will be developing a compliance plan for the identified gaps and aligning the overall Kuwait operation's work process to meet the requirements of the environment law and associated by-laws.



Impacts of the initiative

- Ensuring adherence to local regulations to avoid legal and public implications
- Assessment of compliance with the new regulations in Kuwait and identification of gaps in compliance.

In our efforts to uphold environmental stewardship, we sought to integrate our environmental processes, procedures and systems within our Kuwait and Canadian operations.





Enabling integration



Disclosing our environmental information as a Group

Following the acquisition of MEGlobal by EQUATE Petrochemical Company, EQUATE Group sought to integrate EQUATE Petrochemical Company and MEGlobal through the initiation of Project One. One of the purposes of initiating this project was to maximize synergies and simplify processes and procedures to one amalgamated approach.

Project One identified various 'towers' for integration between EQUATE Petrochemical Company and MEGlobal. The towers are essentially functions at EQUATE Group. One of the primary towers was Environment, Health and Safety (EH&S). Under this tower, six pillars were identified for integration. Those pillars were*:

- a. Industrial hygiene
- b. Personal safety
- c. Process safety
- d. Environment
- e. Product stewardship
- f. Crisis management

Conducted by Project One EH&S team, a comparative analysis of the environmental policies, procedures and processes at both companies highlighted major discrepancies in approach. The reasons for this were predominantly due to wide disparities in local environmental regulations between the different localities in which EQUATE Group operates. As the local regulations are mainly driven by legislation, the Project One EH&S team concluded that, circumstances were not conducive to a global, integrated approach for the environmental pillar under the EH&S tower.

* Note: For the purposes of this case study, the environmental pillar is highlighted. Other pillars under EH&S will be discussed in another case study under the Promoting health and safety section of this Report.

Continuing on our environmental sustainability journey

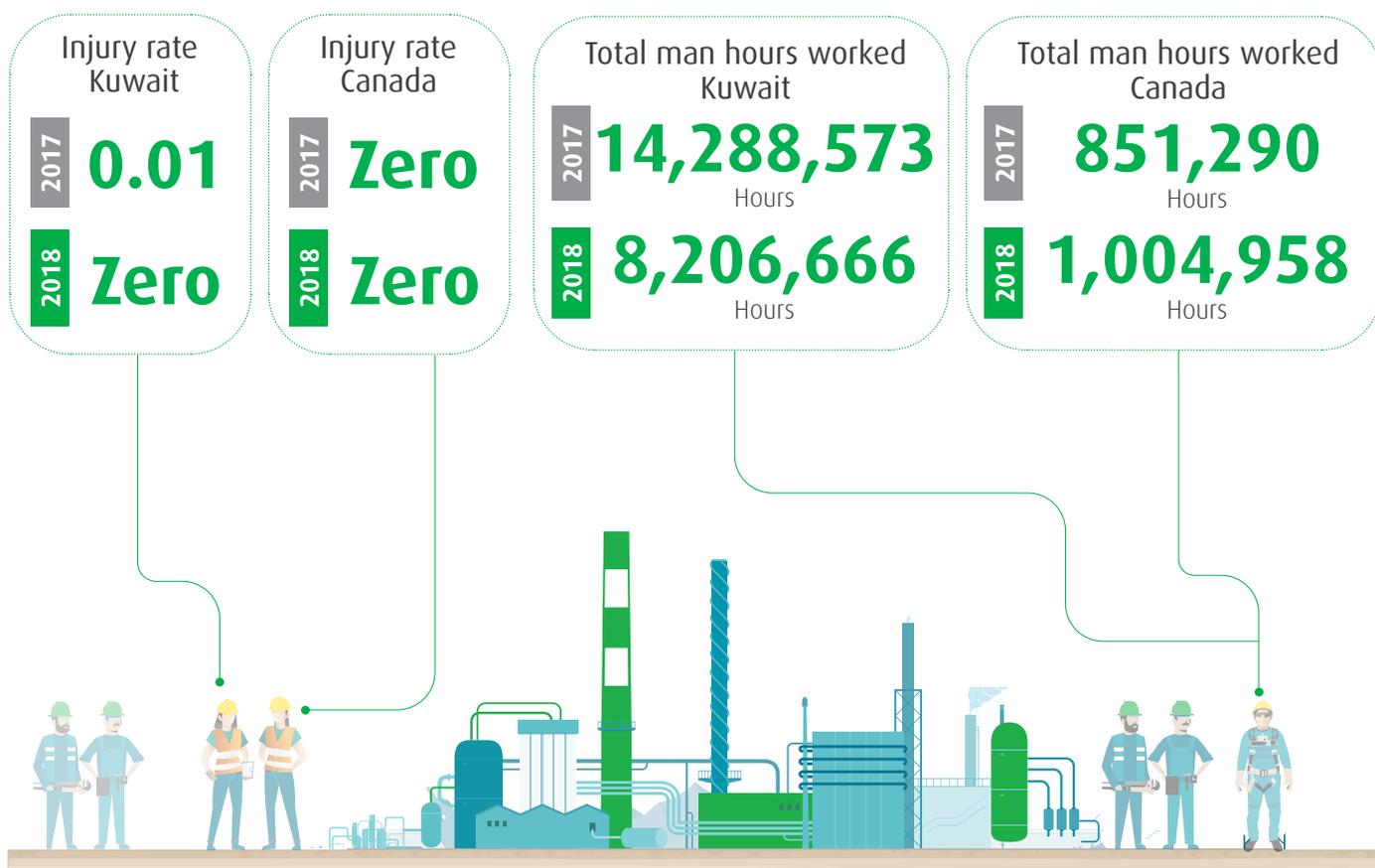
At EQUATE Group, we understand the significant impact we can have on the environment. Therefore, in future years we will continue our commitment and seek ways to mitigate our environmental footprint and consumption levels by adopting new technologies, embracing smarter processes and continue to conduct optimization studies across our processes and plants in order to uphold our quest to be environmental leaders in our industry.





Promoting health and safety

Key performance highlights



Important Topics covered in the section	Link to GRI Standards	Link to EQUATE Sustainability Strategy 2025 pillars	Link to SDGs
Occupational Health and Safety	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 403-1, 403-2 	 <p>Impact</p>	 
Asset integrity and process safety	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • OG13 	 <p>Impact</p>	   
Product stewardship	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 416-2 	  <p>Innovate Impact</p>	 



Encouraging a health and safety culture

At EQUATE Group, we recognize that the health and safety of our employees and contractors is one of our highest priorities. Workplace health and safety is part of our Code of Conduct, and our Operating Discipline Management System and everyone at EQUATE Group are mandated to comply with their requirements. Through all our health and safety policies and the Responsible Care® initiative we are committed to improving our health and safety performance. Our objective is to minimize and eliminate health and safety-related incidents at EQUATE Group.

Care® and our safety practices governed under our EH&S standards, we seek to espouse the utmost caliber in health and safety and meet all applicable health and safety laws and regulations. Our objective is to eliminate all injuries and prevent adverse health impacts. EQUATE Group is a Target Zero Group 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. We have established a site-level governance structure at our Kuwait operation, in order to warrant compliance with national and international EH&S regulations and ensure our annual safety-related objectives are met.

Prioritizing occupational health and safety

As a Group operating in the manufacturing industry, we understand the importance of developing an organizational culture to sustain and improve health and safety practices. Through our Code of Conduct, guidelines of Responsible



“The health and safety of our workforce is of paramount importance to us. With the strong regulations that are in place and the best practices we adopted in occupational health and safety, we provide superior work environment ensuring the well-being of our employees and contractors.”

Andrew Maile

EH&S Quality Leader (North America)



Our Kuwait operation EH&S governance structure

GRI 102-41 | GRI 403-1

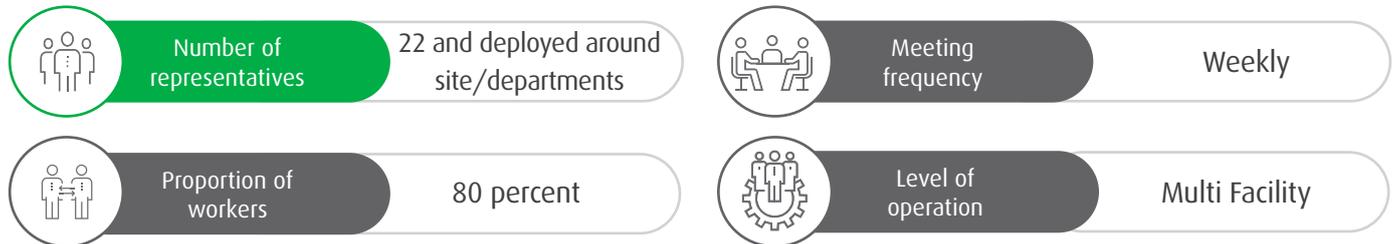
Site EH&S Committee



Departmental EH&S Focus Teams



Safety officers



At our Kuwait operation, we conduct regular safety walk-through audits to ensure all health and safety regulations and requirements are followed and to prevent all injuries and occupational illnesses. We also conduct safety timeout sessions and safety campaign sessions every quarter for our employees and contractors in which we promote workplace safety, covering topics such as the importance of wearing personal protective equipment (PPE), health awareness, EH&S life critical standards, trends and best practices, incidents simulation, and major turnaround.

Our Canadian operations implemented a Health and Safety Management System through which reviews and audits are conducted every year for each Canadian facility and our Canadian operation as a whole. Any gaps and opportunities for improvement are evaluated and prioritized. Follow up and closure of actions are conducted as part of the following year's action plan.



Safety performance during turnaround at our Kuwait operation

In 2017, as part of the turnaround in Kuwait, we had 14,000 contractors at EQUATE Petrochemical Company (EU-2, EG-2, UT-2, Aromatics and EBSM) for 45 days. We had zero RI injury, zero DAWC, zero process safety containments events level 1 and 2, zero chemical exposure above limit, zero violations of life critical standards, and zero security incidents.



We at EQUATE Group are proud to report that we did not have any employee and contractor work-related fatalities and Day-Away-From-Work in 2017 and 2018. In fact, EQUATE Group achieved over 60 million continuous safe work hours without a day away from work case (DAWC) by the end of 2018.

Due to our proactive approach to the management of health and safety-related topics, our injury rates have progressively reduced at our Kuwait operation over the previous years, reaching zero in 2018 and remained nil at our Canadian operations.



Our safety performance at our Canadian operations

On October 18th, 2018, our Canadian operation was awarded the “Gold Level Winner” at Canada’s Safest Employers awards, during a ceremony that was held in Toronto. It should be noted that Canada’s Safest Employers Awards was launched in 2011 and is presented by the Canadian Occupational Safety magazine, a Thomson Reuters business. The Awards recognize companies from all across Canada with outstanding accomplishments in promoting the health and safety of their workers.

Our safety performance

GRI 403-2

	2015		2016		2017		2018	
	Kuwait	Kuwait	Canada	Kuwait	Canada	Kuwait	Canada	
Injury rate (IR)	0.07	0.07	0.46	0.01	Zero	Zero	Zero	
Number of recordable injuries	3	3	1	1	Zero	Zero	Zero	
Absentee rate (AR)	Information unavailable			Zero	Zero	Zero	Zero	
Work-related fatalities	Zero	Zero	Zero	Zero	Zero	Zero	Zero	
Occupational diseases rate (ODR)	Zero	Zero	Zero	Zero	Zero	Zero	Zero	
Lost day rate (LDR)	Zero	Zero	Zero	Zero	Zero	Zero	Zero	
Number of sickness/absence days	5,720	5,621	Information unavailable	5,078	580	4,254	305	
Hours of EH&S related training	30,980	28,466	Information unavailable	6,471	Information unavailable	9,266	Information unavailable	
Total man-hours worked	8,438,194	8,164,637	944,518	14,288,573	851,290	8,206,666	1,004,958	

Note: The data boundary for Kuwait and Canada operations includes employees and contractors.



Responsible care® community awareness campaigns

As a signatory to the Responsible Care® initiative and as part of our commitment to health and safety of our employees, contractors and community, our Kuwait operation conducted multiple awareness campaigns on health and safety in the community to equip the participants with the skills and competencies to drive health and safety in the community. Some of the awareness campaigns that were conducted in 2017 and 2018 at our Kuwait operation include

- Kuwait Fire Service Directorate (KFSD) firemen day
- KFSD camp safety, KFSD Salem campaign
- Safety Fusion Campaign
- EQUATE integrated site-wide drill with Kuwait governmental entities
- Labor Day at Shuaiba medical center.

Ensuring process safety and asset integrity

OG13

Due to the high-risk environment of petrochemical plants, process safety and asset integrity is a top priority for our Group. We aim to reduce risks of operating our chemical manufacturing processes to a level acceptable to employees, contractors, regulatory bodies, insurance underwriters and the community as a whole. By being a Responsible Care® Company, we have integrated Responsible Care® Codes of Practice into every aspect of our operations through our Operating Discipline Management System (ODMS), performance measures and continuous improvement efforts. We have a dedicated process safety standard under our ODMS Environment, Health and Safety standards. 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 and our Group's safety standards.

With the objective of maintaining the highest standards of process safety and asset integrity, our Group conducts frequent audits, maintenance and safety checks, risk-based inspections as well as, optimizations and improvement studies.



Key Initiative

Ethylene glycol boiler-feed water and blow down system reliability improvement at our Kuwait operation

About this Initiative

The ethylene glycol boiler-feed water (BFW) and blow down system had frequent failure issues. These failure issues were significant as they can cause substantial safety hazards if not addressed including the hot water showering of operators due to pipeline rupture and potential blow-out due to pipeline thinning. Therefore, we conducted a comprehensive study to identify the root cause of the issue and improve the reliability of the system.



Details of the initiative

A project team analyzed the inspection reports of the past years' failures to identify frequent failure areas; the team also collected data on design and operating conditions. As a result of the extensive analysis, we identified the following:

- Blowdown line was not classified as business critical, therefore regular thickness measurements were not conducted which could have resulted in pipeline rupture and causing a safety hazard of showering hot water on nearby operators.
- BFW supply quality was not maintained according to the product specification.
- Piping geometry at few locations has contributed to piping erosion.

Based on these findings, an improvement plan was made to close the gaps identified and avoid significant safety hazards.



Impacts of the initiative

- Minimization of safety risks and hazards as the system contains high pressure and temperature process fluids – these can lead to a blow-out if the pipeline ruptured .
- Improvement of valve design, resulting in savings of USD 800,000.
- Elimination of frequent piping failure due to erosion.
- Fixing BFW quality issue.
- Overall improvement in reliability, which previously had caused up to USD 2 million of losses.
- Leveraging this learning to take proactive action in identifying pipe thinning for the whole Kuwait operation.

At EQUATE Group, we keep track of our process safety events according to the narrative per API RP 754 definitions for all our petrochemical activities. We had a tier two process safety incident in 2017 at our polypropylene plant in our Kuwait operation in which hot polymer was released and caught fire during extruder shut down and resulted in a fire and minor damage to nearby equipment. With the purpose of preventing similar incidents in the future, we conducted a detailed

analysis to identify the causes of the incident and upgraded the logic of our programmable logic controller (PLC) with trip mechanism after thorough reviews with the vendor.

In 2018, we did not face any process safety tier one or tier two incidents and we hope to maintain our performance in the future through our systematic practice of process safety hazards prevention according to the Global Mechanical Safety Standard.



Process safety tier 1 and tier 2 events			
2015	2016	2017	2018
2	1	1	0

Key Initiative | Avoid minimum design metal temperature (MDMT) in ethylene unit methyl acetylene and propadiene reactor

About this Initiative

MDMT is the lowest permissible metal temperature for a given material at a specified thickness based on its resistance to brittle fracture. The ethylene unit methyl acetylene and propadiene reactor was falling below the MDMT every time the reactor was shut down. This reactor’s metal was made of low temperature carbon steel and therefore was not designed for such low temperatures. This initiative looked at an answer to the problem identified as falling below the MDMT can cause the vessel to crack or explode.

Details of the initiative

Using Six Sigma methodology, a root cause analysis and simulation technique questioned whether the introduction of nitrogen was the cause for the reactor’s low temperature. This was found to be the case due to the presence of liquid hydrocarbons. As a result, the OD was modified, and training of operators amended. This action has eliminated the process safety hazard associated with MDMT of the reactor.

Impacts of the initiative

- Improvement asset integrity
- Prevention of process safety hazards

As part of our continuous commitment to maintaining the best-in-class health and safety practices, we integrated our health and safety practices within our Kuwait and Canadian operations to ensure cohesive and systematic approaches towards health and safety are followed.





Enabling integration



Integrating our health and safety practices

Subsequent to the merger between EQUATE Petrochemical Company and MEGlobal, EQUATE Group initiated Project One to integrate its service profile, organization and brand, and legal aspects.

Under service profile, EQUATE Group identified various 'towers' for integration between EQUATE Petrochemical Company and MEGlobal. The towers were essentially functions at EQUATE Group. One of the primary towers was Environment, Health and Safety (EH&S). Under this tower, six pillars were identified for integration. Those pillars included:

- a. Industrial hygiene
- b. Personal safety
- c. Process safety
- d. Environment
- e. Product stewardship
- f. Crisis management

Each of these pillars were examined discretely for integration by conducting a comparative assessment between EQUATE Petrochemical Company and MEGlobal. Based on the comparative assessment and the inputs of the Project One EH&S team, the following were concluded for each pillar.

For the industrial hygiene pillar, EQUATE Petrochemical Company had its own industrial hygiene tool known as Qualitative Exposure Assessment (QEA), whereas, MEGlobal did not. Therefore, the Project One EH&S team decided to have MEGlobal adopt EQUATE Petrochemical Company's QEA tool.

For the the personal safety pillar, it was determined by the Project One EH&S team that EQUATE Petrochemical Company and MEGlobal would adopt EQUATE Petrochemical Company's Behavior Based Program (BBP) tool. This tool can create trends of unacceptable safety behaviors based on detailed analysis.

With respect to the process safety pillar, it was agreed

upon by the Project One EH&S team that audits of Layers of Protection Analysis (LOPA), and Hazard and Operability Study (HAZOP) are to be conducted. It was decided that these audits must be conducted by an integrated team from both EQUATE Petrochemical Company and MEGlobal. In addition to the integration of LOPA and HAZOP audits, the Project One EH&S team decided to have MEGlobal adopt the Accident Incident Condition Report (AICR) tool.

For the product stewardship pillar, MEGlobal had a dedicated function under EH&S on product stewardship. Hence, EQUATE Petrochemical Company established a product stewardship function under EH&S. It should be noted that previously EQUATE Petrochemical Company had product stewardship duties under the Research and Development department. Moreover, the Material Safety Data Sheets were integrated for the EQUATE Group. Lastly, a SAP Product Stewardship tool was established for the EQUATE Group.

In regard to the crisis management system, EQUATE Group integrated one crisis management system.

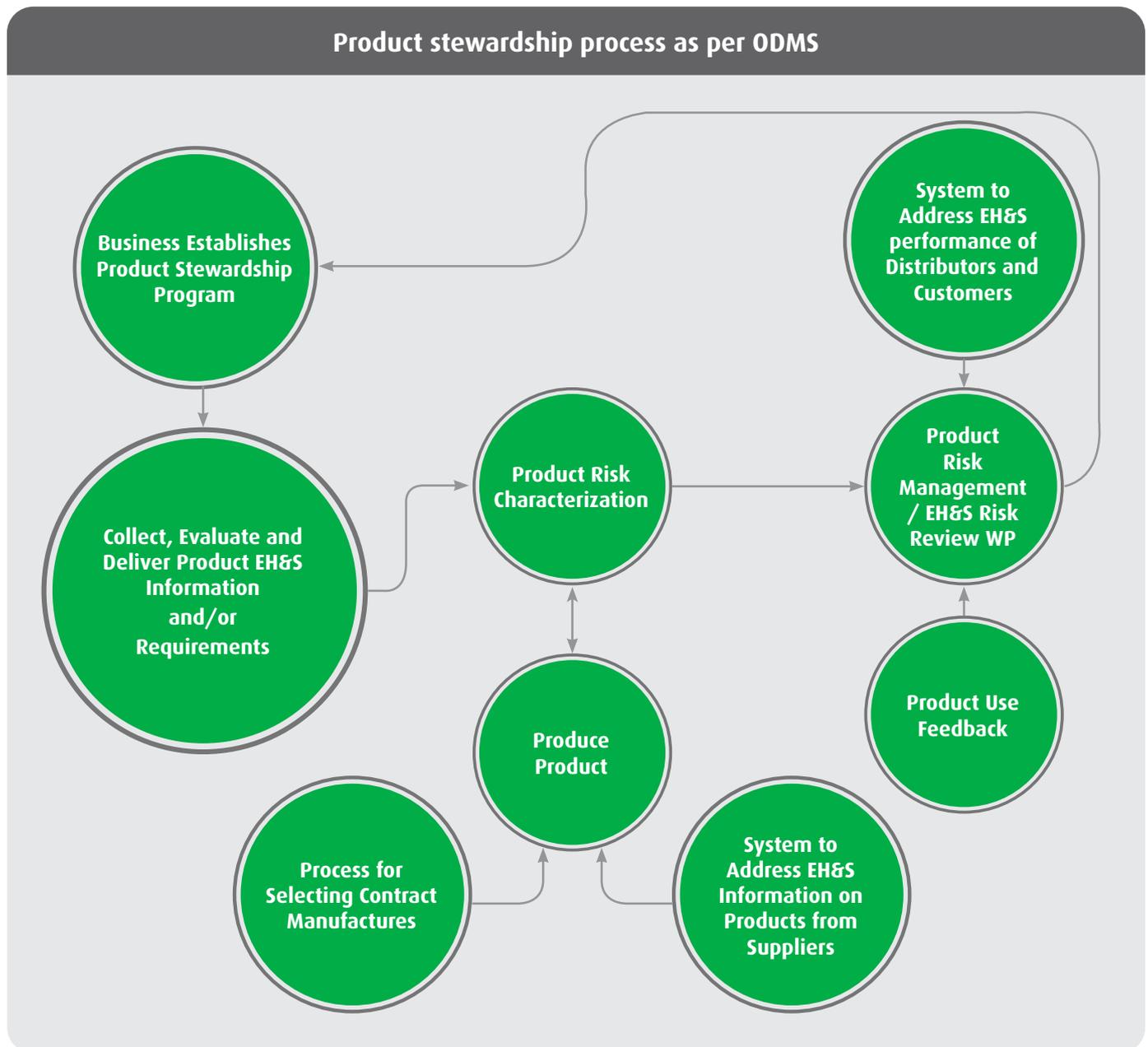
In order for EQUATE Group to ensure an easy transition into the EH&S integration, training sessions on all the tools were conducted for the MEGlobal EH&S team and their subject matter experts at MEGlobal's Canadian site by EQUATE Petrochemical Company's EH&S team. Moreover, a Global EH&S integrated audit was performed at our Canadian site by a joint team between EQUATE Petrochemical Company and MEGlobal.

Due to the integration, the EH&S leaders at EQUATE Petrochemical Company and MEGlobal agreed to share context on incidents related to all pillars under EH&S for learning purposes. Moreover, the integration of our health and safety practices assisted us to focus more intently on some of the health and safety aspects such as product stewardship, and ensure systematic approaches are followed to meet our Group's Target Zero of zero incidents, zero injuries and zero harm to the environment.



Embracing product stewardship

By being a Responsible Care® Company, we at EQUATE Group acknowledge that product stewardship is an integral part of our operations and we aim for responsible handling of our products. We understand the potential environmental, health and safety risks of our products, and therefore we take responsibility of assessing our products across their life-cycle for their health, safety and environmental impacts by following our product stewardship policy, procedure and standard under ODMS.



To drive product stewardship at our Group, we have implemented a comprehensive Product Stewardship Program in all our business with the aim of ensuring overall environmental, health and safety protection as an integral part of design, manufacture, marketing, distribution, use, recycling and disposal of products. The product stewardship program is an activity that evaluates the product hazards and exposure using state-of-the-art hazard identification tools. Product hazards are intrinsic characteristics with the potential

to cause harm, such as flammability, corrosiveness, toxicity and non-biodegradability. Product Risk Characterization and Risk Management are also carried out to minimize all product related risks.

Through the Product Stewardship Program, we aim for safe, responsible handling of products at our own manufacturing sites, as well as working closely with suppliers, carriers, distributors and customers to help them maintain exemplary

safety and environmental standards. EQUATE Group's support includes technical assistance, training, health, safety and environmental advice, as well as guidance and product information through a range of value-added services that include: Material Safety Data Sheets, product-specific safety training, storage and handling guidelines, regulatory information where appropriate, and advice on clean-up procedures and accidental spills.

Key Initiative ▶ Operation Clean Sweep

About this Initiative

Operation Clean Sweep® is an international initiative from the plastics industry to reduce plastic pellet loss to the environment. The initiative's aim is to ensure that the plastic pellets, flakes and powders that pass-through manufacturing facilities are handled with the care they deserve and do not end up in rivers or seas. As a responsible manufacturer, at EQUATE Group, our goal was to help every plastic resin handle implement good housekeeping and containment practices to work towards achieving zero pellet, flake, or powder loss.

Details of the initiative

By signing up to Operation Clean Sweep®, we have made a commitment to adhere to best practice and implement systems to prevent plastic pellet loss and through this we will play our part in protecting the global aquatic environment. In collaboration with our industry peer, Dow, a product stewardship program was created in order to augment awareness and encourage our customers to engage in better housekeeping and recycling to minimize waste.

Impacts of the initiative

- Significant improvement by all EQUATE Petrochemical Company's functions in handling and containing plastic waste.
- Two-way communication with Dow including demonstrating and explaining the mechanisms and process at EQUATE Petrochemical Company that meet the program standards and targets.

As part of our Kuwait operation's commitment to product stewardship, we conduct FDA testing (Food Contact Certificate) to certify our products' use in food application. The Food Contact Certification is a testament of our commitment to excellence and boosts consumer confidence in the quality and safety of our products. We also register our products in REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals), having our Kuwait operation follow the standards and codes of regulation of the EU including disposal and recycling methods related to respective products. In addition, we abide by the China National Standards which regulates the way products are sold and used within China.

Our Canadian operations facilities are audited every 3 years against health, safety and environmental impact requirements. Moreover, Management System Reviews (MSRs) are conducted annually at a facility level and at a business level in our Canadian operations. These reviews look at all key performance indicators (KPIs) including customer complaints. If discrepancies are found with respect to the KPIs' targets (short term and long term) then an investigation is completed to understand the cause and set action plans to amend the discrepancies.

Incidents of non-compliance with health, safety and environmental impacts of our products

• GRI 416-2

At EQUATE Group, we have not faced any incidents of non-compliance with regulations with respect to health, safety and environmental impacts of our products that resulted in fines, penalties or warnings, nor faced any incidents of non-compliance with voluntary codes.

In the future, we seek to implement more detailed product life-cycle assessments and evaluate our products for improvements based on their health, safety and environmental impacts. We aim to grow our product stewardship practice, create more awareness on product life-cycle assessments, health and safety impact assessments, environmental impact assessments and social impact assessments of our products.

Continuing on our health and safety journey

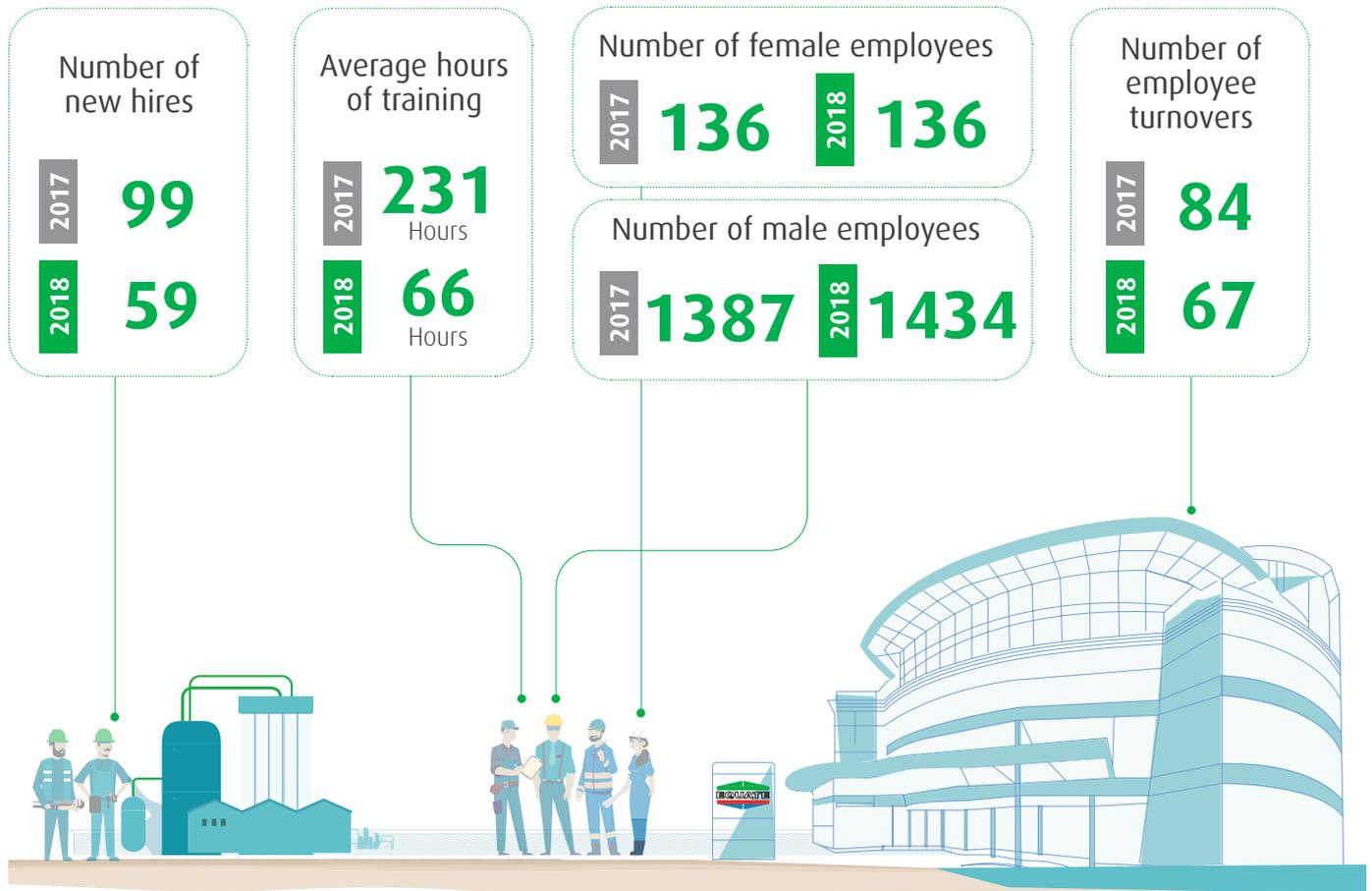
As we continue our journey of health and safety excellence, we will remain committed to ensuring that we follow the best-in-class practices of health and safety and comply with all international, regional and national health and safety regulations and standards. In specific, we will continue to build and advance in the aspects of monitoring health, safety and environmental impacts of our products and services.





Caring for our people

Key performance highlights



Important Topics covered in the section	Link to GRI Standards	Link to EQUATE Sustainability Strategy 2025 pillars	Link to SDGs
Employment	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 401-1, 401-2 	 Build	
Diversity and inclusiveness	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 405-1 	 Impact	
Training and education	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 404-1, 404-3 	 Build	



Advancing and fostering our employees

We at EQUATE Group also appreciate that our people are the building block to our success and prosperity. Thus, our Code of Conduct governs our practices and activities in relation to all our people practices. We actively promote and create an environment that is inclusive for all people and their unique abilities. EQUATE Group's policies are designed to create a safe and harmonious work environment for all our employees in all aspects of their relationships with EQUATE Group including recruitment, hiring, development, work assignment, promotion, transfer, termination, benefits and salary administration. We promote a culture of respect and anti-harassment and believe that training and educating our employees is the key to advance their knowledge and skills.

Managing our employment

We strongly believe that our people are our most valuable asset, and we strive to attract best talent through recruitment campaigns, providing internship programs, and actively participating in job fairs. At EQUATE Group we abide by local recruitment regulations, as well as, have our own Internal Selection and Transfer Recruitment procedure. We also utilize an electronic recruitment system to ease and make our recruitment process more efficient and effective. Our human resource departments in Kuwait and Canada review our targets on an annual basis based on market benchmarks. As part of our human resource annual targets, we strive to maintain a low attrition rate at our Kuwait and Canadian operations.

New hires and employee turnover

GRI 401-1

At EQUATE Group we use our Annual Workforce Plan, which captures all new hires and turnovers to keep track of our hiring, turnover and attrition rates. In 2017 and 2018, we at EQUATE Group hired a total of 99 and 59 new employees respectively. Most of our new hires are below 30 years old as we believe that young professionals are an essential component to the future success of our Group. Moreover, 96 percent and 97 percent of our new hires in 2017 and 2018 respectively were males. However, we are taking steps to hire more female engineers through our new initiative Elevate launched in 2018. For more information on our initiatives to promote gender diversity, please refer to pages 86 and 87. As part of our commitment to local employment, at our Kuwait operations, we have set a target to achieve 60 percent Kuwaitization, and we are taking steps to accomplish this target as we have reached 56 percent Kuwaitization in 2018.

84 and 67 employees left EQUATE Group in 2017 and 2018 respectively, with the highest turnover among employees between 30 and 50 years old.



At EQUATE Group, we have a diverse workforce of over 1,500 professionals from different age groups representing 40 nationalities. We ensure performance excellence by dedicating great focus to our people's competencies and career development. We utilize agile, flexible and fit for purpose Human Resources practices that adapt to the needs of different generations, as well as various cultures in several locations."

Mohammad Alsharhan
Global HR Director



	New employee hires broken down by age group		Turnover broken down by age group	
	2017	2018	2017	2018
Under 30 years	80	46	26	14
30-50 years	15	13	35	30
Over 50 years	4	1	23	23

	New Employee Hires broken down by gender		Employee turnover broken down by gender	
	2017	2018	2017	2018
Male	95	57	80	63
Female	4	2	4	4

Key Initiative ▶ Implementation of recruitment assessment (aptitude test)

About this Initiative

As part of our approach towards continuous improvement in our HR processes, our Kuwait operation created a technical test as a selection method for screening candidates. This pre-selection test reduces the number of unsuitable candidates interviewed, creating savings in both time and money.



Details of the initiative

The technical test covers different engineering questions (chemical, mechanical and industrial) as well as data analysis and numerical reasoning and has resulted in fewer unsuitable candidates coming to interview. We will continue to further tailor the technical test as we pursue our quest of engaging in smart hiring processes.



Impacts of the initiative

- Reduced the number of unsuitable candidates to below 50 percent of previous levels (before the implementation of the aptitude test).
- More efficient use of time and reduction in costs of interviewing.



Key Initiative

Reducing attrition within operations technologist positions

About this Initiative

Over the past five years, significantly high attrition rates among operation technologists in their first two years of employment prompted our Group to address the issue.



Details of the initiative

Historically at our Group we have welcomed fresh graduates with majors from just a small band of educational institutes to fill our operations jobs. However, the high competition for talent in the Oil and Gas sector have led to unfavorable attrition rates. To address this issue, our human resources department took the initiative to recruit graduates from a wider pool of educational institutions as well as academic majors. Following consultation with our manufacturing function on suitability criteria we moved the hiring of fresh operators to the Higher Institute of Energy. We hold an annual recruitment drive for operator technician vacancies at the Higher Institute of Energy and as a result, we have attained better fit graduates for our technical operator vacancies and our attrition rates have plummeted.

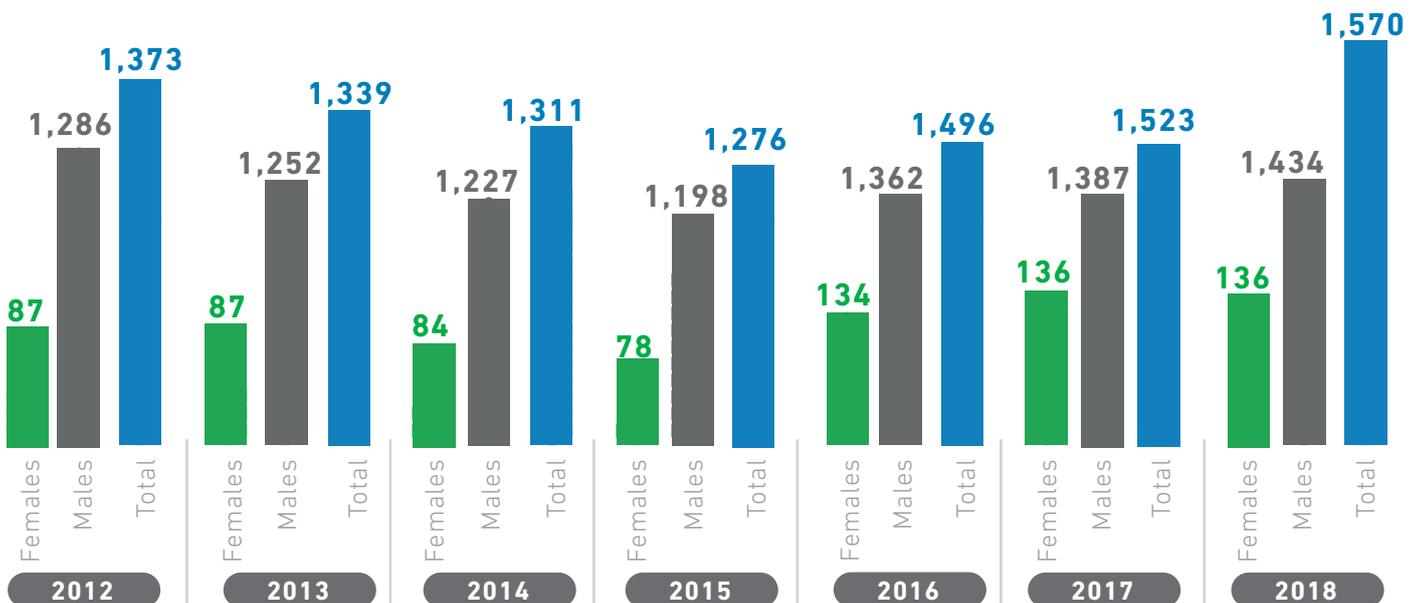


Impacts of the initiative

- Among all the fresh graduates that fulfilled operations jobs in the past three years, the ones who came from Higher Institute of Energy have to date stayed at EQUATE Group.
- Attrition rate for operators decreased from 42 percent to zero percent in the last two years.
- Due to the reduction in attrition, we have been able to maintain operational stability by sustaining manpower levels.
- The initiative has also led to significant reduction in hiring and training costs.

EQUATE Group's employee profile

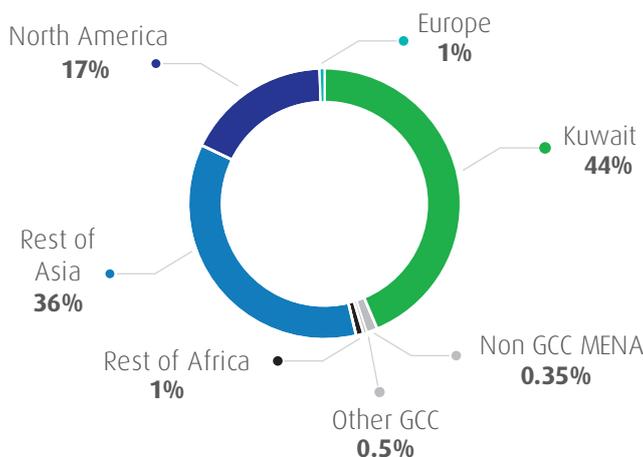
GRI 102-8



Note: the data boundary from 2012 to 2015 cover EQUATE Petrochemical Company only and from 2016 to 2018 covers EQUATE Group (including MEGlobal)



Breakdown of employee nationalities at EQUATE Group



Average 2017 and 2018

Benefits provided to full-time employees

GRI 401-3

As we value our employees and their contributions to our Group, we offer our full-time employees various benefits including life-insurance, health care, disability and invalidity coverage, parental leave, retirement provision among others.



Type of benefit



Details on the benefit

Life insurance

Our Group: All employees are offered life insurance including Accidental Death and Dismemberment Insurance.

Our Canadian operation: In addition to the benefits provided within our Group, spousal and dependent life insurance are offered at our Canadian operation.

Health care

Our Group: All employees are offered health care benefits.

Our Kuwait operation: The employee's spouse and four children up to the age of 24 are offered health care benefits.

Our Canadian operations: health care benefits include medical and drugs, dental and vision and critical illness benefit.

Disability and invalidity coverage

All employees receive disability and invalidity coverage with 6-month continuation and 65% long term disability insurance.

Parental leave

All employees are eligible for parental leave in accordance with local laws.

Retirement benefits

Our Kuwait operation: Retirement provision is specified for Kuwaiti employees only. However, all employees are offered trusts and saving scheme benefits.

Our Canadian operation: Employees are offered DC pension plan and savings plan.

Training and capability development

Our Canadian operation: employees are offered a dependent scholarship program



Promoting diversity and inclusiveness

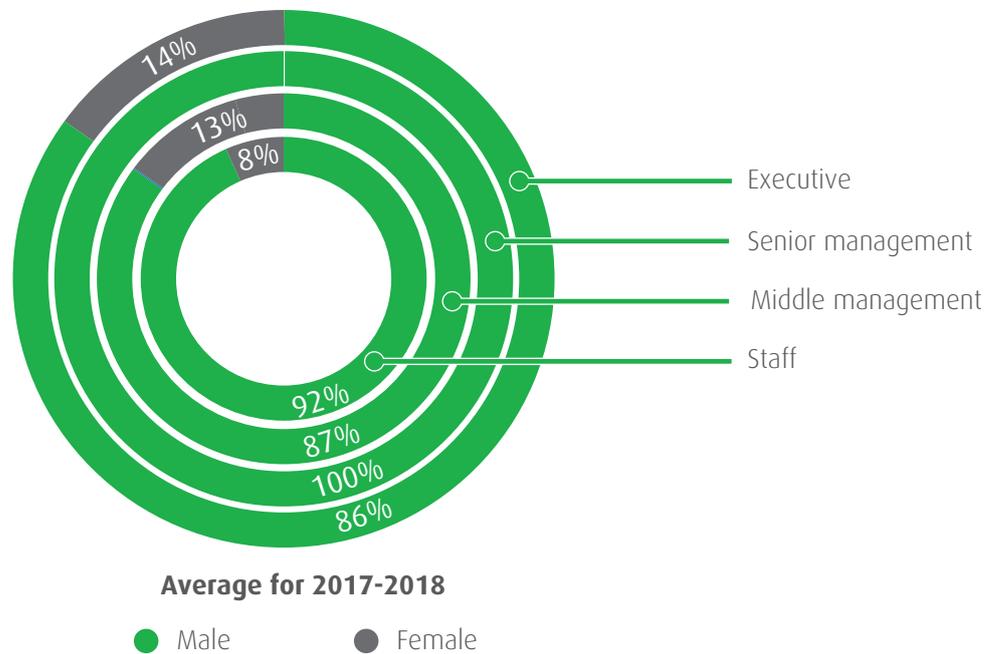
GRI 405-1

At EQUATE Group, through our Code of Conduct and our daily practices we actively promote an environment of inclusiveness of all people and their unique abilities, strengths and differences, and believe that our diversity is a strategic and competitive business advantage. We encourage a culture of mutual respect in which everyone understands and values the diversity among our employees, customers, communities and stakeholders. Moreover, we have a dedicated grievance process which provides employees and stakeholders with the

pathway to raise any concerns related to non-compliance with our commitments on upholding diversity, equal opportunity and non-discrimination.

As a Group operating in the manufacturing and the petrochemical industry more specifically, we are operating in a male dominated industry. However, our Group is taking its first steps to changing this model by launching our Elevate program, which promotes hiring more female engineers in our Group. The program was first launched in the end of 2018 and seeks to hire 10 female engineers every year at our Group in order to create a more gender-diverse Group.

Percentage of employees within EQUATE Group based on gender diversity per employee category



Key Initiative

Commitment to the Women Empowerment Principles (WEP)



About this Initiative

In 2018, EQUATE launched ELEVATE, an initiative to promote equal opportunities, diversity, and women empowerment in the workplace. This initiative is in alignment with SDG5 and the UN Women Empowerment Principles (WEP).



Details of the initiative

ELEVATE was officially formed to provide all employees with equal access to resources and opportunities, and to empower women to achieve their full career potential. ELEVATE also aims to inspire both men and women to become advocates of women empowerment, change makers and leaders. In 2018, EQUATE Group adopted the UN WEP by signing the statement and became internationally committed to the seven WEP principles in alignment with our sustainability strategy and UN SDG 5.

Being a global company, EQUATE Group formed two chapters: one for Kuwait and the other for North America.

EQUATE Group utilized the UN WEP principles as a guide to benchmark against EQUATE policies and practices from which we developed a 3 year action plan in our two locations of operation. The action plan also considers cultural differences from one location to another and prioritizes the focus areas depending on the significance of impact.



Impacts of the initiative

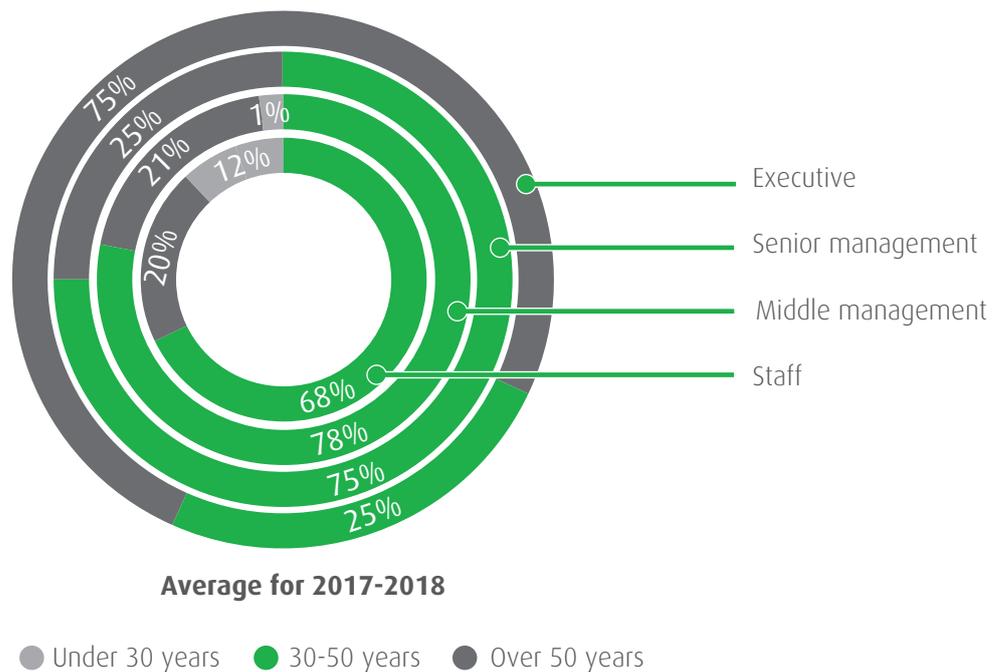
- Rolling out Anti-Harassment and Anti-Bias Trainings for leaders and employees
- Hiring 10 female production engineers in manufacturing
- Female presentation of 26% in CAPTAIN Leadership program
- Female employees were part of interview panels for leadership and non-leadership job vacancies



Our corporate governance structure comprises of our Executive Management Team (EMT) and our Board of Directors. Our EMT is composed of only males with 40 percent between the ages of 30-50 years and 60 percent over 50 years. As for our Board of Directors, it constitutes of 80 percent male members and 20 percent female members. 80 percent of our Board of Directors is above 50 years and the remaining 20 percent is between 30-50 years.

Across all employee categories, the majority of employees within EQUATE Group are 30-50 years in age. As we move forward, we would seek to hire more young employees under the age of 30 years old as we believe that young employees are motivated, eager to learn and create the building block to a successful and sustainable organization.

Percentage of employees within EQUATE Group based on age diversity per employee category



Promoting learning and development

At EQUATE Group, we recognize that our Business Excellence model is based on reliability and safe operations. We adopt a Highly Reliable Organizational model (HRO) which requires reliability in people, systems and procedures. Thus, continuous development and training of our people is essential to ensure safe and continuous operations at all times, as well as, to drive customer satisfaction positively. Through our competency management leadership development program and individual development program, we aim to train and develop highly qualified employees utilizing effective planning and best-in-class knowledge transfer methodologies.



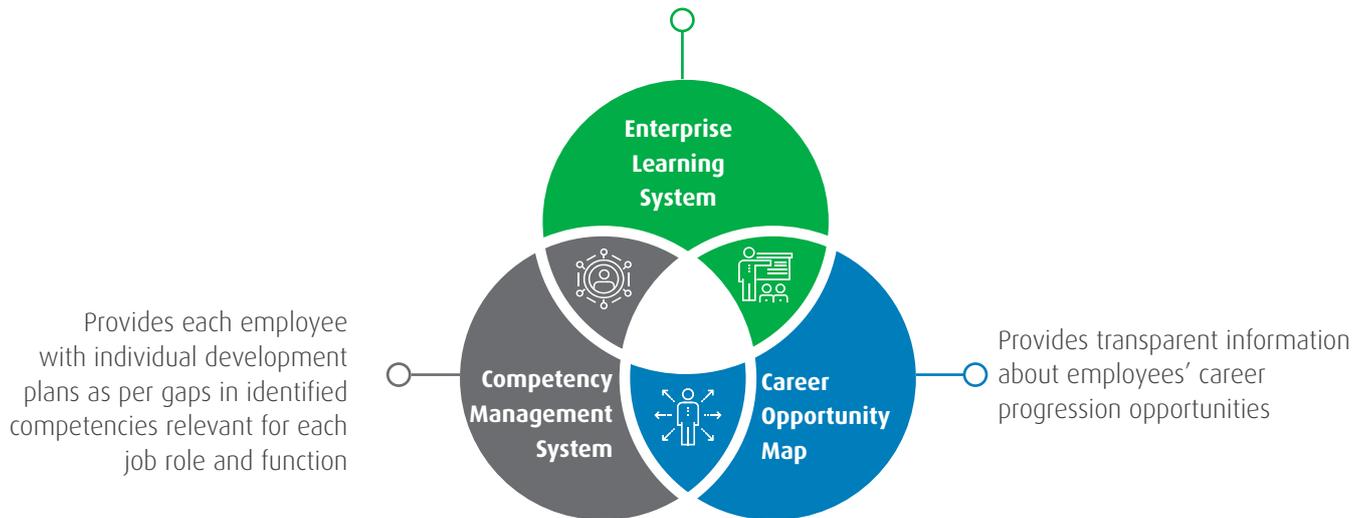
At EQUATE Group, our training and development programs are divided into three categories: organization-wide training, competency-based training and job-level training.



In our efforts to develop into a world-class producer of petrochemical products, we remain dedicated to enhancing our employees' technical and leadership skills and utilize our fully integrated talent management system to drive employee excellence and improve their knowledge and skills.

Integrated Talent Management

Supports employee training through courses identified as per specific employee developmental needs



Key Initiative

EQUATE accelerated people and technical leadership development program

About this Initiative

Astrolabe is an extension of our HR's previous talent management program, offering extra development opportunities around leadership and specific technical knowledge and skills. The word Astrolabe is the name of a historic guiding apparatus that was used by sailors and pearl divers for navigation and astronomy. The branding concept revolves around a nautical theme that pays homage to Kuwait's pearl-diving history. Astrolabe has two streams: The Captain: Leadership development stream, The Master: Technical leadership development stream



Details of the initiative

The Captain

The purpose of this succession planning program is to identify high potential leadership candidates and provide them with focused developmental opportunities to secure a qualified pool of potential leaders that will be able to sustain the future needs of the Group. The focus areas of this program are:

- Leadership
- Talent management
- Strategy planning and execution
- Business acumen

The Master:

The purpose of this program is to provide a primary source of technical expertise across the organization in the design, development, implementation and improvement of new/existing technologies, facilities, products and services. The focus areas of this program are:

- Technical leadership
- Operational reliability
- Advanced troubleshooting
- Coaching and mentoring



Impacts of the initiative

- Helping minimize the risks associated with the turnover of experienced members of the workforce
- Creating extra developmental opportunities
- Fostering a culture of high commitment towards EQUATE Group's initiatives
- Creating a competitive work culture that drives high business performance
- Promoting EQUATE Group's self sufficiency
- Improving business operations

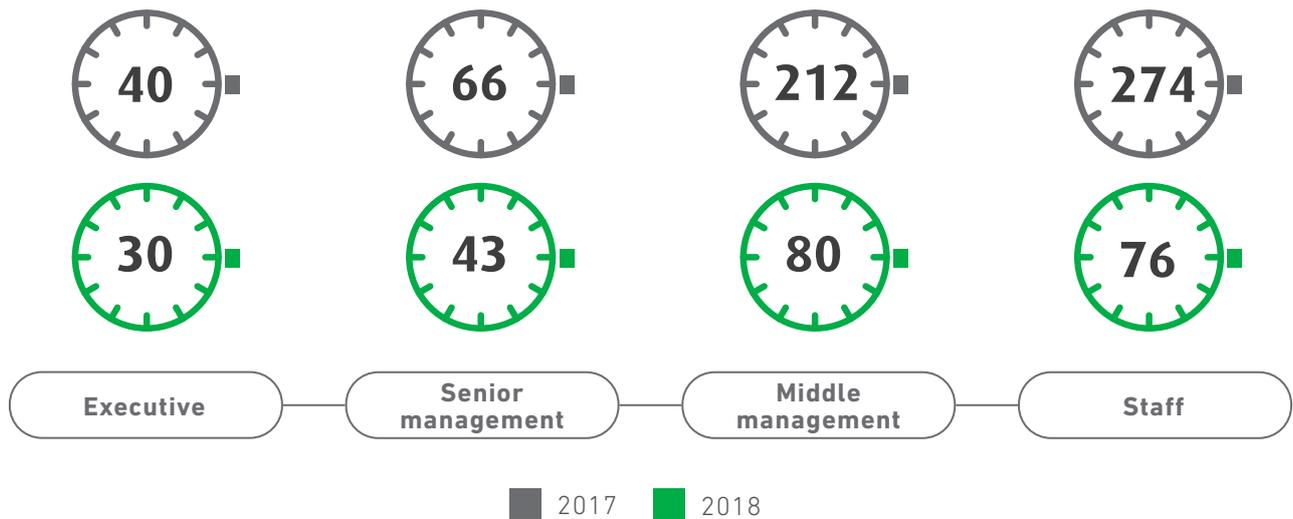


Time spent on training

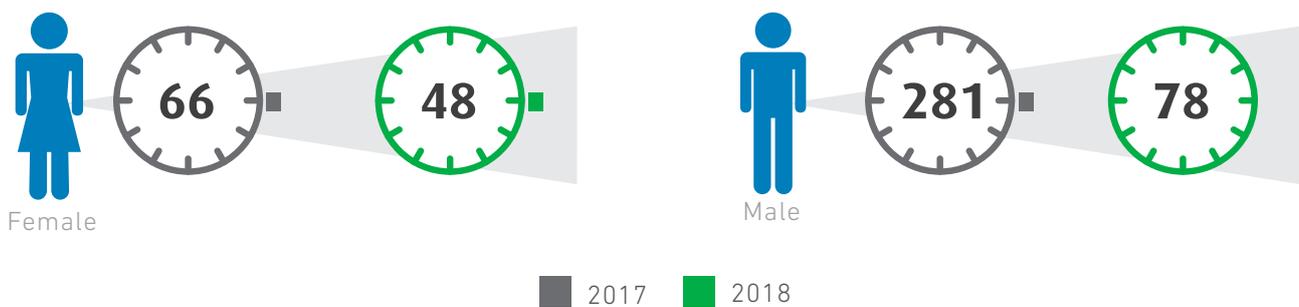
GRI 404-1

In 2017 and 2018, we have spent a total of 335,759 and 87,033 hours respectively on training our employees at EQUATE Group. On average, EQUATE Group provided 71 percent more hours of training per employee in 2017 when compared to 2018 because of the supplementary training provided to employees in 2017 to ease the integration of EQUATE Petrochemical Company and MEGlobal under EQUATE Group.

Average hours of training broken down by employee category



Average hours of training broken down by gender



Performance and career development reviews

GRI 404-3

In addition to the training programs we offer to our employees, at EQUATE Group, we provide regular performance and career development reviews to our employees to evaluate their performance, have employees apprehend their own strengths and weaknesses, and have our employees focus on overcoming weaknesses and improving strengths. At our Kuwait operation, all our employees receive performance and career development reviews. At our Canadian operation,

although a significant proportion of employees receive performance and career development reviews, we aim to ensure that all of our employees within Canadian operation receive performance reviews in the near future.

As part of our efforts to drive excellence at our Group, we are endorsing the improvement of our performance and career development review process and driving our Group towards a more digitized and automated career development and review system.



Percentage of employees receiving regular performance and career development reviews at our Canadian operations

	Female		Male	
	2017	2018	2017	2018
Executive	Zero	Zero	100	100
Senior management	11	4	89	94
Middle management	33	37	67	63
Staff	22	26	78	74

Note: All employees at our Kuwait operation in all employee categories receive performance and career development reviews.

Key Initiative

Roll out Success Factor for leaders in EQUATE Group

About this Initiative

As part of our mission to digitize HR practices, the automation of our Leaders Development Plan (LDP) was successfully carried out on our Success Factors (SF) platform for EQUATE Leaders. The platform enables leaders to create, add, follow through and update their leadership development objectives as identified in their leadership assessment report. Educational and follow-up sessions underpinned the launch of the tool along with regular progress reports to management.



Details of the initiative

Phase 1: Assessment and Feedback Collection - Assessments completed by self, line leader, peers and subordinates

Phase 2: Development Plans Creation and Educational Sessions - Leaders draft their development plans in partnership with Learning and Development and explore the system through hands-on sessions

Phase 3: Follow up on approved plans - Automation of reporting on progress with easy access for leaders and management to view up-to-date LDP status.



Impacts of the initiative

- Creating leaders capable of achieving EQUATE Group strategic goals
- Broadening leaders' business acumen and skills
- Retaining the right people and growing human capital
- Enhancing corporate cultural capabilities



Key Initiative

Roll out Success Factor Development Module at EQUATE Group

About this Initiative

Job Competency Module (JCM) automation was successfully carried out in Success Factors platform for all EQUATE Group jobs. The platform enables employees to create, add, follow through and update their development objectives based on Success Factors Development Module as identified in their assessment report.

The project started with educational sessions for all employees to provide them hands-on experience with the tool and its functionalities. Follow-up sessions were managed throughout the year for updates on progress, and reports on completion were shared with EQUATE Group management.



Details of the initiative

The rollout of the Success Factors module at EQUATE Group was carried out in four phases.

Phase 1: Analyzing required knowledge, skills, and abilities to determine JCM profile creation.

Phase 2: Uploading all job competencies to Success Factors platform.

Phase 3: Mapping learning solutions to job competencies using the system.

Phase 4: Conducting assessments for all employees and creating development plans.



Impacts of the initiative

- Building job competency management profile for each role
- Creating learning solutions mapped to competency
- Enhancing user interface and automation of HR practices



As part of our commitment to drive the integration of EQUATE Petrochemical Company and MEGlobal, we initiated the integration of our HR processes, procedures and systems including employment, and training and capacity development.



Enabling integration



Creating cohesive HR systems and processes

Subsequent to the merger between EQUATE Petrochemical Company and MEGlobal, EQUATE Group initiated Project One to integrate its service profile, organizational brand, and legal aspects.

Under service profile, EQUATE Group identified various 'towers' for integration between EQUATE Petrochemical Company and MEGlobal. The towers were essentially functions at EQUATE Group. One of the main towers that underwent the integration process was HR.

For the integration purposes, the HR function examined three HR aspects at EQUATE Petrochemical Company and MEGlobal: Policies, Systems, and Procedures.

The first step to the HR integration was to form an HR Integration Committee. The committee included HR leaders at EQUATE Petrochemical Company and MEGlobal, EQUATE IT personnel, and representatives from the consulting firm. The HR Integration Committee was led by the EQUATE Group Global HR Director.

Subsequently, the committee conducted comparative assessments on all policies, systems and procedures at EQUATE Petrochemical Company and MEGlobal. Due to the discrepancy in local laws for each operating geography of EQUATE Group, it was agreed by the HR Integration Committee that not all policies will be integrated.

For processes and systems, the decision on process/system selection was based on four main criteria, as well as the Executive Management Team's inputs. The four main selection criteria were: Value addition and alignment with the organizational strategy, market competitiveness, digitization and budget and cost-effectiveness.

Consequently, the most suitable processes and systems were selected, and the integration process was initiated. It should be noted that the selected processes and systems were, in most cases pre-existing processes/systems at

either EQUATE Petrochemical Company or MEGlobal.

In order to ease the transition towards the integrated policies, processes and systems, EQUATE Group launched major campaigns and outreach plans to ensure all employees were aware of the transition and to allow any concerns or queries to be addressed effectively.

EQUATE Petrochemical Company hosted trainings for the HR leaders from EQUATE Petrochemical Company and MEGlobal, as well as, the members of the HR Integration Committee. During the training, all attendees were trained on the integrated policies, processes and systems. The training program also included sessions on training the attendees to be proficient to train their respective teams.

Following the conducted training, a query resolution mechanism was implemented; a helpline which was available 24 hours of the day was established to ensure any queries are addressed from all EQUATE Group employees.

To ensure successful integration, weekly meetings were conducted between the HR departments of EQUATE Petrochemical Company and MEGlobal to ensure effective implementation of all the new policies, processes and systems.

Our integrated HR approach aided in improving the efficiency of our hiring process, reducing the cost of hiring, and providing our Group with a comprehensive view of employee metrics.

As we move forward, we will continue to follow our integrated approach to HR policies, processes and systems within our Kuwait and Canadian operations and will seek to develop and improve our integrated HR approach to uphold our vision of performance excellence.



Continuing on our employee advancement journey

We comprehend that EQUATERS are the building block of our Group's success and strive to continue our journey in hiring the best talent and reducing our attrition rates. We also strive to improve our talent and development programs to enhance our employees' knowledge and skills and develop our Group's future leaders.



Section | 07



Glossary of abbreviations

Abbreviation	Full Form
AICR	Accident Incident Condition Report
API RP	American Petroleum Institute Recommended Practice
APM	Asset Performance Management
AR	Absentee Rate
ARCUS	Architectural and Engineering Services
BBP	Behavior Based Program
BFW	Boiler-Feed Water
BPC	Boubyan Petrochemical Company
BZ	Benzene
CAPS	Community Advisory Panels
CCIR	Carbon Competitiveness Incentive Regulation
CCR	Catalyst Reformer Unit
CEO	Chief Executive Officer
CFC	Chlorofluorocarbon
CFO	Chief Financial Officer
CIAC	Chemistry Industry Association of Canada
CO ₂	Carbon Dioxide
Code	Code of Conduct
CSR	Corporate Social Responsibility
DAWC	Day Away from Work Case
DC	Defined Contribution
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBSM	Ethylbenzene Styrene Monomer
ECC	Ethics and Compliance Committee
EG	Ethylene Glycol
EH&S	Environment, Health & Safety
EPCA	European Petrochemical Association
EMEA	Europe, Middle East & Africa
EMT	Executive Management Committee
EU	European Union
FDA	Food and Drug Administration
GCC	Gulf Cooperation Council
GDP	Gross Domestic Production
GHG	Greenhouse Gases
GJ	Giga Joule
GPCA	Gulf Petrochemical and Chemicals Association
GRI	Global Reporting Initiative
HA	Heavy Aromatics
HAZOP	Hazard and Operability Study
HDPE	High Density Polyethylene

Abbreviation	Full Form
HR	Human Resources
HRO	Highly Reliable Organizational
HSE	Health, Safety and Environment
IPIECA	International Petroleum Industry Environmental Conservation Association
IR	Injury rate
ISO	International Organization for Standardization
IT	Information Technology
JCM	Job Competency Module
KEPA	Kuwait Environmental Public Authority
KFAS	Kuwait Foundation for the Advancement of Sciences
KFSD	Kuwait Fire Service Directorate
KISR	Kuwait Institute for Scientific Research
KIU	Kuwait Industries Union
KNPC	Kuwait National Petroleum Company
KPC	Kuwait Petroleum Corporation
KPPC	Kuwait Paraxylene Production Company
L.A.P.A.	Lacombe Athletic Park Association
LDP	Leaders Development Plan
LDR	Lost Day Rate
LEED®	Leadership in Energy and Environmental Design
LOPA	Layers of Protection Analysis
MDMT	Minimum Design Metal Temperature
MENA	Middle East and North Africa
NOx	Nitrogen Oxides
OD	Original Design
ODMS	Operating Discipline Management System
ODR	Occupational Diseases Rate
PAI	Public Authority of Industry
PE	Polyethylene
PET	Polyethylene Terephthalate
PIC	Petrochemical Industries Company
PLC	Programmable Logic Controller
PPE	Personal Protective Equipment
PX	Paraxylene
QEA	Qualitative Exposure Assessment
QPIC	Qurain Petrochemical Industries Company
RC	Responsible Care®
S&P	Standard & Poor's
SAP	Systems, Applications & Products in Data Processing



Abbreviation	Full Form
SASB	Sustainability Accounting Standards Board
SBF	Singapore Business Federation
SDG	Sustainable Development Goals
SF	Success Factors
SGER	Specified Gas Emitters Regulation
SM	Styrene Monomer
SME	Small and Medium Enterprises
SOX	Sulfur Oxides
SROI	Social Return on Investment
TKOC	The Kuwait Olefins Company
TKSC	The Kuwait Styrene Company
TMR	Total Monomer Ratio
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
USA	United States of America
USD	United States Dollar
US EPA	United States Environmental Protection Agency
UT	Utilities
WEP	Women Empowerment Principles







GRI Content Index



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For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



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