



Partners in Success

EQUATE GROUP

SUSTAINABILITY REPORT

2019-2020

LEADING WITH AGILITY TO
MAXIMIZE GROWTH AND BUILD
RESILIENCE AMID THE COVID-19
PANDEMIC





📍 Fort Saskatchewan, Canada



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MESSAGE FROM OUR PRESIDENT AND CEO

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Established in 1995 as Kuwait's first international joint venture, EQUATE Group is now a global producer of premium petrochemical products and a significant contributor to global and national economies. Our innovative approach and commitment to sustainability are essential to the success of our business and our many stakeholders, including customers, shareholders, employees, suppliers and community members.

As the COVID-19 pandemic impacted the lives of people around the world, we stepped up as a responsible corporate citizen to help protect health and continue to provide essential products to markets around the world. Our Pandemic Response and Crisis Management Plan enabled our operations to continue uninterrupted while providing our personnel with the personal protective equipment, procedures and supplies to help keep them safe and healthy. We demonstrated our values and led with agility and resilience.

Our sustainability strategy has served as a driving force in our vision towards economic, social and environmental sustainability by 2025. In 2020, we updated our strategy to incorporate our entire group of companies, allocated top management responsibility towards identified economic, environmental and safety performance indicators, and set targets to align with leading practices.

It is our people who help us deliver on our ambitions, and we are committed to providing an inclusive, empowering and meritocratic work environment. EQUATE Group is a signatory to the United Nations Women's Empowerment Principles (UN WEPs) and is committed to Sustainable Development Goals (SDGs) - Goal 5. By leveraging these principles and benchmarking our current policies against them, we developed a 3-year action plan in 2019 to enhance workplace inclusivity.

The 2019-2020 reporting period began with an outstanding achievement by EQUATE Group. As part of our strategic focus on growth, in 2019 we inaugurated the MEGlobal Oyster Creek site on the U.S. Gulf Coast in Texas and began commercial production of mono-ethylene glycol. This plant has a nameplate annual capacity of 750,000 metric tons of ethylene glycol and access to global shipping routes. During peak construction, we employed nearly 2,000 workers and created 55 full-time and 25-35 contract-based jobs. The annual local economic contribution of this site would be approximately USD24 million.

The safety of our people is a key aspect of our sustainability strategy and is of paramount importance. We work relentlessly to target zero process safety incidents and zero injuries, and during the reporting years we achieved our target of zero Tier 1 and Tier 2 process

safety incidents. There was one injury at one of our Canadian sites and three injuries in Kuwait, all of which have been investigated and effective mitigation measures implemented to prevent such cases in the future. In addition, as industry pioneers, we were granted a third international patent for a 'mobile non-destructive testing inspection' robot that will increase safety, efficiency and quality during the maintenance of our facilities.

As part of our commitment to environmental sustainability, we continued to invest in alternative energy. In 2020, we successfully completed a solar power project that will deliver renewable energy for the Public Authority for Industry (PAI) in Kuwait. We also established a Carbon Reduction team to create an action plan for EQUATE Group to reduce its emissions by 32 percent from the baseline by the end of 2030. Our Kuwait operation maintained its certification of Responsible Care (RC) 14001 Management System which combines both Responsible Care® Management System (RCMS®) and ISO 14001 into one framework. In addition, our North American operations are in the process of implementing RC 14001 which is expected to be completed by 2022. EQUATE Group also joined the Alliance to End Plastic Waste (AEPW) in 2019, as part of our strategic intent to contribute to the circular economy.

To support our communities, our employees raised over USD230,000 and had their contributions matched by EQUATE Group through our annual Employee Charities Campaign. The funds are used to help those in need in our communities. In 2019 and 2020, our total financial contribution to support local non-profit organizations totaled USD4.8 million.

We remain optimistic about the future, and the strength of the foundational core values by which EQUATE Group measures its success. We will continue to capitalize on opportunities for growth, leadership and operational excellence. We welcome your feedback on our sustainability report and remain committed to delivering open, transparent and balanced disclosures of our sustainability performance in the years to come.

As EQUATE Group's President and CEO, it is my pleasure to present our seventh sustainability report. We have demonstrated our agility and resilience during the ongoing COVID-19 pandemic and are proud of our achievements in 2019-2020.

Mr. Naser Aldousari

President and CEO, EQUATE Group



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ABOUT THIS REPORT AND EQUATE GROUP

Disclaimer

Certain statements and illustrations contained in this Report are forward-looking. These statements (including 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 are typically 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, catastrophes, human-made disasters, pandemics, acts of terrorism or acts of war
- Mortality, morbidity and longevity experience
- The cyclical nature 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 regulator 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, including shutdowns 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
- 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

GRI 102-50 GRI 102-51 GRI 102-52

This is EQUATE Group's seventh sustainability report (the 'Report'). Following our reporting practice from previous sustainability reporting cycles, the present Report discloses our sustainability performance over two calendar years from 1 January 2019 to 31 December 2020. It should be noted that our previous sustainability report covered our sustainability performance for the years 2017 and 2018.

Information covered

GRI 102-46

The Report aims to highlight EQUATE Group's performance against the social, environmental and economic pillars of sustainability and demonstrate our efforts in contributing towards overall sustainable development through our business operations and practices. The Report's sections and the information provided therein are in line with the material topics identified for the reporting years. Please refer to pages 41 and 42 for more details on the list of material topics identified for EQUATE Group.

The Report also covers details on the key initiatives identified as part of our efforts to enhance our performance on the material aspects. 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 upcoming years. Whenever a key initiative is disclosed, it is denoted by .

Through its theme of 'leading with agility to maximize growth and build resilience amid the COVID-19 pandemic', the Report aims to highlight our continuing focus on growth through the commissioning of MEGlobal Oyster Creek site in USA and the expansion of our ethylene glycol (EG) business. The new facility is the first major investment by a Kuwait-based company on the U.S. Gulf Coast and epitomizes our commitment to serve the growing customer needs for EG across the globe. The report also highlights EQUATE Group's organizational resilience in the face of the COVID-19 pandemic. We were able to absorb and adapt to the challenges of the COVID-19 pandemic successfully, through our ability to effectively anticipate and plan our course of action, and with the help of our organizational robustness and agility. Case studies on our response to the COVID-19 pandemic are available under each of the Report sections, as well as, along with our enterprise risk management and business continuity framework on pages 27-29.

Reporting framework

GRI 102-54 GRI 102-55

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 SDGs the New Kuwait 2035 vision 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.

Our approach towards ensuring the consistency and effectiveness of the quality of our sustainability Report includes alignment with the GRI Reporting Principles.

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 during the period.

Comparability: We have ensured that the data provided for 2019 and 2020 in this Report is comparable to data presented in our previous reports. However, we have expanded our reporting boundaries to incorporate data and information from MEGlobal (American operation), which have not 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 have been reviewed and approved by dedicated internal stakeholders at EQUATE Group. For more information on the data collection process to ensure accuracy, please refer to data collection and reporting approach on page 9.

Timeliness: This Report provides an overview of our performance during the period 1 January 2019 to 31 December 2020. This report enables stakeholders to review our sustainability information across economic, environmental and social aspects over 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 pages 112-116, and defined the abbreviations used on pages 118 and 119.

Reliability: We adopted an internal review mechanism to ensure that the data and information presented in this report is accurate and reliable. For more information on this, please refer to the data collection and reporting approach.

Reporting topic boundaries

GRI 102-46 GRI 102-49

The overall reporting boundary for 2019-2020 for all the data and information disclosed in this report is based on EQUATE Group's operational control over an asset or facility. Hence, our reporting boundary for 2019-2020 covers all aspects of our operations in Kuwait, which mainly consist of our head office in Ahmadi and our production activities in Shuaiba Industrial Area, in addition to MEGlobal's operations in Canada and USA. Where applicable, specific reporting boundaries for the material topics considered for this report are detailed in the materiality section on pages 41 and 42.

Data from previous years is presented within the Report for comparison, however, the data boundary for years 2017-2018 is limited to EQUATE Petrochemical Company and MEGlobal's operations in Canada. The reporting boundary for years 2019-2020 covers EQUATE Petrochemical Company and MEGlobal's operations in Canada and USA. The inauguration of our site in USA was in September 2019. Hence, the data reported for the operations in USA covers the period from September 2019 to December 2020.

Data collection and reporting approach

GRI 102-56

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. These functional groups and teams were assigned with the responsibility of providing and coordinating such information for the sustainability reporting process. We have clearly defined our data collection approach, calculation methodologies, proxies and assumptions, if any, wherever relevant in the Report, in line with GRI's requirements. Any global tools, methodologies or standards used for any information have also been disclosed, including a GRI content index on pages 112-116.

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 are accurate and reliable. A multi-level review process, similar to previous reporting cycles, with respective department managers reviewing and signing off reported data was undertaken to ensure accuracy and consistency. The EQUATE Group Sustainability Committee was responsible for the final approval and sign off on the reported data and information. In the future, we aim to establish a process that makes it possible to obtain external assurance and receive an external validation on the accuracy of our sustainability disclosures.

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 able to respond to their requirements in a timely and effective manner. More information regarding key stakeholder groups prioritized by EQUATE Group and the different channels of engagement with each group can be found on page 39.

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 — our sustainability reports, which are published every two years act as a significant channel to communicate our impacts on the economic, social and environmental topics.

Feedback and suggestions

GRI 102-53

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 that you may have on our Group's sustainability performance or this report to sustainability@equate.com.

KEY HIGHLIGHTS FOR EQUATE GROUP IN 2019-2020

Non-hazardous waste

39,523 tons

2020

24,339 tons

2019

Total number of employees

1,419

2020

1,577

2019

Total energy consumption

38.5 million GJ

2020

41.5 million GJ

2019

Our Canadian operation achieved

28 percent

reduction in energy intensity
in 2020 compared with 2010.

Revenue

USD2.917 billion

2020

USD3.346 billion

2019

Direct community contribution

USD1.7 million

2020

USD3.1 million

2019

A total of

724,129 tons

of carbon dioxide sold in 2019
and 2020.

Inauguration of our
manufacturing facility in Texas,
USA in 2019

Oyster Creek

Direct and indirect GHG emissions

6.34 million tons CO₂e

2020

6.04 million tons CO₂e

2019

Water discharge

403 million m³

2020

425 million m³

2019

Zero process safety events

(tier 1 and tier 2) in 2019 and 2020

Our Kuwait operation received

Gold Award in HSE Initiative

by the American Association of Safety Professionals

Our Canadian operation received the Chemistry Industry Association of Canada

Safety Award of Excellence

Total hours of training

30,119

2020

112,791

2019

Implemented ELEVATE Program aimed at hiring

11 females

per year until 2024

ABOUT EQUATE GROUP

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 that it is essential to adjust and transform our business operations to better align with global shifts to ensure sustainable development and profitability.

Our Group

GRI 102-1

GRI 102-2

GRI 102-3

GRI 102-4

Established in 1995, EQUATE Group is the owner and single operator of several fully integrated world-class petrochemical complexes in Kuwait and North America. Headquartered in Kuwait, our Group is a global producer of petrochemicals and

one of the 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 eight million tons annually of the highest quality grades of ethylene (EU), ethylene glycol (EG), polyethylene (PE), polyethylene terephthalate (PET), styrene monomer (SM), paraxylene (PX), heavy aromatics (HA) and benzene (BZ)*. Our products are distributed 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 K.S.C (PIC), The Dow Chemical Company (Dow), Boubyan Petrochemical Company K.S.C.P. (BPC) and Qurain Petrochemical Industries Company K.S.C.P. (QPIC)

GRI 102-16



Our Mission

Maximizing stakeholder value by providing 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, and 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.

Trust

Our word is our bond. We believe that 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.

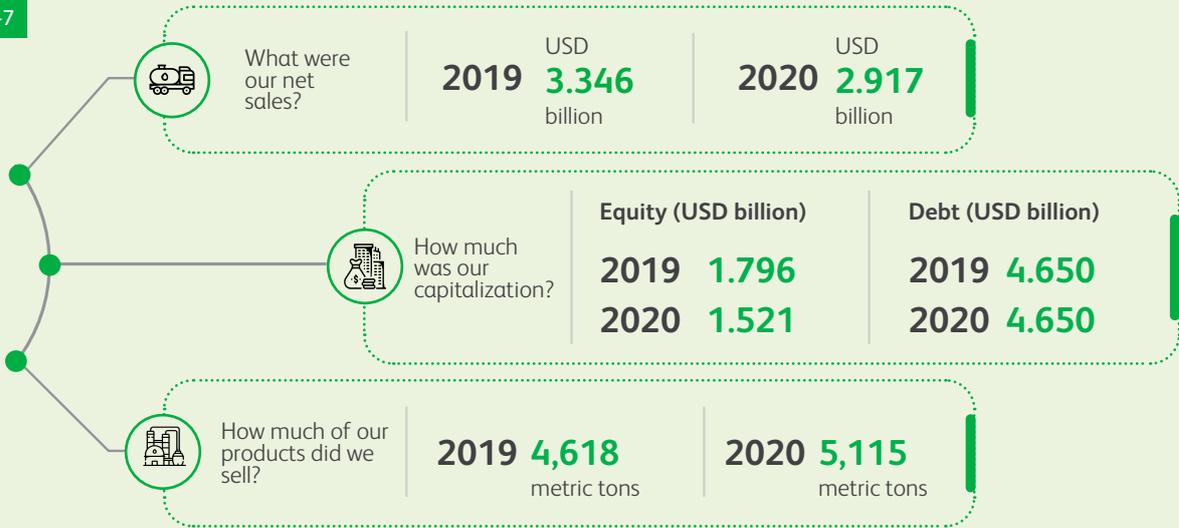
Environmental, Health & Safety Responsibility

Our primary focus is workplace safety, sustainability and good stewardship of our environment. Our unwavering compliance with our Environmental Health and Safety (EH&S) policies ensures we operate under effective business processes focused on robust compliance, sustainability and risk management that protect the health and safety of our employees - 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.

*Note: EQUATE Group operates facilities that produce styrene monomers and paraxylene. However, EQUATE Group does not own these facilities.

Snapshot on EQUATE Group and The Kuwait Olefins Company (TKOC)

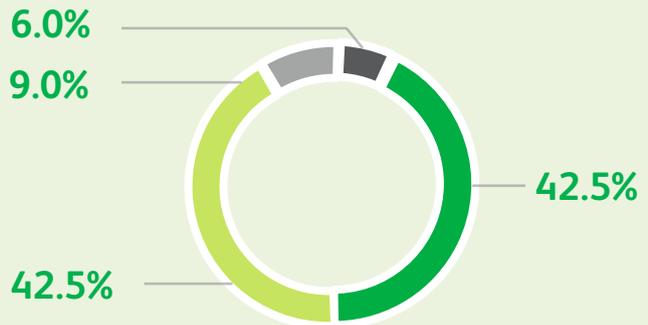
GRI 102-7



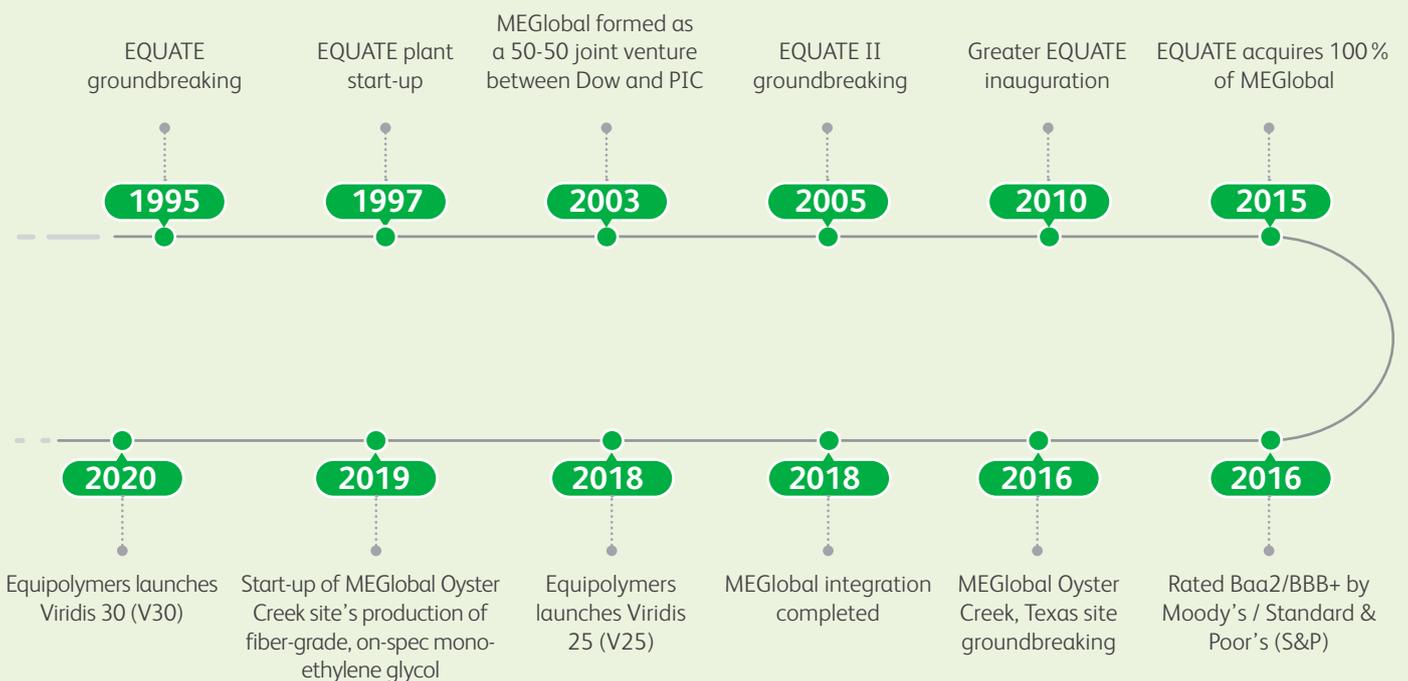
Shareholders Stake

GRI 102-5

- Dow Chemical Company
- Petrochemical Industries Company K.S.C.
- Boubyan Petrochemical Company K.S.C.P.
- Qurain Petrochemical Industries Company K.S.C.P.



Our operational history **



**Note: EQUATE represents EQUATE Petrochemical Company K.S.C.C. MEGlobal represents MEGlobal B.V., MEGlobal Canada ULC and MEGlobal International FZE.

Our 'Greater EQUATE joint venture' consists of one fully integrated operational umbrella that includes EQUATE Petrochemical Company, The Kuwait Styrene Company (TKSC), Kuwait Paraxylene Production Company (KPPC) and TKOC. To further strengthen our position as a global leader in the petrochemical sector, we acquired 100 percent ownership of MEGlobal in December 2015 and inaugurated our new MEGlobal Oyster Creek site in USA in September 2019. With MEGlobal's existing strong global presence in

the manufacturing and marketing of mono-ethylene glycol and diethylene glycol markets, this expansion allowed us to achieve significant economies of scale with a larger and more diversified distribution platform, and greater flexibility to satisfy our customers' needs. In addition, the Oyster Creek site builds on our global footprint and our strategy to grow our value-added business as a leading ethylene glycol producer and supplier.

Expanding our operations in North America



In 2019, EQUATE Group announced the start-up of the MEGlobal Oyster Creek site's commercial production of fiber-grade, on-spec mono-ethylene glycol. The plant has a nameplate capacity of 750,000 metric-tons-annually (MTa) of ethylene glycol and access to shipping routes to customers around the world.

The new plant is operated by MEGlobal Americas Inc. and is our Group's first manufacturing facility in USA. It will produce mono-ethylene and diethylene glycol, products used in a number of market applications including polyester fibers, polyethylene terephthalate bottles and packaging, antifreeze and coolants, paints, resins, deicing fluids, heat transfer fluids, and construction materials.

The new facility is the first major investment by a Kuwait-based company on the U.S. Gulf Coast. It was built on the longstanding relationship between the Kuwaiti partner, PIC and American partner, Dow Inc. (NYSE: DOW).

The MEGlobal Oyster Creek plant is leveraging the American shale gas advantage by utilizing ethylene from the Dow Oyster Creek facility. The site has also licensed Dow's METEOR™ technology for its processes.

The project achieved several milestones in its construction, including more than 3.5 million consecutive safe work hours. It created 55 new full-time and 25-35 contract jobs. It employed almost 2,000 construction workers during project's peak and will contribute approximately USD24 million per year to the local economy.



Oyster Creek, USA

Our Recent Awards, Recognitions and Certifications



Best Project in Industrial/Energy Category from ENR Texas and Louisiana

MEGlobal BookraMEG Oyster Creek Project has been named the 2020 Best Project in the Industrial/Energy category by Engineering News-Record (ENR) Texas & Louisiana.



Merit Winner in the Power/Industrial Category from ENR Texas and Louisiana

MEGlobal BookraMEG Oyster Creek Project has been named an Award of Merit winner in the Power/Industrial category of the ENR Best Project Awards of 2020.



Gold and Platinum award for EH&S Excellence from American Society of Safety Professional

Our Kuwait operation have been awarded one platinum and two gold awards from the American Society of Safety Professionals (ASSP) Gulf Cooperation Council HSE Excellence Awards in both 2019 and 2020.

Our certifications



International Organization for Standardization's certification on quality management systems



Kuwait



USA



Canada



International Organization for Standardization's certification on environment management systems



Kuwait



Responsible Care® certification on Health, Safety, Security and Environment (HSSE) management



Kuwait



Our Memberships and Alliances

GRI 102-13

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.

American Society of Safety Professionals - Kuwait

The American Society of Safety Professionals (ASSP) Kuwait Chapter was founded in 2000. It is Kuwait's premier voluntary, non-profit Health, Safety and Environmental organization that strives to provide professional guidance, training, consultancy and resources to the industrial and social sectors in the region. In pursuance to its goals and objectives, the Society has been organizing international conferences, technical meetings, training programs and outreach activities. ASSP is a group of HSE professionals who are deeply associated with the society activities on a voluntary basis to meet the objective of protecting people, property and environment.

American Fuel and Petrochemical Manufacturers

The American Fuel and Petrochemical Manufacturers (AFPM) is an American trade association representing high-tech American manufacturers of virtually the entire American supply of gasoline, diesel, jet fuel, other fuels and home heating oil, as well as the petrochemicals used as building blocks for thousands of vital products in daily life.

Center for Chemical Process Safety

The Center for Chemical Process Safety (CCPS) brings together manufacturers, government agencies, consultants, academia and insurers to lead the way in improving industrial process safety. CCPS member companies, working in project subcommittees, define and develop useful, time-tested guidelines that have practical application within industry.

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.

Alliance to End Plastic Waste

The Alliance to End Plastic Waste (AEPW) is made up of nearly fifty major global companies. They have committed over \$1.0 billion with the goal of investing \$1.5 billion by 2024 to develop, deploy and bring to scale solutions that will minimize and manage plastic waste and promote post-use solutions. These can be recycling, reuse and repurposing of plastic to keep it out of the environment. It is a unique cross-value chain initiative and provides a framework for companies dedicated to fighting plastic waste in the environment.

Chemistry Industry Association of Canada

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

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.

Petcore

PET Container Recycling Europe, commonly known as Petcore, is a Brussels-based non-profit European trade association. Petcore was founded in 1993 to promote the collection, sorting and recycling of post-consumer PET bottles. It networks with national collection agencies, governments and the recycling industry.

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.

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.

The Committee of PET Manufacturers in Europe

The Committee of PET Manufacturers in Europe (CPME) is a European non-profit trade association based in Brussels, Belgium. It represents most of the European PET resin producers who are collectively responsible for more than 80 percent of PET production in the European Union. The main European producers of Terephthalic Acid (PTA) — the major PET feedstock — are Associate Members of CPME.

World Plastics Council

The World Plastics Council (WPC) is an organization comprising executives from leading companies that produce plastic resin. The WPC provides a platform for member companies to efficiently address common issues and to have a common voice on issues with global reach.

OUR AREAS OF OPERATION

GRI 102-3

GRI 102-4

GRI 102-6



Manufacturing sites and EQUATE Group offices



EQUATE Group offices

OUR PRODUCTS AND CUSTOMERS

GRI 102-2 GRI 102-9 GRI 102-10

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

Our main products include:

1. PE which is used in several applications such as flexible and food packaging, industrial packaging, household and industrial cleaning, plastics, agricultural film, and other plastic products
2. EG used for applications such as polyester fibers, PET bottles and packaging, antifreeze and coolants, resins, deicing fluids, heat transfer fluids and construction materials

3. PET widely used for packaging foods and beverages

Our customers and beneficiaries

GRI 102-6

Our products — comprising EG, PE and PET — are primarily sold to intermediate manufacturers who produce the end products to consumers. Our PE business serves the food and industrial packaging, agriculture applications, healthcare and hygiene industries among others, whereas our PET business mainly caters to the food and beverages industry but also serves the cosmetics and hygiene industries.

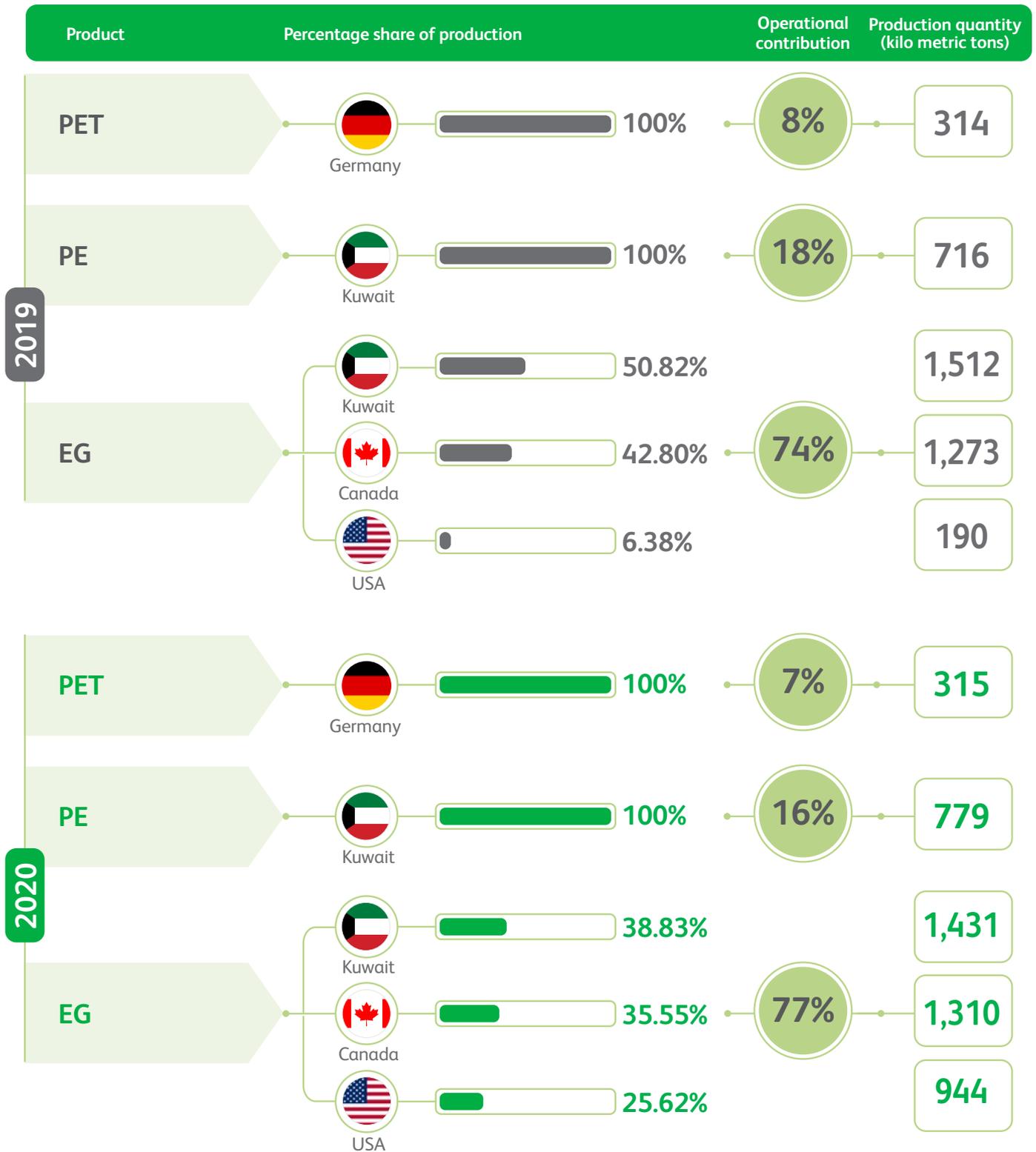
Our design capacities

GRI 102-7

	Products	Capacity (million tons)	Location	Marketing outlet
	PE	1	 Kuwait	 EQUATE Marketing Company
	EG	0.44		
	EG	1.35	 Canada	 MEGlobal
		0.75	 USA	
	PET	0.34	 Germany	
TKOC	EG	0.66	 Kuwait	 MEGlobal

Scale of Operations

GRI 102-2 GRI 102-7



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

OUR CORPORATE GOVERNANCE

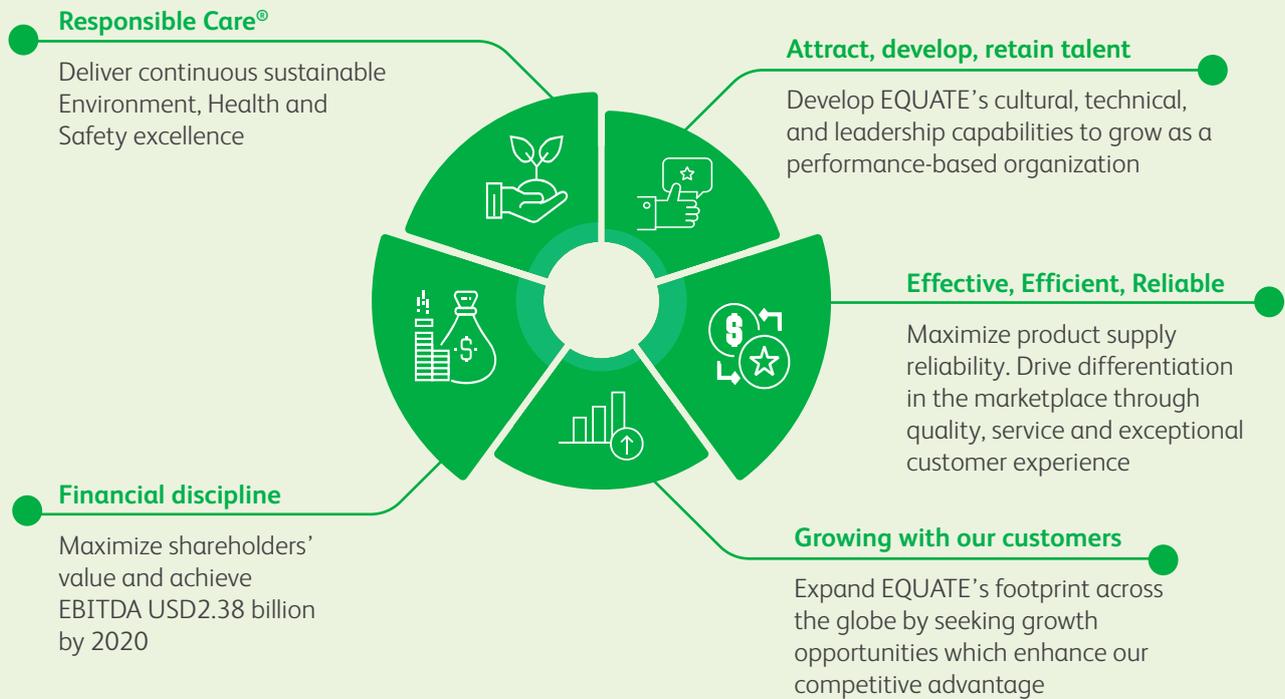
EQUATE Group is Kuwait's first international petrochemical joint venture that combines government, international investors and local private sector companies. We are Kuwait's first Responsible Care® accredited and certified organization, and also one of the founding members of GCPA. As a key entity contributing 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.

Our operations are governed by a stringent corporate governance framework including a Code of Conduct, external auditing and a Board of Directors (BoD) that ensure all stakeholders operate in a fully transparent manner. We continue

to apply best practice to every element of our operations, creating value for our shareholders, and supporting, investing in and creating opportunities that make a positive difference to communities and regional economies. 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.

We have a Group Corporate 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 strategic objectives for the years 2019-2020.

Our business strategy's five key pillars and strategic objectives for 2019-2020



OUR LEADERSHIP

GRI 102-18

Our Group is governed by our Board of Directors and the Executive Management Team, who are responsible for

upholding EQUATE Group’s integrity, accountability and commitment towards our stakeholders.

Board of Directors



Nadia Alhajji
Board Chairperson



Jack Broodo
Board Deputy Chairman



Ghadeir Alqadfan
Board Member



Luciano Poli
Board Member



Shafi Alajmi
Board Member



Luis Antuna
Board Member



Dr. Salman Alajmi
Board Member



Isam Shomaly
Board Member



Dabbous Aldabbous
Board Member



**Sheikh Mubarak
Alsabah**
Board Member

Executive Management Team



Naser Aldousari
President and CEO



Sudir Shenoy
Senior Vice President



Phisanu Sermchaiwong
Chief Financial Officer



Gonzalo Beltran
Vice President Operations



Nawaf Alkhaledi
Vice President Technical
Services

GOVERNANCE OF SUSTAINABILITY WITHIN EQUATE GROUP

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 intend to achieve economic growth, increased productivity, and operational excellence while reducing our negative impacts throughout the value chain. We continue to work on creating a greater positive impact on the environment, community, education, and health and safety, as well as to foster an environment of holistic and sustainable development for all. Our BoD 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.

Driving excellence through effective governance

Effective governance can only be achieved by taking a proactive approach in ensuring business ethics while striving to exceed regulations and 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 outline our values, ethical principles and policies related to conducting business globally within EQUATE Group. The Code is applicable for all our employees, suppliers and contractors, and we ensure its implementation across all our business operations and activities. Our Code of Conduct includes the key principles listed on page 25 and serves as a guideline to everyone associated with EQUATE Group in terms of conducting their business with integrity, accountability and transparency.

Our sustainability governance structure

GRI 102-19

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

Board of Directors

Responsible for leading and directing the Sustainability Committee

Senior Executive

Responsible for the development and implementation of the sustainability strategy and all the sustainability initiatives in North America

MEGlobal Contributions Committee



President and Chief Executive Officer

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

EQUATE Sustainability Committee

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

Key principles of our Code

GRI 102-16

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.

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.

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.

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.



Environmental, Health and Safety (EH&S)

We aim for the highest levels of Occupational Health and Safety (OHS) 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.

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.

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 mechanisms for grievances related to the Code

GRI 102-17

We always strive to promote a culture of open and transparent communication on any issues or incidents faced by any employee 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 have established the 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 traditions of each entity. The ECC develops, maintains and protects EQUATE Group's values fostering an organization that consistently seeks to exceed global expectations in both performance and integrity.

Each reported concern or suspected violation of EQUATE's Code will be submitted to the ECC for its review. In addition to internal reporting mechanism through Human Resources and the Legal departments, we have set in place the following anonymous reporting channels:

- **Reporting Website:** <https://www.compliance-helpline.com/EQUATE.jsp>
- **Telephone:** The EQUATE Ethics Line, +1 888-513-8174, is operated by a third-party vendor. This line is available globally, 24 hours a day, seven days a week.

Furthermore, our non-retaliation policy provides our employees with the provision to report any incident or send any inquiries or suggestions related to the Code 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.



OUR APPROACH TO BUSINESS CONTINUITY

GRI 102-11

GRI 102-15

GRI 103-1

GRI 103-2

GRI 103-3

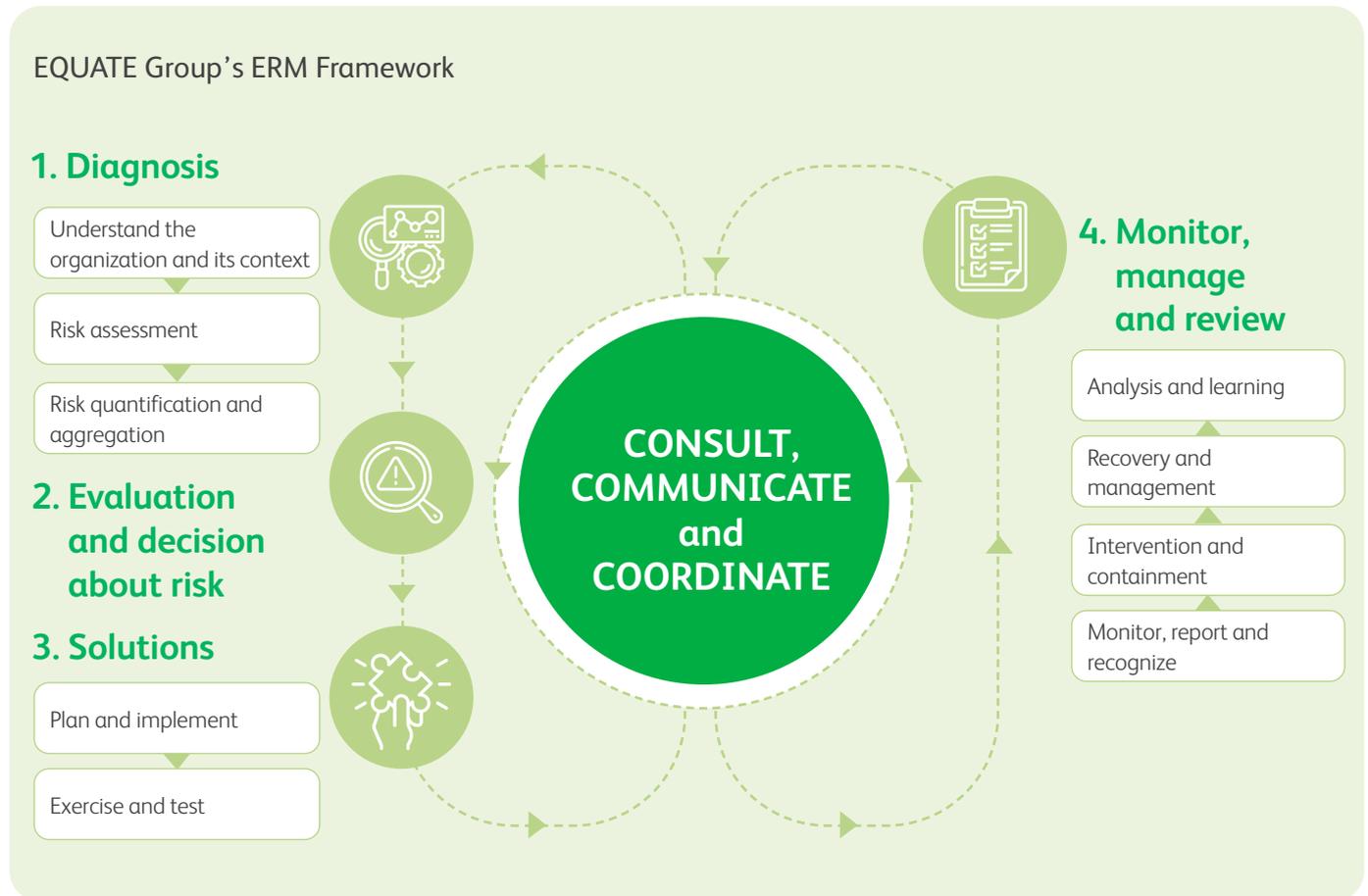
We have adopted and continuously enhanced our Enterprise Risk Management (ERM) Framework in line with the Committee of Sponsoring Organizations of the Treadway Commission’s (COSO) Enterprise Risk Management Integrated Framework and ISO 31000 - Risk Management guidelines. The framework is supported by clearly defined risk policies and procedures that assist in effectively managing and reporting risks from the Group’s operations to management and the Board.

Risk governance at EQUATE Group goes beyond traditional risk analysis to include the involvement and participation of various stakeholders as well as considerations of the broader legal, political, economic and social contexts in which a risk is evaluated and managed.

The CEO and senior management are delegated with the primary responsibility of operating enterprise risk management at EQUATE Group. Individual business units are responsible for ensuring that controls and mitigation plans are in place and risks are managed in day-to-day operations.

All our employees receive awareness training on our ERM framework. More specialized trainings are provided to concerned personnel who are involved in the management and mitigation of risks identified.

Our business operations are periodically assessed to identify potential risks, which are rated using an impact-likelihood matrix. Based on the approved risk appetite and tolerance levels, appropriate mitigation plans are developed and established for identified risks. The risks are assessed across multiple categories which include operational, financial, environmental, geopolitical and technological considerations.



Key risks identified in 2020



War

Disruption of plant operations due to war.



Feed supply shortage

Shortage of ethane supply leading to disruption of operations.



Terrorism attacks

Terrorism threats or attacks resulting in fatalities, property damages and disruption of operations.



Trade war

High cost of operations due to high tariffs imposed in USA.



Environmental aspects

Environmental contamination due to accidental leakage, spills and emissions against environmental regulations.



EQUATE downgrade rating risk

Downgrade by ratings agencies that may lead to increase in cost of raising funds or financing existing debt in the future.



Fire or explosion

Fire or explosion due to noncompliance with fire safety standards and procedures leading to injuries and disruption of operations.



Cyberattack

Cyberattack due to system vulnerabilities leading to financial loss.



Loss of Shuaiba oxygen plant

Production loss in Kuwait due to long outage in Shuaiba oxygen plant.

Crisis management at EQUATE Group

We have established a Group-wide crisis management plan to ensure resilience and continuity of our operations in the event of an unexpected emergency or disaster. The Crisis Management Team (CMT) led by the CEO, which includes senior management representing various functions, is responsible for oversight and implementation of the plan. The responsibilities of the CMT include:

- Participation in testing and training programs
- Leading a crisis incident
- Devising and implementing whatever is required or needed
- Consulting with and utilizing resources familiar with original event/issue
- Successfully closing an incident
- Monitoring the existence and quality of the Crisis Management Plan
- Ensuring organizational barriers preventing proper institutionalization of Crisis Management Plan are addressed
- Ensuring the proper level of resource is applied to the Crisis Management Plan
- Approving the annual budget for the Crisis Management Plan
- Promoting the importance of the Crisis Management Plan within the organization
- Communicating with Shareholders/Stakeholders

Crisis management during the COVID-19 pandemic

With the support of the EQUATE Group Pandemic Team, we conduct resilience reviews of our crisis management plan on a periodic basis. In order to develop a comprehensive response to the ongoing COVID-19 pandemic, we have developed a dedicated Pandemic Response Crisis Management Plan highlighting the specific guidelines and responsibilities to address multiple levels of emergencies during the COVID-19 pandemic in line with governmental regulations in the regions we operate.

For instance, during the global lockdown (mid of March 2020), we had to switch the delivery of our PE shipments to Gulf Cooperation Council (GCC) and Jordanian customers from overland trucks to ocean shipments due to closure of land borders and the corresponding blockade of PE overland shipments. Upon easing of lockdowns, we switched back most of the ocean orders to overland, however, we ascertained the associated costs involved to smoothly switch from land to ocean for the GCC and Jordan orders, whenever needed.

We have also undertaken several additional activities to ensure our business continuity and operational agility.

Alert level 7 – back to work phases

Phase 1

Only essential personnel are back to work whilst the rest of employees work from home.

Phase 2

20-30 percent of employees are to physically come back to the organization while the rest of employees work from home.

Phase 3

50 percent of employees are to physically come back to the organization whilst the rest of employees will work from home.

Phase 4

All employees are physically back to the organization and normal operations are restored.



Managing supply risks during the COVID-19 pandemic



About this initiative

During the early days of the COVID-19 pandemic, there were high levels of uncertainty over reliability of our supply lines (inbound and outbound) due to measures taken by various European countries to combat the spread of COVID-19. Hence, Equipolymers took several initiatives to manage the supply risk of raw materials needed to produce, continue to operate safely and ship PET to converters and customers.

We have established an emergency action plan to address all potential supply disturbances with mitigation actions accordingly. A team of essential staff met twice daily to review status, share information, and work with partners and stakeholders proactively. Throughout the COVID-19 pandemic, the mitigation plan was reviewed and amended to align with the intensity of the lockdown measures taken by various countries. Additionally, we established an agreement with coproducers outside of Germany to manage any sudden border blocks and tapped into EQUATE Group strategic “logistics partner - SDS Logistics” to source block trains to ship Terephthalic Acid (PTA) as an alternative.



Impacts of the initiative

- Avoided plant shut down
- Managed all supply constraints and disturbances on customers
- Improved prices in Q3 2020 while loading the plant to maximum



Ensuring cybersecurity practices across EQUATE Group



About this initiative

We, at EQUATE Petrochemical Company, recently initiated a program to further upgrade and improve our cybersecurity capabilities. The program is aimed at protecting EQUATE's operations and safeguarding information and data through implementation of the 'CIA Triad' approach — i.e. the 'Confidentiality, Integrity and Availability' approach. Furthermore, the program enabled us to protect our assets as well as support our employees as they continued to work from home during the recent COVID-19 pandemic.



Details of the initiative

We undertook an assessment of EQUATE's IT-related practices and capabilities in 2017. One of the areas of improvement that was identified through the assessment was related to EQUATE's cybersecurity practices, including significant gaps in EQUATE's ability to monitor and protect various critical assets. Based on the results of the assessment and to manage increasing cybersecurity-related risks in an efficient manner, we decided to increase our investment in improving cybersecurity practices and initiatives.

As a result of implementing the program, we at EQUATE Group:

- Established a Security Information & Event Management (SIEM) solution to monitor all EQUATE assets. SIEM is managed by a dedicated team and is integrated with our external partner's global Security Operations Center (SOC), which allows us to ensure a continuous (24x7) monitoring and alert notification for our assets
- Initiated a vulnerability scanning and elimination program to ensure identifying critical vulnerabilities and effective elimination of the same at the earliest possible
- Elevated our existing Advanced Threat Protection (ATP), Endpoint Detection & Response (EDR) and Intrusion Detection & Prevention Solutions (IDPS) capabilities, with the aim to provide increased email protection, internet access and collaboration solutions
- Ensured regular review of our policies and procedures, and initiated an employee awareness program on related aspects
- Conducted internal and external penetration tests, including conducting our first-ever cybersecurity drill in a successful manner



Impacts of the initiative

- Agile cyber security system that enabled the protection of our assets and supported our employees as they continued to work from home during the recent COVID-19 pandemic without disruption
- Increase in user cybersecurity awareness, as reflected by increase in the number of relevant help-desk inquiries and the number of emails identified as phishing directly by the users
- Successful identification of all potential cybersecurity incidents/attempts and/or effective management since the implementation of the program (i.e. zero potential threats or incidents surfaced in an actual cybersecurity risk penetration so far)



Risk and performance analysis of CVCC affreightments



About this initiative

Situations of extraordinary swings of demand expose EQUATE Group to have concluded Consecutive Voyage Charter Contract (CVCC) affreightment setups contracts within unfavorable restrictions both in terms of rented space and time. During the COVID-19 pandemic, related measurements and closing of customer ports in the Middle East, India and Pakistan (MEIP) region we faced underutilization of CVCC and similar affreightment contracts. Measures were implemented which increased the CVCC affreightments capacities to more than 98 percent utilization after a certain period of time, however such measures affected other affreightment contracts and customer service levels.

The temporary underutilization, performance and distribution cost analysis allowed us to review and re-evaluate affreightment contracts in place. We found that:

- Contracts may not have the correct capacity in alignment with planned sales quantities (both own and Joint Venture (JV) products)
- Contracts may not have the correct timing schedules in terms of loading and discharging
- Contracts may have challengeable renewal terms and conditions: Annual Business Planning (ABP) occurring during the second half of the year was not in alignment with renewal of affreightment contracts which occurred during the first half of the year, resulting in concluding contracts which would not favorably meet the requirements of the ABP
- Initiatives were executed to align the Annual Business Plan with contracts of affreightments
- Sales demand in terms of quantity and timing was aligned with vessel capacities and timings available in the market at more favorable cost — the driver for affreightment capacities was not only planned (customer) demand but also shipping market conditions
- Timing for renewal of affreightment contracts is now aligned with timing of ABP activities



Impacts of the initiative

- Increased customer service: deliveries meet timing and quantities better
- Optimized vessel loading in Shuaiba: Bigger vessels allow the reduction of vessel quantity used and minimization of environmental impact
- Less underutilized affreightment capacity optimizes dollar per metric ton (\$/Mt) shipment cost

The health, safety and wellbeing of our people was of our utmost priority during the COVID-19 pandemic. Through our comprehensive resilience measures, we ensured we had the right infrastructure and tools in place to support our people and ensure the continuity of key operations.

The transition to working from home for almost 600 of our user base across all our operations (approximately 30 percent) required combined and coordinated effort, and was enabled by existing technology and network infrastructure, rapid deployment of new collaboration tools deployed at scale, flexible working hours and online training.

Additionally, we established and enforced strict health and safety guidelines for employees or individuals visiting our buildings. These included strict requirement to wear face masks and gloves at all times, temperature checks at entrances, self-declaration forms, social distancing, etc. Additionally, as part of EQUATE Group's corporate strategy of achieving operational excellence, we implemented our program of Highly Reliable Organization (HRO) to deal with unplanned events effectively. An HRO is one where every individual, regardless of his or her position or function, displays a set of behaviors to minimize the unplanned events and their impacts. HRO is a state of mindfulness which keeps us vigilant and prepared to deal with an unplanned event through anticipatory and containment behaviors which will enable us to avoid unplanned events and increase our ability to bounce back quickly after an unplanned

event. In order to be a global leader and a world class reliable producer of petrochemicals, we demonstrate HRO behaviors in our day-to-day activities.

Ensuring compliance

GRI 103-1

GRI 103-2

GRI 103-3

GRI 307-1

GRI 419-1

Noncompliance with laws, regulations and standards can weigh heavily on EQUATE Group as violations lead to restrictions to our license to operate, sanctions, and substantial fines. We firmly believe that it is our responsibility to ensure compliance with applicable national and international socio-economic and environmental regulations, as well as, industry standards relevant to our operations.

We have established a comprehensive compliance management framework that is overseen by the CEO and the legal department. The framework helps us identify compliance requirements, set controls and policies, and periodically monitor our compliance performance.

We are pleased to report that EQUATE Group did not incur any significant fines or non-monetary sanctions for non-compliance with any environmental or socio-economic laws, regulations or standards during the reporting period.

HRO program in EQUATE Group



Expect the Unexpected

Always be vigilant, look for changes which might lead to an unplanned event. Detect weak signals that could lead to a more serious problem.



Do Not Generalize

Treat unexpected data with concern rather than rationalizing that it is normal. Dig in further, follow up, investigate, seek root causes and mitigate.



Identify Trends and Anticipate Impact

Understand the big picture as well as the details. Monitor key indicators to determine when change is happening and anticipate the consequences of the problem.



Engage and Apply Expertise

Involve the true experts to act and make key decisions. Recognize that expertise does not equal rank.



Commit to Resilience

Strengthen our ability to detect, contain and bounce back quickly from unplanned events.

Anticipate

Contain

Minimizing unplanned events (UPEs) through the adoption of new behaviors

OUR SUSTAINABILITY STRATEGY 2025

As a major economic contributor, we at EQUATE Group recognize the impact we can have on sustainable economic development. We invest in various community-related services, infrastructure and events across all the geographies in which we operate. Our Sustainability Strategy 2025, which was developed in 2015, was initially established for EQUATE Petrochemical Company to reinforce our commitment to sustainable development and support in creating more impact on our sustainability journey. Our Sustainability Strategy was established prior to the acquisition of MEGlobal — who had their own Sustainability Strategy established in 2010, known as ‘FOCUS 2020’.

As MEGlobal’s FOCUS 2020 was set to expire in 2020, our Group decided to review and refresh the EQUATE Group

Sustainability Strategy to create one cohesive strategy for EQUATE Group. The refreshed strategy also guarantees alignment with material topics and megatrends in the petrochemical sector to better position our Group as per leading practices. The refreshed strategy also considered the relevance and applicability of the existing sustainability initiatives.

As a part of our Sustainability Strategy, we partner with public institutions, the business community, 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 below shows our updated list of strategic objectives and provides an update on the progress of the respective initiatives.

EQUATE Group Sustainability Strategy objectives and progress on respective initiatives

Sustainability Strategy pillar	SDG alignment	Sustainability Strategy objective	Initiatives	Progress on initiatives
 Environment	 	Renewable energy strategy	<ul style="list-style-type: none"> Assess energy baseline and develop an energy management system for EQUATE Group as per leading international standards (ISO 50001) to maximize energy efficiency Evaluate opportunities for renewable energy project collaboration within Kuwait similar to the PAI Renewable Energy (RE) project 	Our Kuwait operation evaluated renewable energy opportunities within Kuwait and shortlisted some project candidates which will be assessed in 2021
 Environment		Greenhouse Gas (GHG) accounting	<ul style="list-style-type: none"> Explore the possibility to link the energy intensity target to corporate incentive Explore the current facilities’ design and capabilities to define the base line for GHG emissions Reduce Energy Intensity for EQUATE Group facilities Automate GHG emissions and Energy Intensity data collection and reporting 	<ul style="list-style-type: none"> We linked the achievement of the energy intensity target to the Manufacturing Function and Technical and Improvement Department (TID) incentives We established the Carbon Reduction Team and a decarbonization strategy We have launched various initiatives to reduce our GHG emissions and energy intensity. For more details, please refer to pages 68-72

 Environment	  	Circular economy to reduce plastic waste	<ul style="list-style-type: none"> • Continue to explore initiatives to implement circular economy principles for reducing plastic waste within the value chain • Create campaigns and advocacy programs to create awareness on recycling of plastics 	<ul style="list-style-type: none"> • EQUATE Group took part in the ongoing GPCA's Plastics Advocacy Campaign • EQUATE Group became a member of the Alliance to End Plastic Waste
 Economy		Digital data management	<ul style="list-style-type: none"> • Identify calculation methods and implement a Sustainability Data Management System • Explore opportunities to implement smart metering for data collection for sustainability Key Performance Indicators (KPIs) • Commission smart metering for electrical consumption and link it to PAI system 	<ul style="list-style-type: none"> • Based on an opportunity assessment on our buildings within Kuwait operation, we identified several buildings for the implementation of smart metering in Kuwait • EQUATE Group commissioned smart metering for CCB electrical consumption in 2020 and it was linked to PAI's system
 Economy		Move towards Integrated Reporting (IR)	<ul style="list-style-type: none"> • Develop a transition plan towards IR • Implement transition plan 	<ul style="list-style-type: none"> • EQUATE Group is yet to initiate activities related to the objective. We remain committed to exploring opportunities to enhance our approach to external reporting in the future
 Society		Need-based community and SME development	<ul style="list-style-type: none"> • Continue to implement sponsorship program for the community in Kuwait and North America • Finalize and launch a community fund to kick off projects related to EQUATE Group focus areas 	<ul style="list-style-type: none"> • EQUATE Group sponsored various programs in 2019 and 2020. For more information, please refer to pages 55 and 59
 Society	N/A	Create business advocacy roadmap	<ul style="list-style-type: none"> • Execute approved stakeholder engagement process to enhance impact 	<ul style="list-style-type: none"> • A stakeholder engagement process was developed in 2019 and 2020 which will be updated on an annual basis or as deemed necessary. For more details on our approach to stakeholder engagement, please refer to pages 38 and 39
 Society	 	Diversity and inclusiveness*	<ul style="list-style-type: none"> • Implement ELEVATE Program across EQUATE Group and continue to implement UN WEPs • Develop Anti-Harassment program and Conduct campaigns to create awareness and reduce gender bias 	<ul style="list-style-type: none"> • An action plan to implement ELEVATE program and the UN WEPs was developed. For more details on the action plan and progress achieved, please refer to pages 109-110 • A facilitation guide for anti-harassment and anti-bias was developed and is undergoing legal review. The module is expected to be launched in 2021 along with some campaigns to create awareness and reduce gender bias



Product stewardship*



- Continue development of product stewardship program
- Carry out assessment of health, safety and environmental lifecycle impacts of EQUATE Group's products
- Four significant product categories were assessed for their health and safety impacts in 2020
- We developed product stewardship standards within EQUATE Group. These standards are expected to be rolled out upon the completion of the detailed LCA of our products to ensure completeness of the standards



Corporate wellness program*

- Develop and implement a strategy for corporate wellness within EQUATE Group
- We are in the process of developing performance indicators and targets for corporate wellness

*Note: sustainability strategy objectives marked with an asterisk were newly added in 2019-2020, based on the outcomes of the strategy review and refresh exercise conducted in 2019.

Along with the update of our strategic sustainability objectives and initiatives, we identified KPIs to track our performance in line with our strategic objectives and ambitions. In 2020, our Kuwait operation set quarterly targets, identified responsible departments for meeting these targets and assigned a focal point to ensure progress is achieved in line with the set targets.

Our North American operations are expected to set their quarterly targets for the identified KPIs in 2021 when FOCUS 2020 is completed. The list of KPIs for which we have identified targets covering EQUATE Group operations, is listed below. We would be reporting on our progress in achieving the target from the 2021 reporting period onwards.

Sl. No.	Topic	KPI
1	Emission	Scope 1 GHG intensity Scope 2 GHG intensity
2	Effluent and waste	Waste intensity
3	Energy	Energy intensity and corporate reduction rate
4	Product stewardship	Number of products assessed over the complete life cycle
5	Occupational health and safety	<i>To be identified in upcoming reporting period</i>
6	Training and education	Average hours of training per employee Percentage of employees with an employee performance appraisal
7	Employment/diversity and inclusiveness	Percentage of female employees
8	Process safety	Number of process safety incidents

OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS



Following our Strategic Sustainability objective on renewable energy, we take responsibility to invest in energy efficiency technologies and support the countries we operate in to meet their renewable energy targets. In Kuwait, we partnered with the National Technology Enterprise Company (NTEC) and completed a solar power project that will deliver 419 megawatt/hour (MWh) of clean renewable energy to PAI annually. For more details on this initiative, please refer to page 59.



We contribute to the economic growth of the countries we operate in and ensure that all our employees and contractors are treated fairly in line with local labor laws. For more information please refer to our economic growth chapter on page 44 and our responsibility towards our people chapter on page 93.



In line with our Strategic Sustainability objectives, we became a signatory to the UN Women Empowerment Principles in 2018 and developed a three-year action plan to promote gender diversity within EQUATE Group. We implemented ELEVATE Program aimed at hiring 11 female employees in technical positions every year until 2024. Through this program, we aim to provide all employees with equal access to opportunities within our Group. For more details on our approach to impelling diversity, please refer to pages 109-111.



Many trainings are provided annually to all our employees. In 2019 and 2020, we provided our employees with a total of 142,910 hours of training. Our Group's learning and development portfolio supports professional growth covering technical (hard skill), cultural (soft skill), and leadership and executive development programs through competency-based employee development process. For more information on our training and education practices, please refer to pages 103-106.



We promote health and safety at our Group, and have established an employee well-being program as part of our sustainability strategy. Environmental, Health and Safety Responsibility is one of our core EQUATE Group values. For more details on our health and safety approach, please refer to the health and safety chapter on page 78.





We are committed to innovation and industry excellence to drive our Strategic Sustainability objective on circular economy and reduction of plastic waste. We continue to focus on driving innovation within our Group, with a strategic priority to adopt innovative approaches towards a Circular Economy and to reduce plastic waste. Equipolymers (EQP), a subsidiary of EQUATE Group, launched Viridis 30 in 2020 — a food-grade PET manufactured with 30 percent chemically recycled PET as feedstock.



As part of our Strategic Sustainability objectives, we have two dedicated committees that are responsible for direct contribution and support to Non-Governmental Organizations (NGOs) — Sustainability Committee and MEGlobal Contributions Committee. For more information on our sustainability committees and community contributions, please refer to pages 55 and 56.



We are aware of the amounts of raw materials we use to produce our products and ensure continuous process optimization to reduce unnecessary consumption and wastage of materials. Furthermore, our Group promotes Target 12.6 of the SDG through our efforts on sustainability reporting and our Strategic Sustainability objective to move towards Integrated Reporting.



In our efforts to further reduce our environmental footprint and propel our Strategic Sustainability objective on GHG emission reduction, we established a Carbon Reduction Team in 2020 that is sponsored by Vice President of Technical Services and Vice President of Operations at our Group. We set a target to reduce our Group's emissions by 32 percent by 2030. For more details on the Carbon Reduction Team, please refer to page 69.



Our Group is a member of various local, regional and international organization to support sustainable development. Our memberships assist us in building on our ambitions on sustainable development. For more details on our memberships, please refer to pages 16 and 17.



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

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 Group, 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, with the objective of creating stakeholder value through everything we do.

Our stakeholder engagement process

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

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. At EQUATE Group, we have identified three primary stakeholder prioritization categories:

1. Operational stakeholders: Key government and private bodies that impact day-to-day operations/business/people
2. Strategic stakeholders: Government, diplomatic, NGO and private bodies that can support our economic contribution, growth and business sustainability. (These stakeholders can influence policies, laws, regulations and decision-making)
3. Occasional Stakeholders: A group that does not influence our business but we still deem it important

The table on page 39 indicates a list of all our key stakeholder groups and the different channels of engagement that we use to communicate with them.



Prioritization category	Stakeholder group	Channels of engagement	Sustainability interest	Frequency of engagement
Operational	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"> Ongoing Quarterly through meetings
Operational	Employees	<ul style="list-style-type: none"> Interviews Intranet and newsletter Employee survey Team-building exercises The Code Social media platforms 	<ul style="list-style-type: none"> Employee rewards and benefits Career growth Employee retention Talent acquisition 	<ul style="list-style-type: none"> Ongoing Annual through appraisals
Operational	Customers	<ul style="list-style-type: none"> Customer satisfaction surveys Marketing and media Product description on website 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 Ongoing
Operational and Strategic	Government and regulatory entities	<ul style="list-style-type: none"> Meetings, conferences and collaborations 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"> Biannual Ongoing
Operational	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 Ongoing
Occasional	Industry associations	<ul style="list-style-type: none"> Committee meetings Sustainability Report Participation at industry exhibitions, conferences, and events 	<ul style="list-style-type: none"> Impact on environment Support for local causes Sharing of knowledge 	<ul style="list-style-type: none"> Annual
Strategic and Occasional	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
Occasional	Media	<ul style="list-style-type: none"> Meetings Press releases and press conferences Social media platforms 	<ul style="list-style-type: none"> Transparency Health and safety Economic performance Community engagement 	<ul style="list-style-type: none"> Ongoing

Our Materiality assessment process

GRI 102-42 GRI 102-46

In 2020, we reassessed the topics identified in the 2017-2018 Sustainability Report for its applicability in the current reporting period.

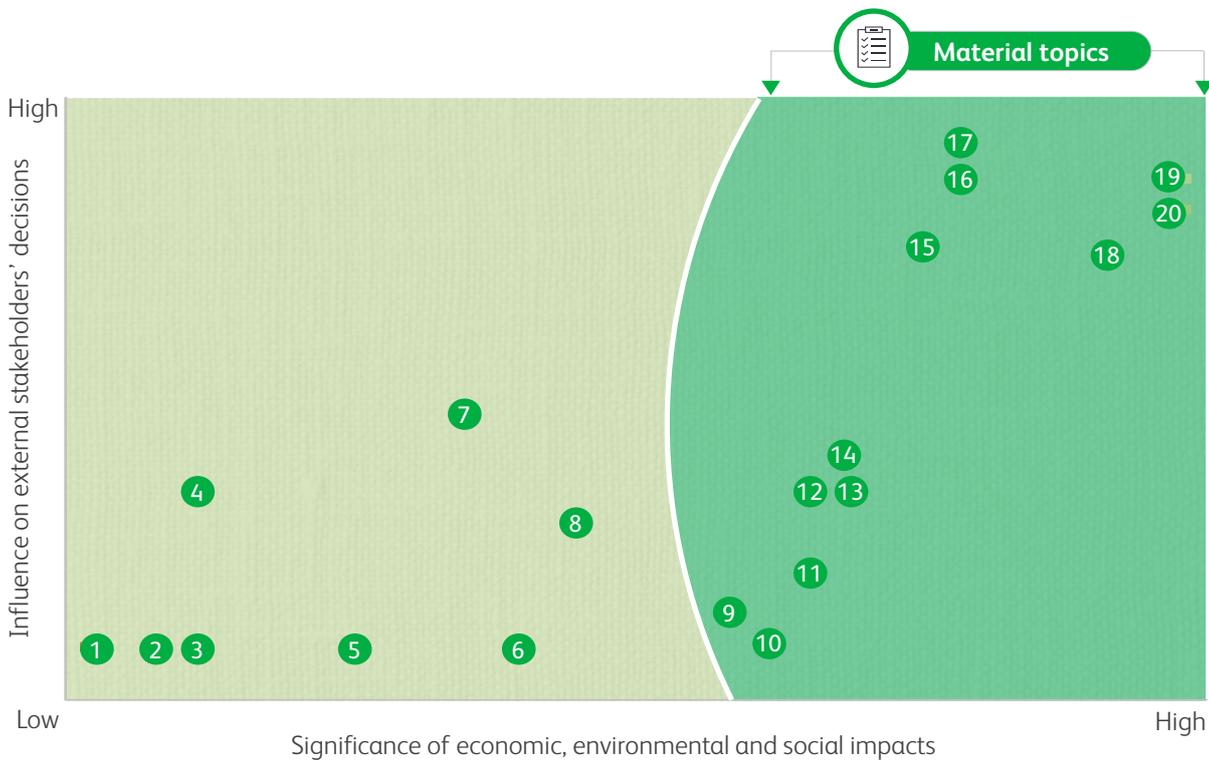
A desk review was conducted to assess peer sustainability reports, and global and regional megatrends in 2019 and 2020. Based on the review, a refreshed list of potential material topics

were identified. These topics were re-evaluated by internal stakeholders to identify the refreshed material topics.

The process served as an opportunity for us to understand and assess the progress made so far in our sustainability journey, and ensure alignment with recent global and regional megatrends and industry practices.

Materiality matrix

GRI 102-46 GRI 102-47



- | | | |
|-----------------------|--------------------------------------|-----------------------------------|
| 1 Innovation | 8 Sustainable supply chain | 15 Product Stewardship |
| 2 Biodiversity | 9 Asset integrity and process safety | 16 Business Continuity |
| 3 Local content | 10 Compliance | 17 Energy |
| 4 Circular Economy | 11 Employment | 18 Occupational Health and Safety |
| 5 Materials | 12 Waste | 19 Emissions |
| 6 Water and effluents | 13 Training and Education | 20 Economic performance |
| 7 Local communities | 14 Diversity and Inclusiveness | |

Material topic for 2019-20	Reporting boundary*	Impact boundary	Alignment with UN SDGs	Link to GRI Standards	Link to EQUATE Group's Sustainability Strategy 2025 pillars	Page reference
Occupational health and safety	Within EQUATE Group	Employees, contractors	 	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 403-2 	 Health & Safety	81-84
Product stewardship	EQUATE Group	Customers, local communities	 	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 416-1, 416-2 	 Health & Safety	88-92
Training and education	EQUATE Group (including marketing offices)	Employees	  	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 404-1, 404-3 	 Society	103-108

Note: * The reporting boundary for years 2019-2020 covers EQUATE Petrochemical Company and MEGlobal's operations in Canada and USA. The inauguration of our site in USA was in September 2019. Hence, the data reported for the operations in USA covers the period from September 2019 to December 2020.



2

OUR ECONOMIC GROWTH

📍 Al Ahmadi, Kuwait



Key performance highlights



Revenue

2020: **USD2.92 billion**

2019: **USD3.35 billion**



Operating costs

2020: **USD2.16 billion**

2019: **USD2.28 billion**



Employee wages and benefits

2020: **USD172 million**

2019: **USD254 million**



Economic value distributed

2020: **USD3.52 billion**

2019: **USD4.38 billion**



Direct community contribution

2020: **USD1.7 million**

2019: **USD3.1 million**



Payments to providers of capital

2020: **USD1.16 billion**

2019: **USD1.76 billion**

We understand the responsibility and impact of our business activities and operations in relation to economic development and diversification to achieve long-term sustainable growth in the countries we operate in. We contribute over 60 percent of total non-oil-based exports from Kuwait to the national gross domestic product (GDP) as well as to the government's strategic development objectives linked to economic diversification set under Kuwait's Vision 2035. We, at EQUATE Group, are also a significant contributor to economies in North America and Europe as we build on our foundations of sustainable development guaranteeing financial stability.

Our business model is geared towards creating opportunities for a much wider community than our direct suppliers and customers, helping us to fulfil the economic promise to the nations we operate in. We understand the importance of our business operations on the local and global scale which have both direct and indirect impacts. In addition to our direct impacts to the economy, we build better, stronger and more sustainable communities in the places where we do business by strengthening the employment opportunities and the development of professional skills. The integrity of our business is also mirrored in the quality of our products which enable the productivity and efficiency among our customers, who use our products.

Given the challenging circumstances brought on by the global outbreak of the COVID-19 pandemic, we rapidly responded to this unprecedented crisis driven by our standards of operational excellence and rigorous compliance to procedures and controls, to minimize the significant impacts of the COVID-19 pandemic. Our focus on business continuity ensured the resilience of our business and our ability to continue our operations without any interruptions during the

COVID-19 pandemic. Our economic performance for both 2019 and 2020 demonstrates our resilience and adaptability when facing extreme circumstances. Our focus extends beyond our revenue growth, as our commitment to economic prosperity includes the communities in our areas of operations through various initiatives and engagements as part of our corporate citizenship program. In this chapter, we will discuss our economic performance and indirect economic impact through community engagement.



“It remains pertinent to implement the highest levels of corporate governance, business agility and engagement to retain investor confidence, in particular following the global economic disruptions caused by the COVID-19 pandemic. 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.”

Phisanu Sermchaiwong
Chief Financial Officer

Linkage of important topics covered in the section to corporate sustainability strategy, global goals and initiatives

Important topics covered in the section	Link to GRI Standards	Link to EQUATE Group's Sustainability Strategy 2025 pillars	Link to SDGs
Economic performance	<ul style="list-style-type: none"> 103-1, 103-2, 103-3 201-1 	 Economy  Society	 8 DECENT WORK AND ECONOMIC GROWTH  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  12 RESPONSIBLE CONSUMPTION AND PRODUCTION  11 SUSTAINABLE CITIES AND COMMUNITIES
Community engagement	<ul style="list-style-type: none"> 103-1, 103-2, 103-3 203-1 	 Society	 4 QUALITY EDUCATION  7 AFFORDABLE AND CLEAN ENERGY  8 DECENT WORK AND ECONOMIC GROWTH  11 SUSTAINABLE CITIES AND COMMUNITIES  15 LIFE ON LAND

ECONOMIC PERFORMANCE

GRI 103-1

GRI 103-2

GRI 103-3

GRI 201-1

At EQUATE Group, we realize that the petrochemical industry continues to be impacted by globalization and integration of the world economy as well as other influencing factors such as the ongoing COVID-19 pandemic, crude oil price fluctuations, environmental concerns, technological disruptions, geopolitical risks and overall changes in demand for petrochemical products. However, we do believe that the industry's products, and services are critical to the continued safety, health and productivity of the growing world population.

Management's approach to financial performance

We continue to adopt a forward-looking approach in managing our business practices and setting business strategies and future targets — taking into consideration that due to increasing uncertainties, companies in our sector need to adopt more efficient and disciplined approaches to continue meeting the targeted economic and financial goals. Our operations are governed by a stringent corporate governance framework including the Code, external auditing and a BoD that ensures we operate in a transparent manner. We continue to apply best practices to every element of our operations, generating value for our shareholders and creating opportunities that make a positive difference to communities and regional economies.

To achieve sustained growth and maintain a competitive market position, we developed and implemented multiple strategic KPIs that allow us to effectively monitor and measure our financial performance across all our business operations, such as ratings from credit-rating agencies. We also monitor internal financial performance evaluation metrics (such as revenue, Earnings before Tax Depreciation and Amortization, Net Income after Tax, and Financial Compliance) which also directly impact the annual bonuses and incentive packages for the EQUATE Group Board.

In addition, our BoD establishes yearly financial budgets and targets for the Executive Management Team (EMT) and the organization.

To further ensure robust tracking and reporting of financial performance, our BoD delegated the role of overseeing economic performance of the organization to the Board Finance Committee (BFC). The BFC is formed of three Board members looking after the economic performance with a minimum of four formal meetings annually and additional

ad-hoc meetings. Performance against targets is extensively monitored and reviewed during all Board meetings, and communicated to our shareholders through the quarterly results announcement. The BFC reviews our financial policies and objectives, short and long-term growth initiatives, material funding requirements, financing strategies, major capital projects and financial risk mitigations. Our BoD are also responsible for overseeing the financial reporting processes undertaken by the management.

Transparency and accuracy of financial performance

In addition, we maintain our Finance and Accounting policy and procedure, which is based on guidelines set by the International Accounting Standards Board (IASB), regulatory requirements and international best practices. Our economic performance is measured by collective calculation models that are regularly reviewed and updated. Our effective planning models forecast future financial performance for EQUATE Group business operations.

We prepare and report on our financial performance in accordance with the International Financial Reporting Standards (IFRS). To ensure increased transparency and accuracy of our financial performance figures and enable increased stakeholder trust, our annual financial statements are independently audited. A mid-year review on the biannual financials is also performed by our external auditors pursuant to the submission of the financial information to debt holders. Additionally, our Internal Audit Department conducts regular audits on our alignment with specific elements of the finance and accounting policy and procedure. All external and internal auditors are directly appointed by and report independently to the Board Audit Committee.

In 2019, our Finance Team attended a week's training on forecasting and modeling to help them develop an understanding of leading practices on financial forecasting techniques to manage cash flow, profit and loss reviews, and impacts of different economic situations on EQUATE Group. Additionally, more than 50 non-finance leaders/directors across EQUATE Group underwent trainings that covered awareness on economic performance as well as financial review and analysis. The four sessions conducted for the non-finance leaders and directors across all functions were aimed at helping them guide their decision-making process within their various functions.

New milestone for EQUATE Group

Project 'BookraMEG' (meaning 'future MEG') — our new EG production facility in Oyster Creek, Texas — was completed in 2019, enhancing our capacity to meet customer needs. It positioned EQUATE Group as the first Middle Eastern company to benefit from the American shale gas. EQUATE Group's EG footprint in the Americas is now as large as that of Kuwait. The project was led by two of PIC's previous CEOs, Mr. Asaad Ahmad E. Al-Saad and Mr. Mohammad Al-Farhood, as well as EQUATE Group's previous CEO Dr. Ramesh Ramachandran. The worldscale 750,000 metric-ton-per-annum EG facility was completed ahead of schedule, below budget and with an excellent safety record. We capitalized on the expertise of our shareholders and the collaboration of our contract partners. Dow's world-class engineering and procurement support coupled with the active participation of the global engineering work force of EQUATE Group enabled us to utilize best-in-class practices for the successful completion of the project. We are proud to announce that the facility was named 2020's Best Project in the Industrial/Energy category and has received an Award of Merit in the Power/Industrial category, awarded by Engineer News-Record (ENR) Texas and Louisiana.

Retaining investor confidence

We consistently maintained a strong financial profile, sustaining a strong cash position and through our consistent business model driven by growth and efficiency. The expansion of business activities was financed by a combination of conventional commercial loans and Islamic Murabaha financial agreements. We signed two bilateral loan agreements in June 2020 with National Bank of Kuwait and Kuwait International Bank, achieving a value of up to USD300 million with a tenor of three years. The confidence demonstrated through these agreements highlights the continued ability of Kuwaiti institutions to arrange financing for such substantial transactions. The deal will be used to repay part of an existing facility previously extended by a consortium of banks for business expansion.

In addition, in May 2020, at the height of the COVID-19 pandemic, EQUATE Group became one of the first corporate organizations in the Middle East and North Africa (MENA) region to access the bond market during the crisis and achieved the first bond issuance in Kuwait. Despite market uncertainties and increased risk compounded by slump in oil prices — we successfully completed a USD1.6 billion dual tranche 144A/Reg S Senior Unsecured transaction. The deal made company history as our largest order-book to date,

highlighting our ability to maintain investor confidence in our long-term success. It also underscored renewed appetite for investment potential in the petrochemical industry, and an overall sign of positive market sentiment despite trying times.

Long-term value



The MEGlobal Oyster Creek site created 55 new full-time long-term jobs and 25-35 contract jobs and employed almost 2,000 construction workers at peak during its construction. It contributes approximately USD24 million per year to the local economy through salaries, materials and contracts, and provides about USD100,000 per year in donations to local communities (for more information on our community contributions, please refer to pages 54-57 of this report).

Two bilateral loan agreements with National Bank of Kuwait and Kuwait International Bank



USD300 million

with a tenor of three years
June 2020

EQUATE Group — one of the first corporate organizations in the MENA region to access the bond market during the crisis



USD1.6 billion

dual tranche 144A/Reg S Senior Unsecured transaction
May 2020

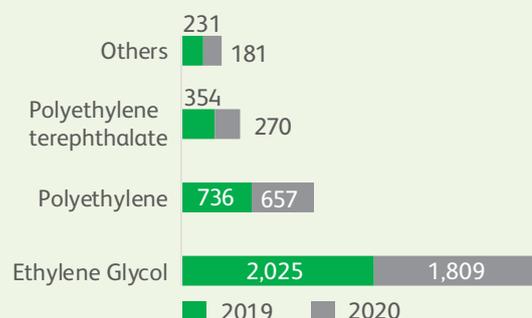
Managing market dynamics

We, at EQUATE Group, concluded 2019 and 2020 with total revenue and net sales of USD3.346 billion and USD2.917 billion, respectively. Our three primary products are ethylene glycol, polyethylene and polyethylene terephthalate. As of 2020, these three products accounted for 92 percent of our total revenue. Ethylene glycol was the predominant product group of our sales and represented 82 percent of our net revenue in 2020.

North Asia dominated as our top sales geographical area contributing to 54 percent of our total revenue in 2020. Our second largest market continues to be Europe which accounted for a total of 25 percent in 2020. Whereas, the Americas and Indian Sub Continental accounted for 12 percent and 10 percent of net sales in 2020, respectively.

Our revenues decreased by 13 percent in 2020 when compared with 2019, and 39 percent decrease when compared with our revenues in 2018. In 2020, we implemented strategic initiatives such as signing loan agreements to finance our business expansion. We liaise with debtors and creditors on an ongoing basis across all business operations to ensure efficient and effective management of working capital. In fact, the majority of our economic value distributed in 2019 and 2020 consisted of payments to providers of capital. Based on our assessment of global market conditions, we identify opportunities where EQUATE Group can refinance existing debt during periods of low interest rates in the market.

Revenue by product group in 2019 and 2020 (USD million)



Sales by geographical area (USD million)



Our economic performance in 2019-2020

GRI 102-45 GRI 102-48

	2020 (USD million)	2019 (USD million)	2018 (USD million)	2017 (USD million)
Direct economic value generated	2,917	3,346	4,821	4,252
Economic value distributed	3,516	4,376	4,474	3,816
Operating costs	2,159	2,282	2,624	2,581
Employee wages and benefits	172	254	311	257
Payments to government	28	73	123	86
Payments to providers of capital	1,155	1,764	1,413	890
Community investments	1.7	3.1	2.55	2.29
Economic value retained	-599	-1030	347	436

Note 1: The economic performance refers to the EQUATE Group consolidated and TKOC.

Note 2: Operating costs include materials cost, distribution expenses, depreciation and amortization, and other costs. Operating costs do not include operating staff cost.

Note 3: Payments to government includes taxes paid across regions, ZAKAT and contributions to KFAS in Kuwait.

Note 4: Payments to providers of capital includes dividend payment to shareholders and payments to lenders.

Note 5: The economic value distributed, and economic value retained for 2018 and 2017 were updated due to changes in data consolidation methodology.

The COVID-19 pandemic restrictions and border closures have affected both our sales by geographical areas, and our revenue by product group, which have decreased from 2019 to 2020. However, our operating costs have dropped significantly due to the optimization of our operations at our Kuwait and Canadian plants. Our operating costs have decreased 13

percent from 2019 to 2020 and 18 percent from 2018 to 2020. We were able to reduce our operating costs through our relentless pursuit of opportunities for optimization within our operations, which could lead to significant savings for EQUATE Group. Examples of few of the optimization projects implemented over the reporting period are presented below.



Isopentane consumption reduction in High-Density Polyethene (HDPE)



About this initiative

Polyethylene uses isopentane to increase cooling capacity and production rate when cooling is limited. However, isopentane use in HDPE reactors is non-recoverable and costs around USD1,500 per ton. We have developed an initiative to limit the use of isopentane only to cases with real ethylene cut back scenarios. Additionally, we have avoided the use of isopentane for HDPE lines when there is no potential for ethylene losses.



Details of the initiative

The usage of isopentane was analyzed, and it was determined that it was not consistent or based on clear conditions and guidelines of our Group. New guidelines were developed to delay and limit the usage of isopentane:

1. The reactor parameters were optimized to achieve maximum cooling capability by increasing reactor pressure and superficial gas velocity (SVG) to the maximum operating limit. Ethylene partial pressure was also increased to the maximum operating limit.
2. Isopentane was mandated to be avoided for HDPE lines when there is no potential for ethylene losses.

The new guidelines have resulted in a significant reduction of emissions and direct savings. The collaboration between technical advisors, production engineers, the production coordinator, and the improvement engineer led to this economic and environmental achievement for our operations in Kuwait.



Impacts of the initiative

- A reduction of 840 tons of isopentane consumption in 2019, resulted in direct savings of USD1.26 million.
- There is a reduction of more than 2,500 tons of CO₂ emissions from flared isopentane.

Innovation and technology

Technology is changing the way we think and act, and is one of the biggest catalysts for change in our business. Our Group is committed to being part of the digital revolution and to leverage in our operations. We harness a strong innovation culture and encourage the adoption of best applicable technologies, both crucial to our business success. We firmly believe in operating in an efficient and reliable manner with minimum down-time and production interruptions, and invest in reliable, state of the art technology and equipment. Inventions by EQUATE Group teams have earned international patents for technical and operational innovations that improve safety and efficiency for the organization, and the industry. The latest global patent for EQUATE Group, also the

company's third international patent by the U.S. Patent Office for technological innovations, is for a Mobile Non-Destructive Testing Inspection robot that increases productivity and reduces risk for team members conducting on-site inspections.

In addition to optimizations in operations, we believe that the adoption of new technologies help dramatically reduce our environmental footprint while simultaneously improving our profitability. Additionally, our focus on innovation enables us to create an internal learning community that shares skills and knowledge. EQUATE Group's commitment to innovation, and continuous drive to promote an environment for human capital advancement is closely aligned to the strategic objectives of the Kuwait Vision 2035.



Furnace convection section cleaning using robotic technology



About this initiative

This initiative was implemented as high stack temperature in one of our furnaces was limiting productivity because foreign materials were getting stuck at a low clearance area of finned tubes. Finned tubes are the main components of heat exchangers. They are a series of tubes where fins have been added on the outside to increase the contact area with the outside fluid, to exchange heat between the fluid inside the tube and the fluid outside the tube. These accumulated over time, resulting in low heat transfer and a higher flue gas exit temperature.



Details of the initiative

This initiative presented an opportunity to introduce new technologies for the cleaning of the furnace. We introduced an innovative 'Mobile Non-Destructive Testing Inspection' robot that will increase safety, efficiency and quality during the cleaning of our furnaces. The mobile non-destructive testing inspection system includes a mobile platform, a robotic arm mounted on the mobile platform, and an end effector for the robotic arm. As a result of this invention, we achieved an effective cleaning rate (approximately 80 percent) and enabled new levels of access to confined locations during maintenance inspections without human intervention. This improved safety and efficiency standards across multiple elements of our business. Additionally, with the adoption of the robotic technology, our process no longer uses chemicals during cleaning, lowering environmental impacts due to the process.



Impacts of the initiative

- Savings of USD1.42 million
- Furnace brought back close to its original design condition after cleaning
- Operations of the furnace at higher throughput to produce extra ethylene, whenever feed was available
- Access to confined locations during maintenance without human interventions leading to safety benefits



Anode assembly invention for the protection of offshore steel platforms from corrosion



About this initiative

EQUATE Group invented an anode assembly that creates a cathodic protection of offshore steel platforms from corrosion in the long term. This invention is the Group's second international patent by the U.S. Patent Office for Technological Innovations.



Details of the initiative

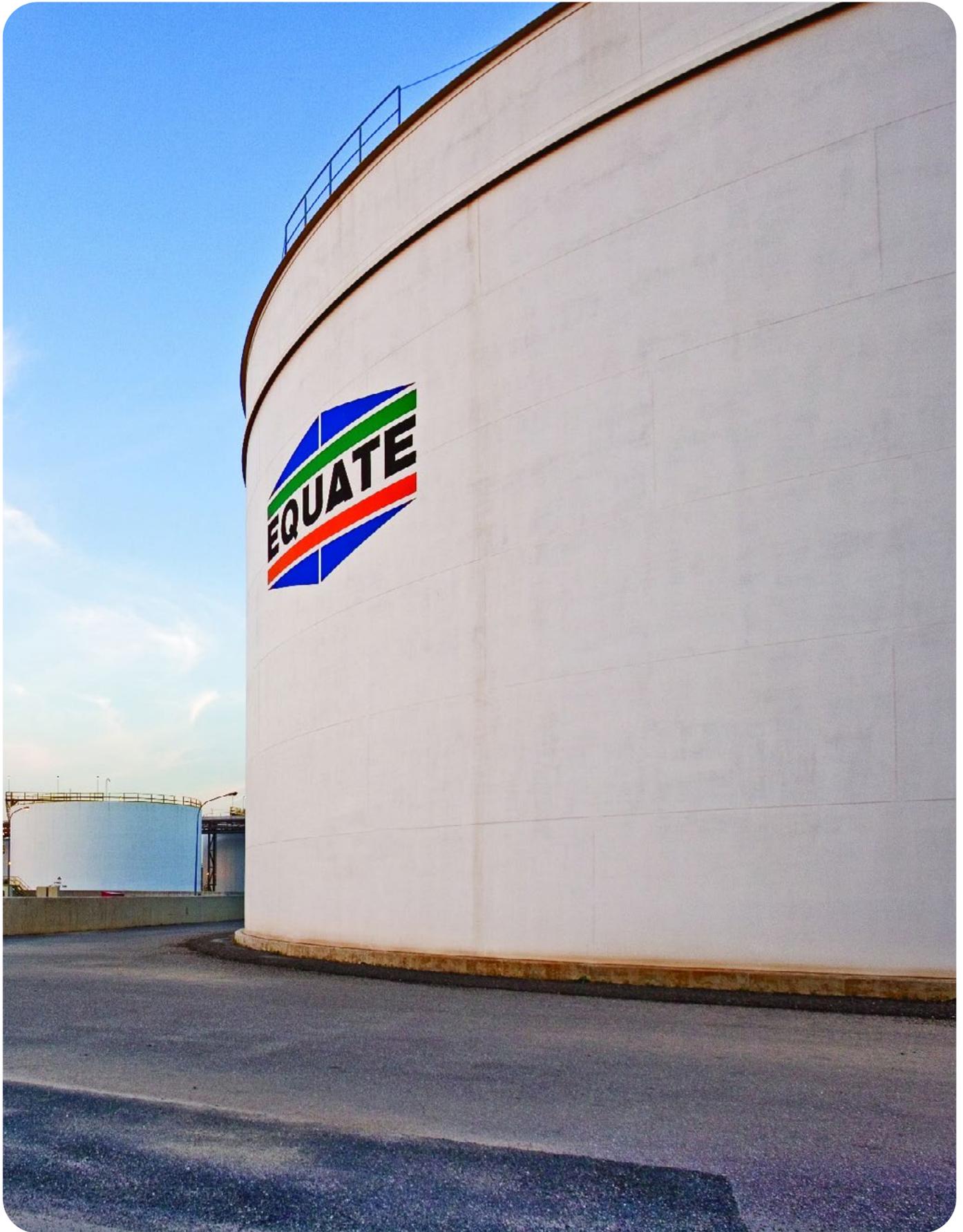
An anode assembly that facilitates the installation and removal of cathodic protection anode was invented by a team of EQUATE Group engineers and successfully patented through the United States Patent and Trademark Office. This innovation provided a unique technique for installation of cathodic protection for the offshore submerged structure which creates a cathodic protection to sustain and protect the steel of the platform. The cantilever supporting structure enabled replacement of the anode from the offshore platform without entering in water nor using additional supporting methods like scaffolding, divers, boats, etc.

This innovative solution reduced maintenance time from 400 hours to two hours. Additionally, the invention avoids scaffolding costs and improves efficiency for our maintenance operations while protecting the submerged structure from corrosion.



Impacts of the initiative

- Cost saving by avoiding supporting methods
- Reduction of maintenance hours from 400 hours to two hours improving productivity levels
- Long-term protection of offshore steel platforms



OUR INDIRECT ECONOMIC IMPACTS

GRI 103-1

GRI 103-2

GRI 103-3

GRI 203-1

As a responsible global corporate citizen, we have a substantial responsibility towards the societies in which we operate, and are aware of our role to actively participate in developing our communities. We are aware of the indirect economic impacts we create through our business activities and related practices. We believe that the way any organization manages indirect economic impact is a crucial measure of its standards of Corporate Social Responsibility.

Our unwavering commitment is to address the social needs of our neighboring communities in all our areas of operation. Our contribution to the local economy of the countries in which we operate includes (but is not limited to) economic impacts through salaries and benefits, purchased goods and services, development of local businesses and entrepreneurs, taxes paid, and local community spend. In USA, the American Chemistry Council estimates that for every job created in the petrochemical sector, six to eight additional jobs are created in support services and related industry.

Another significant proportion of our investments in local communities is endorsed by our sustainability committees through direct community contribution. We value addressing immediate needs as well as committing to long-term funding as they are both fundamental to the development of our communities.

Management’s approach to community contributions

Community investment and contribution is embedded in our sustainability strategy. As a result of our vision to support our communities, group-wide social investment (sponsorship) policies and procedures are maintained under our Operating Discipline Management System (ODMS). Our sponsorship procedures include the Community Awareness and Outreach policy in ODMS, the MEGlobal Americas Inc. Charitable Contributions Guidelines, and the MEGlobal Canada Charitable Contributions Guidelines.

To ensure the implementation of these policies and procedures, we have an EQUATE Sustainability Committee with sub-committee reporting to it known as the MEGlobal Contributions Committee. The EQUATE Sustainability Committee is responsible for overseeing our Kuwait-related social investments as well as our MEGlobal Contributions Committee - which manages our North American social

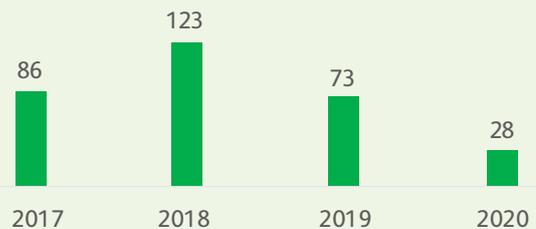
investments. Both committees are responsible for evaluating and making decisions about funding requests from non-profit organizations. The committee members are trained on the sponsorship procedure and are responsible for reviewing our performance against the set community awareness and outreach targets, and goals through biannual reports (mid-year and end-of-year). They are also responsible for communicating our community awareness and outreach initiatives with our stakeholders.

We have also implemented other controls to enhance the impacts of our social investment programs. In 2019, we included the scope of sustainability in our official internal audit program to ensure effective implementation of our internal policies and procedures related to social investment practices. We regularly monitor the budgets allocated for programs, and measure impacts through qualitative feedback from stakeholders including employees, community organizations and partners. Our leadership recognizes the importance of investing in our communities and are regularly updated on community engagement by the Sustainability Committee.

Payment of taxes to governments

In addition to our direct contributions to communities, our indirect contributions are mostly in the form of taxes which indirectly support governments for infrastructure and services for the local community. Our contribution is valued at USD73 million for 2019 and USD28 million for 2020. As our direct economic value generated has decreased, our indirect contributions through taxes have decreased by 62 percent in 2020 when compared with 2019.

Direct payments to governments contributing to infrastructure and services for the local community (USD million)



Direct investments in local communities

GRI 102-12

Our sustainability investments provide support to the non-governmental organizations. Our total contributions for 2019 and 2020 were USD3.1million and USD1.7 million, respectively. The contributions in 2019 exceeded the 2017 amount by 35 percent and equal our 2018 contribution. This is due to our commitments to endorse and continue to support our local communities. In 2020, our contribution spending decreased 26 percent when compared with 2017 due to global health and economic crisis.

Our contributions span across six categories of investments: Economic, Environmental, Community, Education, Health and Safety, and Workplace. At EQUATE Group, we place great value on environmental protection, and sharing our knowledge and expertise with students and young learners. In fact, 74 percent of our community investment in 2019 and 2020 was on environmental and educational projects.

We, at EQUATE Group, value listening to our communities to comprehend their concerns and priorities. Our North American operations have a Community Advisory Panel made up of representatives from various sectors including education, environment, small business, agriculture and local government. This group meets five times annually and provides feedback

to our officials in North America about its operations, as well as community priorities and questions. Our funding commitments linked to our North American operations are as follows:

- In 2019, our North America operations' Community Contribution Program provided 17 non-profit organizations in Fort Saskatchewan and Central Alberta with grants to accomplish a variety of projects benefiting their communities. These included a new roof for the Lacombe Boys and Girls Club building, supplies for the Fort Saskatchewan Pottery Guild, a project for the Nature Conservancy to map the Red Deer River Basin and musical instruments to establish a junior high fine arts program at Clive School.

Direct community contribution (USD million)



Overview of our direct investments in local communities by investment category

Type of investment	Definition	Direct community investment in 2019-2020 (USD)
 Economic	Primarily includes investments in national and regional oil and gas conferences, and exhibitions.	107,351
 Environmental	Investments in projects that help protect the environment such as contributions to plastic recycling non-profit organization (Omniya), contribution to Alliance to End Plastic Waste, and the renewable energy project for PAI.	1,887,181
 Community	Investments that directly support the local community such as contributions to youth empowerment programs, chronic diseases hospitals and community-based non-profit organizations.	806,313
 Education	Investments to support the education of people in the community and advance their knowledge such as the funding of Kuwait Institute for Scientific Research (KISR) training program.	1,679,019
 Health and safety	Investments to drive health and safety within the community such as the funding of health and safety exhibitions.	205,420
 Workplace	Investments in projects that enhance our workplace overall such as annual Umrah trips for contractors, and awareness campaigns for employees on health, safety and environment.	160,296

- Furthermore, in 2020, rather than holding holiday celebrations or giving gifts, we contributed USD24,000 to charities in the Prentiss and Fort Saskatchewan sites on behalf of our employees. The donations were made to organizations serving people in need as a result of the COVID-19 pandemic, and were used to purchase food and supplies for food banks, winter coats and boots for children, counselling services, shelter and support for the homeless, and Christmas gifts for children.

Other initiatives we undertook as part of our community contributions are detailed below.

Continuous Contributions to the communities through MEGlobal



MEGlobal Athletic Park

MEGlobal Athletic Park is sponsored by EQUATE's subsidiary, MEGlobal Canada ULC, and is part of the Lacombe Athletic Park Association in Lacombe, Alberta, Canada. The park is used to host a wide variety of sports and community events and is critical to the health of the region. In October 2018, MEGlobal announced an additional USD2 million investment in the expansion of the park to add track and field facilities, improve spectator areas and enhance the existing field house. The expansion will be completed in 2021.

Ellis Bird Farm

EQUATE Group is the largest supporter of the Ellis Bird Farm, a beautiful conservation and education facility located across from our Prentiss site in Canada. We have been affiliated with Ellis Bird Farm since 2004. We provide the bird farm with more than USD150,000/year in operational funding to support its internationally-recognized research and education programs.



EQUATE Group employee charity campaigns set records in 2020



About this initiative

In the midst of the COVID-19 pandemic and global economic uncertainty, our North American operations' employees reaffirmed their commitment to helping local communities by personally contributing to the annual Employee Charities Campaign.



Details of the initiative

Employees make personal contributions from their bi-monthly paychecks and designate the funds to local United Way organizations or other registered Canadian or USA, non-profit groups. EQUATE Group then makes a matching contribution. The United Way is a global non-profit organization that leads, and partners, in championing community solutions by creating new opportunities, leveraging and investing resources, and collaborating with others. Employees at the Prentiss and Fort Saskatchewan, Alberta sites gave a total of USD100,580, which was matched by EQUATE Group in our North America operations. Fun special events such as pie-throwing and hot dog eating contests raised another USD13,078 — for a total contribution of USD230,000 to the United Way of Central Alberta and United Way Capital Region. The result is positive impact for thousands of individuals and families, and a healthier and stronger community for everyone.



Impacts of the initiative

- USD230,000 raised for United Way and other charities in Canada and USA
- Thousands of community members supported with food, shelter, health and well-being initiatives provided by the United Way, and other non-profit organizations

Our Group is committed to developing and taking steps to giving back to the local communities in which we operate not only through financial support but in-kind and time.



Free transportation to Canada Day festival provided by our Canadian Operation



About this initiative

Canada Day is a national holiday marking the anniversary of Confederation in 1867. In Fort Saskatchewan, Alberta, where EQUATE Group has a manufacturing facility, the day is celebrated with a large community festival. To enhance safety and environmental awareness, our Canadian Operation sponsors transportation to, and from, the event for the hundreds of people who attend.



Details of the initiative

The sponsorship helps reduce traffic in and around the festival, and reminds community members of the benefits of public transportation as a way to reduce carbon emissions. Our operations in North America demonstrate our commitment to sustainability and safety, while festival attendees enjoy the excitement and pride of Canada Day events.



Impacts of the initiative

- Free, safe transportation for hundreds of Canada Day festival attendees
- Fewer vehicles near the festival, increasing safety
- Increased environmental awareness showcasing the benefits of public transportation
- Commitment to community well-being





Texas Adopt-A-Beach program through EQUATE Group North America's support



About this initiative

The Texas General Land Office Adopt-A-Beach program is an all-volunteer effort that began in 1986. The program keeps Texas beaches clean, educates people about harmful marine debris, and rallies support for state, national and international action to clean coastal waters. Since 2017, the EQUATE Group team has cleaned up more than 10 miles of Surfside Beach and collected an estimated 500 pounds of trash.



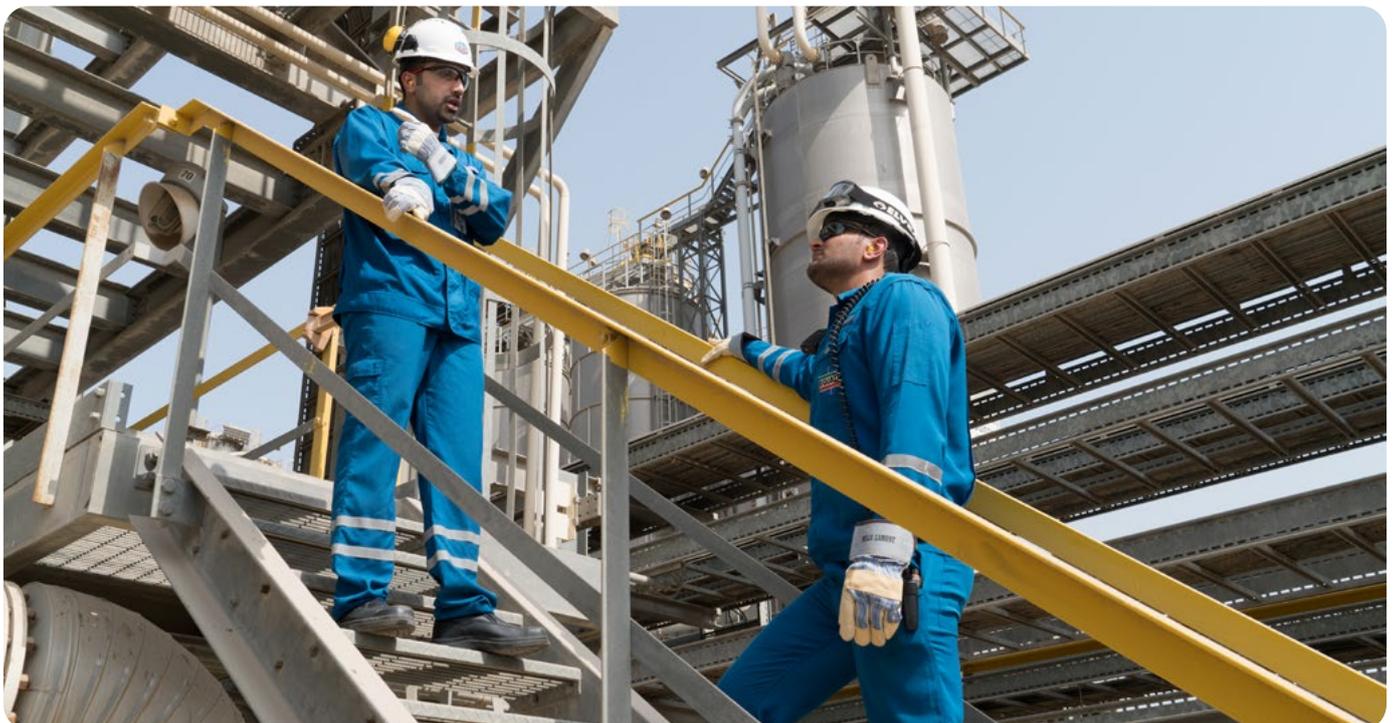
Details of the initiative

Each year in the spring and fall, EQUATE Group employees in Texas have a day at the beach, but they don't play in the sand or swim. Their mission is to remove the trash that washes up, or is left by beach-goers, making the beach safer and more beautiful. The event improves the beach experience for the thousands who use it during the summer, but it also creates awareness about the importance of proper trash disposal.



Impacts of the initiative

- 30-50 EQUATE Group employees, contractors, friends and family members participate in biannual beach cleanups
- Approximately 500 pounds of trash has been removed from Surfside Beach as a result of EQUATE Group's efforts
- Employees clean about two miles of beach during each event



As part of our environmental investment, in 2020 our Kuwait operation completed a solar power project that delivers clean renewable energy for PAI head office in partnership with the National Technology Enterprise Company (NTEC). The project aligns with the New Kuwait Vision 2035 to generate 15 percent of Kuwait's electricity demand from renewable

energy, particularly solar, by 2030. We introduced a Social Return on Investment (SROI) calculation to calculate the contribution of the project to the '2030 Vision' and track the indirect economic impact.



SROI of solar power project on PAI rooftop and headquarter room by our Kuwait operation



About this initiative

Kuwait has one of the highest per capita energy consumption in the world, and has set targets to generate 15 percent of its power demand from renewable energy by 2030. In partnership with the NTEC, our Kuwait operation has completed a solar power project that will deliver clean, renewable energy for the PAI. The 655 solar panels placed on the PAI rooftop will generate approximately 419 megawatt/hour (MWh) per year. This will help reduce about 252 tons of CO₂ annually.



Details of the initiative

This project is a demonstration of a successful private and public sector partnership between EQUATE Group and the NTEC. The installation of solar panels on the rooftop of the PAI's head office is the first solar project of its size for the country, and will be used as a prototype for future government buildings to implement renewable energy solutions that create efficiencies and contribute to the protection of the environment. The project was designed to optimize the energy generated from the system while considering actual site conditions for the existing building. An SROI was calculated to assess the total outcomes for all stakeholders in the next five years which was assessed as USD30 for every USD3.31 invested. The net total impact is USD9.8 million. It took into consideration the real money invested (the installation of photovoltaic panels placed on PAI rooftop of area 3,400 m), as well as time spent on project and in-kind donations. The Renewable Energy Project at the PAI building reflects Kuwait's progressive steps in developing its sustainable energy production, and our partnership with NTEC on this affirms our shared mission to make a positive and sustainable impact in everything we do.



Impacts of the initiative

- EQUATE Group is the first private entity to invest in renewable energy for the public sector and the community in Kuwait
- Solar rooftop system using the latest solar technologies with a total capacity of 262 kilowatts peak (kWp)
- Energy generated: 419.4 MWh per year
- CO₂ emissions reduced: 252 tons per year
- For every one dollar spent, the community benefited by USD30
- SROI estimated at USD9.8 million

Beyond revenue, our sustainable economic growth

Our Group is committed to sustainably increasing economic growth by ensuring profitability through our efficient and streamlined operations and efficiency measures. As a key petrochemical industry player, we comprehend the importance of adopting efficient and disciplined approaches to continue meeting our economic and financial goals. Our responsibility towards economic growth is also measured through our corporate citizenship. In the midst of a global pandemic, our responsibility grows beyond our activities and operations. Our

unwavering commitment is to help protect and ensure health, safety and prosperity in the communities in which we operate, and we will continue to do so in the future.

Since the early stages of the COVID-19 pandemic, we have put in place strict measures to prevent the spread of the virus within our group. Our operations demonstrated flexibility and resilience in addressing restrictions, border closures and other supply and demand pressures using our global network, and diverse logistics and transportation bases. Amid the global spread of COVID-19 pandemic, we successfully navigated through the challenges alongside our employees, customers and local communities.

EQUATE Group Pandemic Response



With the declaration of a global COVID-19 pandemic in March 2020, EQUATE Group established proactive measures to prevent the spread of the virus at the operation sites. Some of the measures included the development of pandemic standards, readiness to protect the employees and contractors, and support the government.

We formed an EQUATE Group Pandemic Team in Kuwait and a Crisis Management Team in North America to lead the pandemic response within the organization. Following COVID-19 pandemic precaution measures, we adjusted schedules and work locations at each site as per business needs. Due to effective planning and organization, our production did not face interruption.

Some of the biggest challenges we overcame occurred at the beginning of the COVID-19 pandemic. In mid-March 2020, polyethylene overland shipments were halted due to the closure of borders. As a result, we switched all the Gulf Cooperation Council (GCC) and Jordan's overland orders to waterborne-based transportation to ensure our customer's orders were shipped on time. This helped strengthen EQUATE Group reputation as a very reliable, resilient, and a dynamic company.

Our European operations also faced challenges in the early days of the pandemic because of the uncertainty overshadowing the supply lines (inbound and outbound) due to measures taken by different European countries to combat the spread of the virus. EQUATE Group took several measures to manage the supply of raw material

needed to produce, and ship PET — an essential product — to converters/customers. We put in place an emergency action plan to address all potential supply disturbances. A team of essential staff met twice daily to review the status of shipments, share information, and work with partners and stakeholders proactively. We established an agreement with co-producers outside of Germany to manage any sudden border blocks. We also tapped into EQUATE Group's strategic logistics partner - SDS Logistics - to source block trains to ship Purified Terephthalic Acid (PTA) as an alternative. Our prompt reaction to the COVID-19 pandemic and the development of mitigation plans avoided any plant shutdowns. We also managed all supply constraints to minimize any impacts on customers.

Our resilience was again proven while managing supply in the Asian Market. Supply shipments to our closest region faced complete and partial lockdowns due to COVID-19 pandemic. Indian and Pakistani customers started lifting their COVID-19 pandemic closure restrictions and EQUATE Group implemented significant shifts of volumes across the regions. We diverted the volumes to Asia instead to avoid reaching difficult situations. Mainly most of the products (MEG, PX, and SM) shifted to China. We were able to avoid unwanted inventories. Our supply chain, commercial and procurement department teams worked closely together during the pandemic to adapt to the challenges in our supply chain, and were able to overcome risks due to their proactive efforts.





3

OUR ENVIRONMENTAL
STEWARDSHIP

Key performance highlights



Energy intensity (MJ/Kg of products)

Kuwait

2020: **13.26**

2019: **13.14**



USA

(MJ/Kg of products)

2020: **8.84**

2019: **10.42**



Canada

(MJ/Kg of products)

2020: **9.77**

2019: **9.82**



Total GHG emissions (scope 1 and scope 2)

(Thousand tons of CO₂
equivalent)

2020: **6,339**

2019: **6,040**



Hazardous waste

(Tons)

2020: **1,376**

2019: **1,809**



Water discharge

(Million m³)

2020: **403**

2019: **425**

As a leading petrochemical organization and one of the largest producers of EG, one of our primary focus areas is good stewardship of our environment. Our environmental obligations aim to target the rapid environmental challenges facing global society such as climate change and biodiversity loss. We recognize the adverse impact our industry can have on the environment and therefore, consider environmental protection as an essential element of our approach towards long-term value creation.

We aim to play a key role in the transition to a lower carbon economy and reduce our impacts on the environment, with the help of advanced technologies, continuous focus on environmental protection, and adherence to our comprehensive environmental guidelines, policies and procedures. Responsibility for the environment is embedded as one of our core corporate values and impels our mindset that our success is dependent on our contribution to minimizing our negative impacts on the environment and protecting the environment as a custodian for our future generations. Our unwavering adherence to our policies and standards ensures that we operate under effective business processes, which go beyond compliance while helping us to manage our environmental obligations effectively.

Our Environment, Health and Safety (EH&S) standards, and RCMS® collectively deliver consistency in our approach towards environmental stewardship across our organization. At our Kuwait operation, we maintain an RC 14001 management system that combines our RCMS® and ISO 14001 (Environmental Management System) into one single system. Our North American operations are in the process of implementing the RC 14001 and are expected to be certified in 2022.

We recognize that our employees play a key role in the proper implementation of our environmental guidelines, policies, procedures and management systems. Therefore, we clearly communicate key environmental risks and impacts with all employees, and require them to undertake regulatory environmental compliance courses every three years.

Our Group’s environmental journey during the reporting period is presented in this chapter and provides an overview of our management’s commitment on environmental protection while highlighting our performance on environmental topics identified as the most material for our Group.

Linkage of important topics covered in the section to corporate sustainability strategy and global sustainability goals

Material topics covered in the section	Link to GRI Standards	Link to EQUATE Group’s Sustainability Strategy 2025 pillars	Link to SDGs
Energy	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 302-1, 302-4 	 Environment	   
Emissions	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 305-1, 305-1, 305-4, 305-7 	 Environment	    
Waste and effluents	<ul style="list-style-type: none"> 103-1, 103-2, 103-3; 306-1, 306-2, 306-3 	 Environment	     

ENERGY

GRI 103-1

GRI103-2

GRI 103-3

As a global producer of petrochemicals, we comprehend that we operate in an energy intensive industry and acknowledge our responsibility to manage our energy use effectively. Hence, we are always looking for new ways to reduce our energy consumption within our operations.

Management approach

We use a documented industry standardized methodology for calculating our energy consumption known as Dow’s Ken Nelson. As per this methodology, we relate all energy consumption to equivalent methane. This method allows us to accurately track and improve our performance and processes for our major energy streams. We also have a detailed energy reporting policy that guides our approach to managing our energy consumption and reporting on our consumption levels. We believe that a consistent approach to energy reporting across our Group will enable us to manage our energy better and become more energy efficient.

In line with our energy reporting policy, we report our specific energy intensity for all our operations as part of the monthly business report reviewed by our EMT. Additionally, our North American operations report their specific energy intensity data as a component of the weekly production reports for each facility.

Target setting

To complement our energy reporting policy, our Group sets specific targets on energy intensity to assess improvement in our energy management practices. Our Canadian operation, and as part of their FOCUS 2020 goals, set an ambitious goal to reduce energy intensity by 15 percent by 2020 compared with the 2010 baseline. 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. As for our American operation, we are set to establish annual targets in 2021, since our plant became operational in September 2019, and we are currently in the process of assessing our baseline prior to setting a target. For details on our current energy performance against targets, please refer to the subsequent subsections.

Furthermore, we benchmark our energy performance against EG producers globally every three years. This helps us in setting medium-term targets, and comparing our position in regard to energy consumption and management.

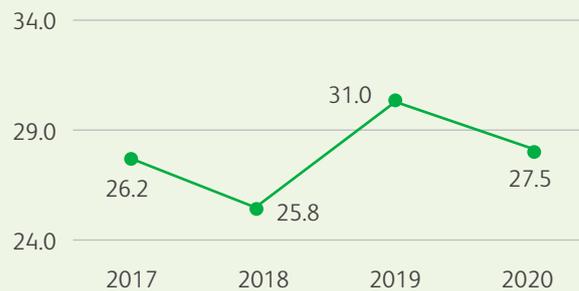
Our primary energy sources

GRI302-1

GRI 302-3

At EQUATE Group, we either generate our energy on site or purchase energy from a third-party provider. Our on-site energy is generated from the burning of three types of fuel: compressed natural gas, propane and diesel. Compressed natural gas accounts for over 99 percent of the total fuel consumed, whereas, propane and diesel — which are consumed at our Canadian operation only account for less than 1 percent of the fuel consumption. Compressed natural gas is used in process furnaces and to produce steam.

Fuel consumption (million gigajoule (GJ))



Note: Our American operation was inaugurated in September 2019. Hence, our data boundary in 2017 and 2018 only included our Kuwait and Canadian operations. Whereas, 2019 and 2020 include our Kuwait, Canadian and American operations.

Electricity consumption (million GJ)



Note: Data presented for 2017 and 2018 do not include electricity consumption in our Head Office in Kuwait.

Our purchased energy comprises purchased electricity and steam. Electricity is purchased from local providers at each of our operations to run electrical drives and to power buildings. Steam is only purchased at our Canadian operation since our Kuwait and American operations produce their own steam by burning fuel. However, our Canadian operation optimizes its steam consumption and sells some of the steam it purchases to other operators. In 2019 and 2020, our Canadian operation sold 442,202 GJ and 429,462 GJ of steam, respectively.

Our energy performance

GRI 302-1

GRI 302-3

At our Group, we consumed a total of 41.5 and 38.5 million GJ of energy in 2019 and 2020, respectively. In 2019, our total energy consumption spiked by approximately 13 percent compared with 2017, primarily due to a comparatively low feed quantity — when the feed quantity is low, our fuel gas consumption increases and subsequently our energy consumption increases. However, we implemented various initiatives to reduce our energy consumption and the impacts of these initiatives are evidenced by our 2020 energy performance. In fact, our energy consumption only increased by 5 percent in 2020, although we had our new Oyster Creek plant fully operational in 2020 — which was not the case in 2017.

Due to the inauguration of our American operation and increase in our production, our Group's specific energy intensity is considered as an effective indicator of our progress on energy management. Specific energy intensity is the ratio of total energy consumption to total production. Thus, it normalizes our energy consumption against production.

At our Kuwait operation, our specific energy intensity was approximately 11 percent and 10 percent higher in 2019 and 2020, respectively, when compared with 2018. This was primarily due to few unplanned shutdowns as well as a planned one that caused production to decrease while energy consumption remained the same. However, our specific energy intensity decreased by 2 percent and 1 percent in 2020, respectively, compared with 2017. With our new updated strategy and its focus on energy management, we will continue to lower our energy consumption through the optimization of compressed natural gas usage and through technological advancements to drive energy efficiency within our operations.

Our Canadian operation on the other hand demonstrated a consistent decrease in specific energy intensity, which declined in 2019 and 2020 by 3 percent and 1 percent respectively, compared with 2017.

Our American operation was inaugurated in September 2019, so performance was only recorded following the inauguration. Our specific energy intensity in 2019 was 18 percent higher than 2020 due to start-up activities.

Update on FOCUS 2020 target for our Canadian operation



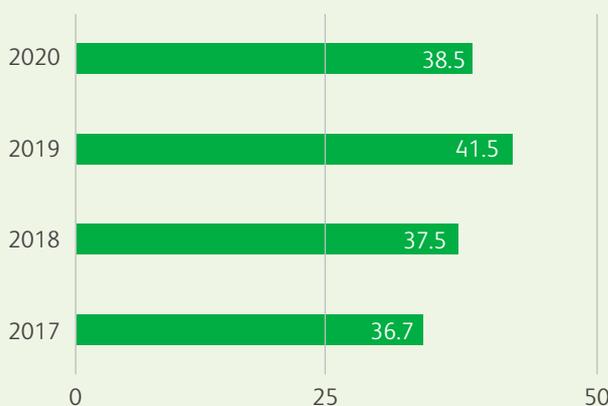
As part of FOCUS 2020, our Canadian operation had set an energy intensity target to be achieved by 2020. The site outperformed the target set with a 28 percent reduction in energy intensity compared with the baseline (2010).

Update on our Kuwait operation's performance



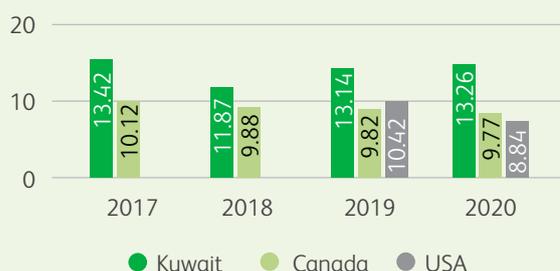
Our Kuwait operation achieved 14.6 percent reduction in specific energy intensity in 2020 compared with our 2010 performance.

Energy consumption at EQUATE Group (million GJ)



Note: The data boundary from 2017-2018 is EQUATE Petrochemical Company (excluding Head Office) and MEGlobal Canada. The data boundary from 2019-2020 is EQUATE Petrochemical Company (including Head Office) and MEGlobal Canada and our American manufacturing operations.

Energy intensity across our operations (MJ/Kg of product)





Optimizing fuel gas consumption within utilities at our Kuwait operation



About this initiative

We implemented this initiative to limit the daily fuel gas consumption by utilities to 58 Billion British Thermal Unit (BBTU) per day to enable our Kuwait operation to meet the energy consumption target and reduce fuel import bills.



Details of the initiative

As part of our efforts to limit additional import and consumption of fuel gas, a team was formed to brainstorm various innovative ideas for implementation within our Kuwait operation.

Firstly, we developed an excel-based fuel gas dashboard to predict daily fuel gas consumption, which was subsequently deployed as an Information Technology (IT) tool to predict the fuel gas consumption by utilities for each day.

Based on the tool's predictions, we decided to utilize a waste liquid stream generated from one of our plants and stored in a two-day tank. We only used the liquid waste as a fuel source to fire the boilers in our utility plants whenever we predicted that our fuel consumption may need to exceed the set limit of 58 BBTU/day.



Impacts of the initiative

- Continuous monitoring of the fuel gas consumption
- Overall awareness about fuel gas consumption trend
- Savings of USD4600 per/year because most of the year, fuel gas consumption was below 58 BBTU/day (although the saving achieved may not be considered very significant, but it shows the dedication and efforts for continuous monitoring of fuel gas consumption)



OUR EMISSIONS

GRI 103-1

GRI103-2

GRI 103-3

EQUATE Group operates in an energy-intensive sector and we are aware that our industry significantly contributes to the total global GHG emissions. We firmly believe that we have a role to play in combating climate change and remain committed to the Paris Climate Agreement. Our priority is to seek opportunities for embracing leading practices within our operations to manage our emissions.

Monitoring and reporting

We have a dedicated emissions reporting procedure with the objective of providing the requirements for classifying and reporting emissions, and assuring that emissions resulting from both normal and abnormal activities at EQUATE Group operations are properly characterized and controlled to prevent adverse effect on employees, the public and the environment. We have identified a subject matter expert (SME) for emissions data collection and reporting at each facility; the SME captures and collects all the emission data at facility level.

We monitor our emissions at each facility across our operations to ensure that all our facilities are within the applicable allowed limits as listed by local regulations including Kuwait Environment Public Authority (KEPA) in Kuwait, Alberta Environment and Parks (AEP) and Environment Canada in Canada, as well as the Texas Commission on Environmental Quality (TCEQ) and the Environmental Protection Agency (EPA) in USA.

Evaluation and verification

In line with our emissions reporting procedure, our SMEs review our emission data annually at their respective facility and explanations of significant changes exceeding 10 percent from the prior year are documented. Furthermore, we evaluate our emission data monthly to determine if current or potential emissions resulting from our normal operations are or could be adversely affecting employees, the public or the environment.

We also perform the evaluation to ensure that emissions to the environment are within the applicable regulatory requirements. We communicate our emission data and evaluation results to the plant management and our EMT — who reviews our performance on a quarterly and annual basis. Accordingly, each of our facilities takes corrective measures when evaluation results indicate that there is a current or likely potential for adverse impacts due to the emissions from the concerned facility.

Apart from our internal assessments and reviews, GHG emissions at our Canadian operation are subject to a third-party verification on an annual basis to assert compliance with regulatory requirements and to ensure a robust system is in place. The emission data is subsequently submitted to the Provincial and Federal regulators in Canada to ensure our Canadian operation’s compliance with local regulations. At our Kuwait and American operations, no external audits on emissions were conducted but we aim to get our Group-wide GHG data verified by a third party in the future.

Targets and objectives

We utilize targets within our organization to provide a clear vision for all employees on corporate objectives and to clarify priorities for everyone involved in the organization. At our Kuwait operation, we are pleased to report a 10 percent reduction in scope 1 emissions in 2019 compared with our baseline.

At our Canadian operation, we established emissions reduction targets as part of our FOCUS 2020 sustainability strategy — a multi-year program that was established in 2010. Our FOCUS 2020 strategy set emission reduction targets for year ending 2020, based on 2010 baseline (2016).

Although we were unable to meet the absolute CO₂ emissions reduction target, our CO₂ emissions intensity reduced by 50 percent when compared with the baseline. We will continue to focus on reducing our absolute emissions from the facility in the future.

Our Canadian operation’s emission reduction targets as part of FOCUS 2020

Type of reduction	Reduction target	Actual reduction
CO ₂ intensity	30 %	50 %
CO ₂ emissions	25 %	14 %

As for our American operation, we are yet to set targets for emission reduction as it was inaugurated in September 2019. In our effort to have a consistent Group-wide emission reduction target, in 2020 we established ambitious carbon reduction targets for all of our Group.

Carbon Reduction Team

In our efforts to further reduce our environmental footprint, we established a Carbon Reduction Team in 2020 that is sponsored by Vice President of Operations and Vice President of Technical Services at our Group with the objective of developing a systematic process to:

- Measure and track GHG emissions (scope 1 and scope 2)
- Benchmark our performance
- Identify opportunities for GHG emissions reduction
- Set targets to reduce our Group-level emissions
- Reduce our absolute scope 1 and scope 2 as well as emission intensity by 32 percent by 2030, compared with the 2019 baseline

As part of the Carbon Reduction Team’s responsibilities to ensure our set Group emission target for 2030 can be met, the team is exploring a variety of emission reduction opportunities at all our operations such as:

- Sale of pure CO₂ streams from all global EG units, with sales in the form of carbon dioxide sales sequestering or conversion to other products
- Sourcing green power for all North American units (would explore the potential longer-term power purchase agreements (PPAs) in order to source power from renewable sources.)
- Sourcing non-coal power in Germany
- Explore opportunities to source a more efficient catalyst at our Kuwait ethyl benzene and styrene monomer (EBSM) unit
- Continue to investigate operational opportunities to reduce emissions at our Kuwait ethylene units
- Evaluate electrochemical reduction of CO₂ to EG
- Continue to monitor legislation in the jurisdictions we operate
- Work closely with the Kuwait government to progress green power initiatives/infrastructure and CO₂ sequestration infrastructure
- Continue to monitor the development of low carbon emission thermal energy sources

Our GHG emissions

GRI 305-1

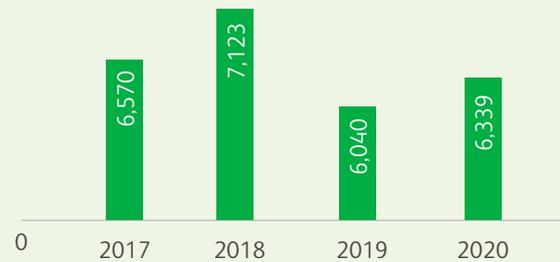
GRI 305-2

GRI 305-4

Direct GHG emissions make up 67 percent of our total (scope 1 and scope 2) emissions, whereas indirect emissions accounted for the remaining 33 percent.

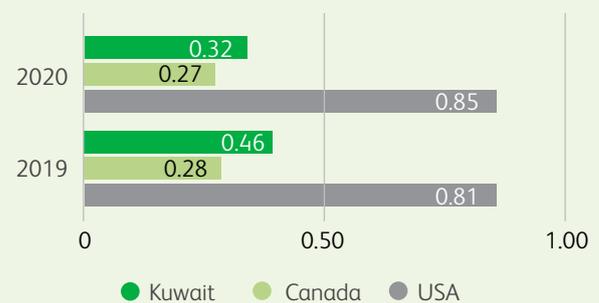
Our total emissions (scope 1 and 2) in 2019 and 2020 were 8 percent and 3.5 percent, respectively, lower in comparison to emissions in 2017, despite the inauguration of our Oyster Creek site in the end of 2019, and the inclusion of our Head Office into the reporting boundary.

Aggregate direct and indirect GHG emissions (thousand ton CO₂ equivalent)



Note: The data boundary from 2017-2018 is EQUATE Petrochemical Company (excluding Head Office) and MEGlobal Canada. The data boundary from 2019-2020 is EQUATE Petrochemical Company (including Head Office) and MEGlobal Canada and our American manufacturing operations.

GHG emission intensity (ton CO₂ equivalent/ton of product)



Note: The data boundary for the intensity ratio in our Kuwait operation include Scope 1 GHG emissions. The data boundary for the intensity ratio in our North American Operations include Scope 1 and Scope 2. The data does not include CO₂ exported to third parties.

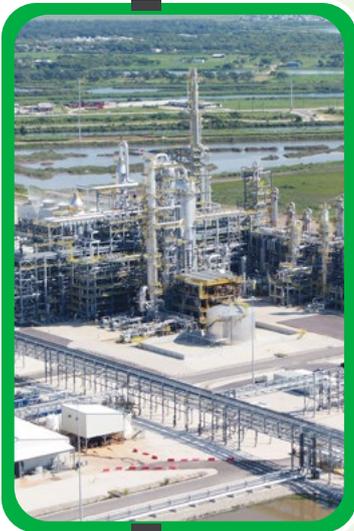
Total emissions increased by 6 percent in 2020 compared with 2019 due to our new industrial facility in USA becoming fully operational in 2020. The inauguration and operations of the Oyster Creek, Texas site plays a key role in our ambition to reduce our GHG emissions while growing our operations. We have strategically designed the plant and structured its operating philosophy in a way that limits its GHG emissions.

In addition to absolute GHG emissions, we also track our scope 1 and scope 2 GHG intensity, and we believe it is the best indicator of our current GHG performance because it is

normalized against our production. Due to our continuous focus on the management of our GHG emissions, our Canadian operation exceeded the FOCUS 2020 GHG intensity target by 20 percent compared with the baseline (2010), reaching a cumulative reduction of 50 percent when compared with the baseline. Our Canadian operation also achieved approximately a 4 percent reduction in GHG emissions intensity in 2020 compared with 2019.



Oyster Creek: New environment friendly production facility design



About this initiative

The new Oyster Creek facility started production in October 2019. It was designed and built to be best-in-class for energy efficiency, and to generate low emissions through multiple design considerations.



Details of the initiative

Every aspect of our Oyster Creek facility was designed to use minimum resources such as water and energy as well as to minimize emissions. As a new facility, every opportunity was taken to incorporate best available technology into the design and ensure the facility was sustainable for the future. This included items such as:

- Minimization of carbon dioxide generation from the production of EG through the use of high efficiency catalyst
- Use of low NOx boiler technology in order to minimize nitrous oxide emissions
- Reuse of water to minimize water demand, as well as use less wastewater to treat and release
- Use of catalytic oxidation on volatile organic compound (VOC) emission streams
- Energy recovery and high destruction efficiency of hydrocarbon streams through integration with boiler fuel systems
- Sales of carbon dioxide to a commercial customer instead of venting to atmosphere



Impacts of the initiative

- Minimize CO₂ emissions and other GHG
- Maximize energy efficiency
- Minimizing water use as well as treatment and release of wastewater
- Very low volumes of waste generated
- Support meeting our Group's sustainability goals and objectives

Direct (scope 1) GHG emissions

GRI 305-1

GHG emissions are directly linked to energy consumption since the generation of energy is a major source of emissions. Across all our operations, our scope 1 emissions primarily consist of emissions released to the environment by the combustion of compressed natural gas. Among the various GHGs that we emit under our scope 1 emissions, carbon dioxide accounts for an average 86 percent of all our scope 1 emissions in 2019 and 2020, whereas nitrous oxide and methane constitute the remaining 14 percent.

Since 2016, we continued our partnership with Gulf Cryo in the recovery and recycling of CO₂ in our efforts to reduce GHG emissions at our Kuwait operation. 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 emitting to the atmosphere, thereby reducing our carbon footprint. In 2019 and 2020, we sold 67,460 tons and 65,301 tons of CO₂ to Gulf Cryo, respectively. In 2020, our American manufacturing operation sold 52,862 tons of CO₂ to a third-party purchaser in alignment to our Group's carbon capture plans.

At our Canadian operation, CO₂ is generated as part of the EG manufacturing process through the combustion of fuel gas to generate steam to heat the industrial processes and the oxidation of ethylene. Since 2007, a carbon capture mechanism for Enhanced Oil Recovery (EOR) Offset Project has been operational at our Prentiss 1 facility. Prentiss 1 is one of our chemical manufacturing facilities that produces EG products. The captured CO₂ is transferred, processed, compressed, and transported by pipeline to injection sites in central Alberta for geological injection in enhanced oil recovery operations. In 2019 and 2020, our Canadian operation sold 264,261 and 274,245 tons of CO₂, respectively.

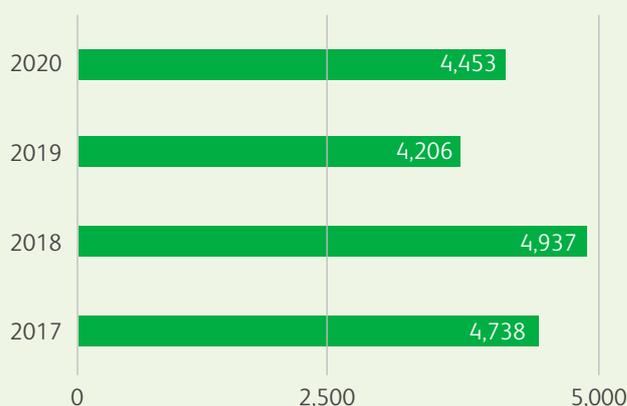
Canada continues to move towards legislation to achieve Paris Agreement targets, targeting reductions through energy efficiency, transportation and carbon pricing. Our operations in Canada are based in Alberta, where CO₂ emissions above the product benchmark will cost USD40/MT by 2022, and prices are expected to rise through 2030. As a result, our Canadian operation has adopted a carbon pricing mechanism set by the Canadian government aimed to protect the environment while driving investments in clean technologies.

At EQUATE Group, we have seen a steady decline of scope 1 GHG emissions in 2019-2020 in comparison with our emissions over 2017-2018, despite the data for this period now including our American operation. In fact, our scope 1 GHG emissions have decreased by 11 percent in 2019 and 6 percent in 2020 in comparison with the corresponding emissions in 2017.

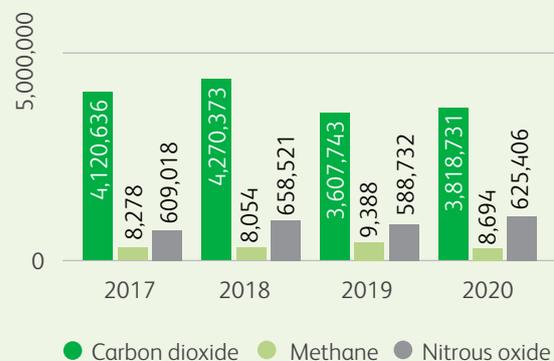
Amount of carbon dioxide captured at our operations and sold to third parties in 2019 and 2020

EQUATE Group operation	CO ₂ recovered and sold in 2019 and 2020
Kuwait	132,761 tons
Canada	538,506 tons
USA	52,862 tons

Direct (scope 1) GHG emissions (thousand tons CO₂e)



Breakdown of direct (scope 1) GHG emissions at EQUATE Group (ton CO₂e)



Note: The data boundary for 2017-2018 is EQUATE Petrochemical Company and MEGlobal Canada. The data boundary for 2019-2020 is EQUATE Group (EQUATE Petrochemical Company and MEGlobal Canada and our American manufacturing operations).

Indirect (scope 2) GHG emissions

GRI 305-2

Indirect emissions at EQUATE Group represent the purchase and consumption of electricity at all of our operations as well as the purchase of steam in our Canadian operation. In 2020, our scope 2 GHG emissions have increased 3 percent compared with 2019 in spite of the inclusion of our Head Office in Kuwait and our new Oyster Creek facility in USA.

Nitrogen oxides, sulfur oxides and other significant air emissions

GRI 305-7

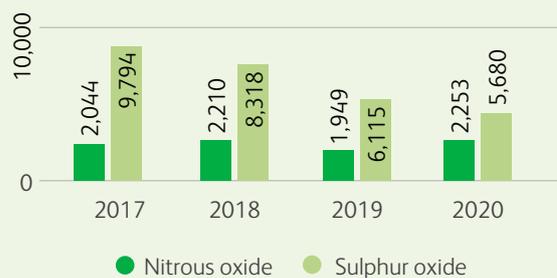
We are aware that pollutants can have adverse effects on climate, air quality, ecosystems and community health. Reductions in regulated pollutants lead to improved health conditions for both workers and communities we operate in. As a result, all our operations monitor emissions of nitrogen oxides and sulfur oxides, and are committed towards the reduction of flared gas. Over the years, we have taken several steps to reduce air emissions beyond compliance limits such as the installation of low NOx burners in our Kuwait operation. In Kuwait, our Group follows the Kuwait Environmental Public Authority (KEPA) guidelines and regulations. In Canada, we calculate the emissions as per the National Pollutant Release inventory requirements, and in USA we use the 2020 Emissions Inventory Guidelines published by the Air Quality Division of the Texas Commission on Environmental Quality. Although we have increased production with the inauguration of our new plant in USA, we have significantly reduced our emission of sulfur oxide with a decrease of 38 percent in 2020 compared with 2018. Due to the increase in production, our nitrous oxide emissions increased in 2020 by 10 percent compared with 2017 levels. However, in 2019 — a year in which production levels were almost equivalent to 2017 levels, our nitrous oxide emissions decreased by approximately 5 percent when compared with 2017.

Indirect (scope 2) GHG emissions (thousand tons CO₂e)



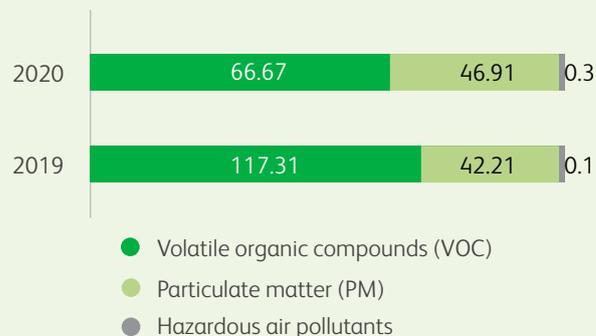
Note: The data boundary for 2017-2018 is EQUATE Petrochemical Company (excluding the Head Office) and MEGlobal Canada. The data boundary for 2019-2020 is EQUATE Group (EQUATE Petrochemical Company including the Head Office and MEGlobal Canada and our American manufacturing operations).

Emissions of nitrogen oxides and sulphur oxides (ton)



Note: The data boundary for 2017-2018 is EQUATE Petrochemical Company and MEGlobal Canada. The data boundary for 2019-2020 is EQUATE Group (EQUATE Petrochemical Company and MEGlobal Canada and our American manufacturing operations).

Other air emissions at our North American operations (ton)



WASTE AND EFFLUENTS

GRI 103-1

GRI 103-2

GRI 103-3

To meet our commitment to environmental preservation, we have implemented well-defined policies and management systems for the effective management of the use of natural resources, and our impacts from the disposal of waste. Our operations have a direct impact on our host communities, and it is our responsibility to safely manage waste and to increase our efforts to prevent significant spills to the environment.

Our international partnerships on waste management

As a responsible manufacturer, we signed up the Operation Clean Sweep®, an international initiative from the plastics industry to reduce and prevent plastic pellet loss to the environment. Additionally, we are proud that our Group is now a member of the Alliance to End Plastic Waste (AEPW), joining other new members with a shared vision of developing and bringing to scale solutions to help eliminate plastic waste in the environment. The membership marks a milestone in our journey to create a more sustainable global environment and to advance in our circular economy journey.

Our waste and effluents management philosophy

Our strict EH&S standards on waste management and wastewater are closely monitored, controlled and reported to management on a regular basis. We follow leading waste management practices as part of our commitment to Responsible Care® and therefore, have multiple management policies and procedures on the effective management of effluents and waste.

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. We continuously strive to eliminate or minimize the generation of waste at source and encourage reuse or recycling. In fact a product stewardship program was created in order to augment awareness, and to encourage our customers to engage in better housekeeping and recycling to minimize waste during product use. We also partner with community groups, peers in the industry, and governments to raise awareness on the importance of recycling and the correct way of doing it. As part of our approach to effective waste management, we seek to treat waste generated that is not reusable or recyclable using chemical, physical and biological treatment methods or are incinerated.

Along with the management of our waste, we also manage our wastewater through the proper implementation of our wastewater management procedure under our Operating Discipline Management System (ODMS). Our procedure ensures that the quality of wastewater discharged from our Group to the sea is within the applicable limits.

Review and evaluation

We analyze trends in waste generated as per the site waste registers and conduct annual reviews with facility focal points. We also review the wastewater data, in the first quarter of every year, and communicate this data to our utilities department and to our Environmental Experts. Internal and external audits are conducted to ensure compliance with regulatory requirements, and with leading standards. In our Kuwait operation, we abide by local regulatory requirements as per KEPA and PAI. At our Canadian operation, we adhere to the Alberta Environment and Parks regulations, and are also governed by rigorous regional and national wastewater treatment standards such as the Wastewater Systems Effluent Regulations and the Fisheries Act. At our American operation, we follow the Resource Conservation and Recovery Act (RCRA) which governs the disposal of solid waste and hazardous waste.

Our waste performance

GRI 306-2

At EQUATE Group, we generate both hazardous and non-hazardous waste.

Hazardous waste includes degraded sulfolane, solidified process sludge, and activated alumina.

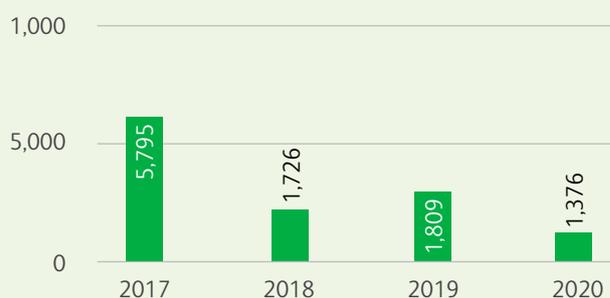
Non-hazardous waste includes paper, plastic, ceramic balls, foods waste, etc.



Hazardous waste

We manage the disposal of hazardous waste as per regulatory requirements in the countries of our operation. In our Canadian operation, hazardous waste is disposed through a third-party contractor to landfills but some of our hazardous waste is disposed through recycling or incineration. At our Kuwait operation, all solid hazardous waste is disposed of through a third-party contractor to landfills. At our American operation, no hazardous waste was disposed in 2019 as operations started in September 2019. Our total levels of hazardous waste generated in 2020 at Group level decreased by 76 percent when compared with 2017. The decrease can be attributed to our continuous efforts to reduce waste but also due to the fact that 2017 was a major turnaround year which led to the generation of significant quantities of hazardous waste within our operations.

Hazardous waste generated (ton)



Note: At our American manufacturing operation, no hazardous waste was disposed in 2019 as operations started in September 2019. The reporting boundary includes only our operations in Kuwait and Canada.

Non-hazardous waste

We understand the implications of all types of waste to the environment and are actively working on a new initiative to enable us to increase the recycling of non-hazardous waste. All non-hazardous waste at our Kuwait and American operations is disposed in landfills. In our Canadian operation, non-hazardous waste is disposed through recycling, incineration, land filling and land-farming. Our total levels of non-hazardous waste generated in 2020 at Group level increased by 76 percent when compared with 2017 and by 76 percent compared to 2019 due to larger volume of wastewater treatment solids that had to be land-farmed.

Non-hazardous waste generated (ton)



Note: The data boundary from 2017-2019 is EQUATE Petrochemical Company and MEGlobal Canada. The data boundary from 2020 is EQUATE Petrochemical Company and MEGlobal Canada and our American manufacturing operations.

Amount of hazardous waste broken down by disposal method (ton)

Disposal method	2017	2018	2019	2020
Recycling	0.14	1.54	0.54	0.41
Incineration (mass burn)	733	849	0.68	0.91
Landfill	5,062	875	1,808	1,375
Total weight of hazardous waste disposed	5,795	1,726	1,809	1,376

Amount of non-hazardous waste broken down by disposal method (ton)

Disposal method	2017	2018	2019	2020
Recycling	1.21	264	217	437
Incineration (mass burn)	3.2	4.62	0.33	0.44
Landfill	3,093	6,001	2,859	2,329
Others	19,250	18,207	21,263	36,757
Total weight of non-hazardous waste disposed	22,347	24,477	24,339	39,523

Significant spills

GRI 306-3

Our operations can result in products or other hazardous materials released to the atmosphere through accidental spills. Over the reporting period 2019-2020, there was only one significant recorded hydrocarbon spill at our American operation which led to increased concentration of Total Organic Carbon (TOC) released into our site wastewater ponds. The spill which consisted of a mixture of dilute glycol and water was recovered, and sent for treatment. However, we regard each incident as a learning opportunity for our entire workforce by analyzing near-miss incidents, and developing detailed action plans such as follow-up inspections and campaigns for spill reduction.

Water discharge

GRI 306-1

We endeavor to ensure good stewardship over the water resources in the communities we operate in. We seek to minimize the use of scarce water resources through our efforts in process optimization as well as by increasingly reusing or recycling wastewater within our organization. At our North American operations, our effluent baseline and targets are included in the Site Service agreements with Dow for release of the runoff water and process water. Additionally, water discharges are tracked in accordance with the agreement with the third-party acceptor of the effluent. Our effluent waste discharge is reviewed regularly by our management and then shipped for disposal to third parties when the threshold volume is reached. In our American operation, surface water runs off the site into designated canals and is not contaminated on site.

Process water is directed to an offsite BIOX water treatment process and is fully processed to the appropriate local standards prior to release. At our Kuwait operation, seawater used in the cooling towers is discharged to the gulf untreated, but we treat wastewater as per KEPA regulations using sequential batch reactor technology and DynaSand filter technology to treat our industrial wastewater. For more details on the wastewater treatment methodology used in our Kuwait operation, please refer to the infographic on page 76.

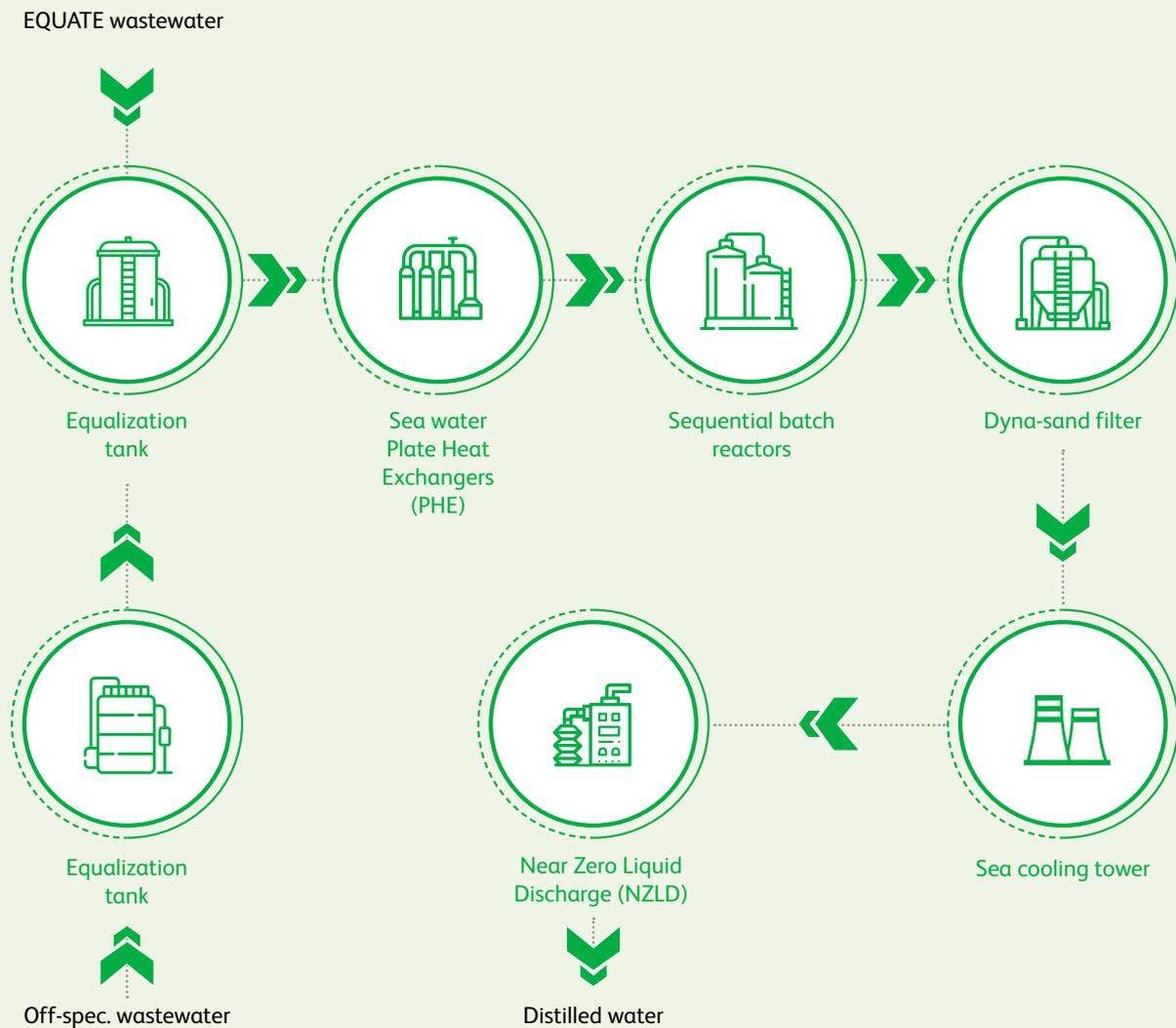
Our water discharge decreased by 1.6 percent in 2019 compared with 2018. In 2020, we have decreased our water discharge by 5 percent compared to 2019 and have achieved the lowest water discharge to surface water bodies compared to the past four years, even with the inclusion of Oyster Creek site to our reporting boundary.

Water discharge to surface water bodies (million m³)



Note: The data boundary for 2017-2018 is EQUATE Petrochemical Company and MEGlobal Canada. The data boundary for 2019/2020 is EQUATE Group (EQUATE Petrochemical Company and MEGlobal Canada and our American manufacturing operations).

Wastewater treatment at our Kuwait operation



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. During the reporting period, we re-engineered the plant and now we are in the process of fixing the leaks. We expect to start the plant for recovering wastewater in June 2021.

Continuing our environmental sustainability journey

At EQUATE Group, we will continue to play a key role in combating climate change and in advancing the energy transition by adopting new technologies, and embracing smarter processes aimed at optimizing our operations. As part of our sustainability strategy, we are exploring opportunities to ensure we meet our target of reducing our carbon emissions by 32 percent by 2030. In addition to our focus on reducing our GHG emissions, we will continue to strategically reduce our plastic waste and to align our current approach to waste management with the circular economy principles.



📍 Prentiss, Canada

THINK SAFETY,
WORK SAFELY

MEGlobal

4

OUR HEALTH AND SAFETY PRIORITIES





Key performance highlights



Injury rate

Kuwait

2020: **Zero**

2019: **0.07**



Work-related fatalities

2020: **Zero**

2019: **Zero**



USA

2020: **Zero**

2019: **Zero**



Process safety events

2020: **Zero**

2019: **Zero**



Canada

2020: **0.9**

2019: **Zero**



Percentage of products assessed with all applicable marketing and labeling standards

2020: **100%**

2019: **100%**

At EQUATE Group, we recognize our responsibilities for ensuring a safe workplace for our employees as well as ensuring the safety of the communities around our operations. We believe that we are personally responsible for our behavior, and we understand that our success is dependent on the environmental health and safety of our employees, our business partners and the communities in which we operate. We are a Target Zero Group with a vision of Zero Incidents, and Zero Injuries, and fully comply with all regulatory health and safety requirements in the areas we operate.

Ensuring workplace health and safety is at the core of our operations, the Code and our Group Values. We also maintain health and safety policies as part of our Operating Discipline Management System (ODMS) to govern our activities. Our unwavering compliance with our health and safety policies ensures effective business processes focused on compliance, and proactive approach to risk management that focuses on protecting the health and safety of EQUATERS, contractors, the environment and our communities.

Another important initiative that drives our Group to maintain the highest standards of health and safety is our commitment to Responsible Care® through which we pledge to improve environmental, health, safety and security (EHS&S) performance for our facilities, and processes. We have a dedicated Responsible Care® Committee which meets quarterly and is composed of representative from different

parts of the organization (including staff and managers). The primary function of the team is to review and manage site environment, health and safety concerns and ensure the accurate implementation of our RCMS®.

As a Group operating in the petrochemical industry, we understand the importance of developing an organizational culture to sustain and improve health and safety practices.

H&S awards for EQUATE Group



In 2019 and 2020, our Group was awarded the following:

- Industrial Occupational Safety & Health (IOSH) Alberta, the Dwight Bowhay Award for our outstanding health and safety innovations
- The Chemistry Industry Association of Canada (CIAC) Safety Award of Excellence for achieving excellent personal safety results and consecutive years of injury free operations
- Gold and Platinum award for EH&S Excellence from ASSP

Linkage of important topics covered in the section to corporate sustainability strategy, and global goals and initiatives

Material topics covered in the section	Link to GRI Standards	Link to EQUATE Group's 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, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10 	<p>Health & Safety</p>	
Process safety and asset integrity	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • GRI OG13 	<p>Health & Safety</p>	
Product stewardship	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 416-1, 416-2 • 417-1, 417-2 	<p>Health & Safety</p>	

OCCUPATIONAL HEALTH AND SAFETY

Our management approach

GRI 103-1 GRI103-2 GRI 103-3 GRI 403-5

As part of our health and safety policies, we have dedicated elements for ensuring the occupational health and safety of our employees, and contractors. We maintain a site-level health and safety governance structure at all our operations to oversee the implementation and maintenance of our policies related to occupational health and safety, and to ensure that our annual safety-related objectives of zero incidents and zero injuries are met. Our health and safety governance is composed of a site-level Environment, Health and Safety Committee, departmental focus teams, and safety officers.

At EQUATE Group, we are committed to mitigating any significant negative occupational health and safety impacts that are directly linked to our operations, products and services. We aim to protect all workers, whether they are employees or contractors, from negative occupational

health and safety impacts. We maintain a baseline data for our occupational health and safety performance, which helps us monitor and set targets on occupational health and safety such as our zero injuries and zero illness targets for our employees, and contractors. Our approach to the management of health and safety risks within our operations is to have effective systems and procedures in place to reduce residual risks as low as reasonably practicable.

At our Kuwait operation, we conduct regular safety walk-through audits to ensure all health and safety regulations, and requirements are followed. We also conduct safety timeout sessions and safety campaign sessions every quarter for our employees and contractors in which we organize programs to promote awareness on workplace safety, covering topics such as the importance of wearing Personal Protective Equipment (PPE), occupational awareness, EH&S life critical standards, trends and best practices, incident simulation, and safety considerations as part of major turnarounds.

EH&S governance at our Kuwait operation

GRI 403-1

 <p>Site EH&S Committee</p>	 <p>Number of representatives 18</p>	 <p>Meeting frequency Monthly</p>	 <p>Proportion of workers 45%</p>	 <p>Oversight level Site-level directors, led by VP Operation</p>
 <p>Departmental EH&S focus teams</p>	 <p>Number of representatives 6-12 Per team</p>	 <p>Meeting frequency Weekly</p>	 <p>Proportion of workers 50%-60%</p>	 <p>Oversight level Departmental</p>
 <p>Safety officers</p>	 <p>Number of representatives 22 deployed around site/ departments</p>	 <p>Meeting frequency Weekly</p>	 <p>Proportion of workers 80%</p>	 <p>Oversight level Multi facility</p>

EH&S governance at our operations in North America

GRI 403-1

 <p>MEGlobal Leadership EH&S Team</p>	 <p>Number of representatives 12</p>	 <p>Meeting frequency Bi-weekly</p>	 <p>Proportion of workers Zero</p>	 <p>Oversight level Management</p>
 <p>EH&S Department Team</p>	 <p>Number of representatives Seven</p>	 <p>Meeting frequency Bi-weekly</p>	 <p>Proportion of workers Six members are workers</p>	 <p>Oversight level Departmental</p>
 <p>Site Responsible Care® teams</p>	 <p>Number of representatives Eight per site (24 for the company)</p>	 <p>Meeting frequency Quarterly</p>	 <p>Proportion of workers 21 of 24 members are workers</p>	 <p>Oversight level Multi facility</p>

Monitoring and evaluating our health and safety performance

GRI 403-2

GRI 403-7

As safety is our top priority, our EMT reviews safety performance on an ongoing basis and all managers are aware of our EH&S zero targets. In our North American operations, we use SharePoint to track our health and safety statistics, and charts showing the data are available to all employees through the MEGlobal intranet. 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.

Our policy on reporting and investigating incidents helps us identify hazards, and to assess risks relating to our operations. We conduct a root cause analysis on all EH&S incidents to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system. The analysis is reviewed by senior management and all opportunities are tracked through an action database, the Action items Tracking System (AITS). As part of our commitment to Responsible Care®, EQUATE Group undertakes external verification of our

RCMS® to assess if we are indeed meeting the intent of the Responsible Care® Commitments.

As part of our approach to managing health and safety risks in the workplace, we have a broad range of occupational health and safety practices, and procedures in place including processes for hazard assessment, elimination and control for routine and non-routine jobs. All practices and procedures apply to our contractors as well as our workforce. Prior to initiating any work, we mandate a pre-task hazard analysis to be completed to identify any new or unique hazards. Job hazard analyses are also conducted on all activities to identify the best approach to complete a task safely such as the use of special PPE or required precautions. Based on the hazard analysis, we implement suitable controls to reduce the risk identified, and have clearly defined procedures to guide our employees during routine and non-routine jobs. Additionally, routine spot inspections are conducted by EH&S employees as well as our management to ensure compliance with health and safety mandates. We ensure the quality of these processes by making sure that all expectations, safety standards, and our zero-tolerance policy for violations are clearly communicated with all employees and contractors.

GRI 403-8

100 percent of our employees

and contractors at our North American operations were covered by the occupational health and safety management system under our RCMS®.



Occupational Health and Safety Management System

GRI 403-8

At EQUATE Group, we manage our health and safety processes using a robust health and safety management system that is in place at all our operations, a requirement mandated on all Responsible Care® members as per the Chemistry Industry Association of Canada (CIAC), and the American Chemistry Council (ACC). We follow various regulations and standards, and maintain an RCMS® that covers occupational health and safety. All our operations are internally and externally audited under our RCMS®. Please refer to page 89 for more details on our RCMS®.

Our processes help us evaluate and continually improve the occupational health and safety management system. Additionally, EH&S audits are conducted three to five times per year to ensure our workforce conform to our health and safety standards, and to continuously improve health and safety performance. Our American operation will undergo its first EH&S audit in 2022 as part of the RC 14001 certification. We also conduct Certificate of Recognition (COR) audit on personal safety in our Canadian facilities, annually.

Our responsible workforce

GRI 403-4

EQUATERS support maintaining the highest standards of health and safety by performing a myriad of activities and duties. Our employees are responsible for the following:

- **Review and improvement of health and safety management system:** Safety experts review the procedures to ensure continuous improvement of the occupational health and safety policies, standards, and procedures, and guarantee no hazards have been overlooked.
- **Continuous training to maintain up-to-date knowledge of our safety requirements:** Our employees are trained on various health safety standards which include the

eight life critical EH&S safety standards. This includes new employees, who are assigned a mandatory mentorship program which provides them with the necessary training and certification for a task before completing it independently.

- **Reporting and intervening on work-related hazards and situations:** Employees must report work-related hazards and hazardous situations. We trust our workforce's judgement and expect them to manage safety hazards if they can, such as intervening with a co-worker who is not using PPE. For hazards requiring technical work, all our employees have access to various tools that can help mitigate the identified risk.

As health and safety is our top priority, we take all concerns very seriously, and assess and adapt the job deemed unsafe by assessing alternate methods. There is an anonymous near-miss reporting system that can be used if there is any fear of retaliation.

Monitoring the health of our employees

GRI 403-3

GRI 403-6

Our employees and contractors are the building block of our Group, and their health is our utmost priority. In Kuwait, we have a dedicated medical center available around the clock with two doctors present at day. We also have assigned paramedics and ambulance drivers, at all times, as part of our emergency response procedures at our Kuwait operation. Furthermore, we adopt appropriate measures and detailed processes to minimize the on-the-job health risks for our employees and workers. We adopt the following measures to monitor the health of our employees:

- **Annual monitoring of employees' health:** We annually monitor the health of all employees who are exposed to noise or those required to use respirators for their work. We also have a defined program for occupational health monitoring of chemical exposure at our sites.
- **Provision of health facilities and services:** Our Canadian operation include a health center and an occupational nurse for any work-related injuries or concerns. In our American operation, there is an offsite health care providing an occupational doctor, and employees are welcome to discuss non-occupational concerns with the doctor. We also provide a voluntary health assessment program conducted by the health center, once every three years.
- **Continuous assistance to employees and dependents:** We have developed an Employee Assistance Plan (EAP) that provides support for employees and their families for non-work-related health risks or issues.

Our health and safety performance

GRI 403-9

GRI 403-10

Due to our proactive approach to the management of health and safety performance, we did not have any work-related fatalities for over six consecutive years. We also maintained a zero-injury-rate at our operations in Kuwait and in the USA over the reporting period. However, we had a case of one recordable injury at our Canadian operation in 2020. We assessed the root cause of the injury after a detailed investigation and corrective actions were proposed to prevent similar injuries from occurring again. We would aspire to

achieve a zero injury rate at our Canadian operations as we continue to adhere to our rigorous process, standards and by adopting preventative measures.



3.5 million

consecutive safe work hours during the construction of our Oyster Creek site in USA, which was inaugurated in 2019.

Our health and safety performance

	2017		2018		2019			2020		
	K	C	K	C	K	C	USA	K	C	USA
Injury rate (IR)	0.01	Zero	Zero	Zero	0.07	Zero	Zero	Zero	0.9	Zero
Number of recordable injuries	1	Zero	Zero	Zero	3	Zero	Zero	Zero	1	Zero
Work-related fatalities	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Zero
Occupational diseases rate (ODR)	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Zero	Zero
Lost day rate (LDR)	Zero	Zero	Zero	Zero	0.1	Zero	Zero	Zero	Zero	Zero
Number of sickness/absence days	5,078	580	4,254	305	4,910	974	322	2,057	1,284	588
Hours of EH&S related training	6,470	N/A	9,265	N/A	7,011	1,025	172	3,396	3,739	1,040
Total man-hours worked	14,288,573	851,290	8,206,666	1,004,958	8,322,198	731,783	528,051	6,688,760	731,193	275,167

Note 1: The abbreviations K and C refer to our Kuwait operation and Canadian operation respectively.

Note 2: The data boundary from 2017-2018 is EQUATE Petrochemical Company and MEGlobal Canada. The data boundary from 2019-2020 is EQUATE Petrochemical Company (including Head Office) and MEGlobal Canada and our American manufacturing operations.



📍 Al Ahmadi, Kuwait

PROCESS SAFETY AND ASSET INTEGRITY

GRI 103-1

GRI103-2

GRI 103-3

In the petrochemical industry, process safety and asset integrity is a top priority due to the high-risk nature of our operations. As a result of the major risks related to our process, we have integrated Responsible Care® Codes of Practice into every aspect of our operations through our Operating Discipline Management System (ODMS), Health and Safety standards, performance measures, and continuous improvement efforts. Asset integrity and process safety management covers the implementation of robust processes and systems in order to prevent and control events that have the potential to cause fires, explosions, and accidental chemical releases which could result in a major incident. EQUATE Group ranked in the top quartile globally on asset safety management as per the results from the Inspection Deep Dive Survey conducted by Marsh, in 2020.

Our management approach

We aim to reduce risks of operating our manufacturing processes by focusing on the equipment and processes that keep chemicals, and other hazardous substances contained. We have a defined process safety management program in place, based on recognized regulatory and industry standards. We keep track of our process safety events according to the narrative as per American Petroleum Institute (API) Recommended Practice (RP) 754 definitions for all our petrochemical activities. We also maintain detailed process

safety and asset integrity procedures to ensure appropriate implementation of our activities to ensure process safety.

We have a dedicated Process Integrity Steering Committee and EH&S Committee who are responsible for monitoring process safety performance including Process Safety Critical Equipment (PSCE) Level 1 and Level 2 in alignment with API RP 754, and Center for Chemical Process Safety (CCPS). Furthermore, our EMT meets bi-monthly to specifically review all safety/process safety data. To further ensure that we meet our asset integrity and process safety performance targets, our EMT, and BoD review our process safety and asset integrity performance against set targets every quarter as part of their targets and performance review meeting.

Audit and inspection

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. External audits are conducted annually by an external party, and every three to five years by Dow.

At our Kuwait operation, our practices and processes are internally audited annually against Global Mechanical Integrity Safety Standard (GMISS) and Global Instrument Integrity Manual (GIIM). At our North American operations, each of our facilities undergoes a detailed review of our asset integrity and process safety practices every five years.



Process safety and asset integrity procedures at EQUATE Group

Utility and steam hoses

Fixed combustible and toxic detector alarm verification

Utility services

Line and equipment identification

Portable oxygen/flammable gas detectors

Chemical hoses

Process Safety & Containment Events (PSCE) Reporting

Process safety near-miss reporting

Hot tapping

Reactive Chemicals and Process Hazard Analysis

Loss Prevention Principles (LPP) requirements

Operating notes and logs

Inactive equipment

Instruments and alarms

Safety relief devices

Process unit staffing

Interlock bypass

Electrical area classification

Open-ended valves and lines

Vacuum Truck Policy

Critical Material of Construction (CMOC)

Repairs or Alterations to Pressure Vessels

Vessel, tank and piping integrity

Ownership of Pipe Racks

Temporary repairs to piping/equipment

Process flow diagram

Electrical and Control System Drawings

The detailed reviews are conducted, analyzed and reviewed by the Process Integrity Steering Committee.

Our process safety performance

OG13

In 2019 and 2020, we did not face any tier 1 or tier 2 process safety events in all our operations. At our Kuwait operation, we are proud to have been awarded the American Society of

Safety Professionals (ASSP) Gold award for EH&S excellence, which includes process safety, in both 2019 and 2020. We will continue to focus on our performance in the future through our systematic practice of assessing and minimizing process safety hazards according to the Global Mechanical Integrity Safety Standard (GMISS).





Optimization of coil replacement strategy using robotic inspection technique



About this initiative

At our Kuwait operation, there are 17 furnaces in the greater ethylene unit coils. The condition varies significantly from furnace to furnace due to operating severity, carburization and thermal shocks (furnace decoking/maintenance cycle). Before the initiative, coils were being replaced based on the time-based strategy, every five to seven years. We have implemented robotic inspection technique for the first time, to shift coil replacement strategy for bare coils from time-based to a condition-based strategy. The implementation of this initiative helped optimize the coil replacement duration based on the condition of the coils.



Details of the initiative

The project team assigned to this initiative contacted a number of companies that specialize in robotic inspection and can forecast coil health based on inspection data. Our team finalized a contract with SCG company after detailed discussions in order to perform robotic inspection with their newly developed robot as pilot for one furnace. Once the furnace was shutdown, the contractor completed the inspection of 96 coils within two days using the robot. In comparison, the conventional method would have taken five days to complete the inspection of the furnace coils. Additionally, based on the robotic inspection results, the furnace's coil replacement was extended successfully and safely by nine months. As a result, the optimization of coil replacement strategy from time-based to condition-based using robotic inspection technique enhanced sensitivity, coverage, repeatability, reliability and speed.



Impacts of the initiative

- Minimization of safety risks and hazards as the data collection activity was performed from the furnace floor, without the need for elevated work on scaffolding in confined space
- Overall improvement in reliability as the identification of high-risk zone of coil enables condition-based maintenance strategy
- Reduction of furnace down time, two to three days duration against five to six days with conventional method
- Reduction of maintenance cost both in duration and cost as there was no use of scaffolding, and less manhours for robotic inspections
- Enhancement of predictability
- Overall improvement in reliability, which had caused up to USD2 million of losses in the past

PRODUCT STEWARDSHIP

GRI 103-1

GRI103-2

GRI 103-3

As one of the largest manufacturers of EG and a leading producer of multiple petrochemical products, we recognize our responsibility to produce and distribute the highest quality of products that satisfy our customer needs while adhering to leading health, safety, and environmental standards.

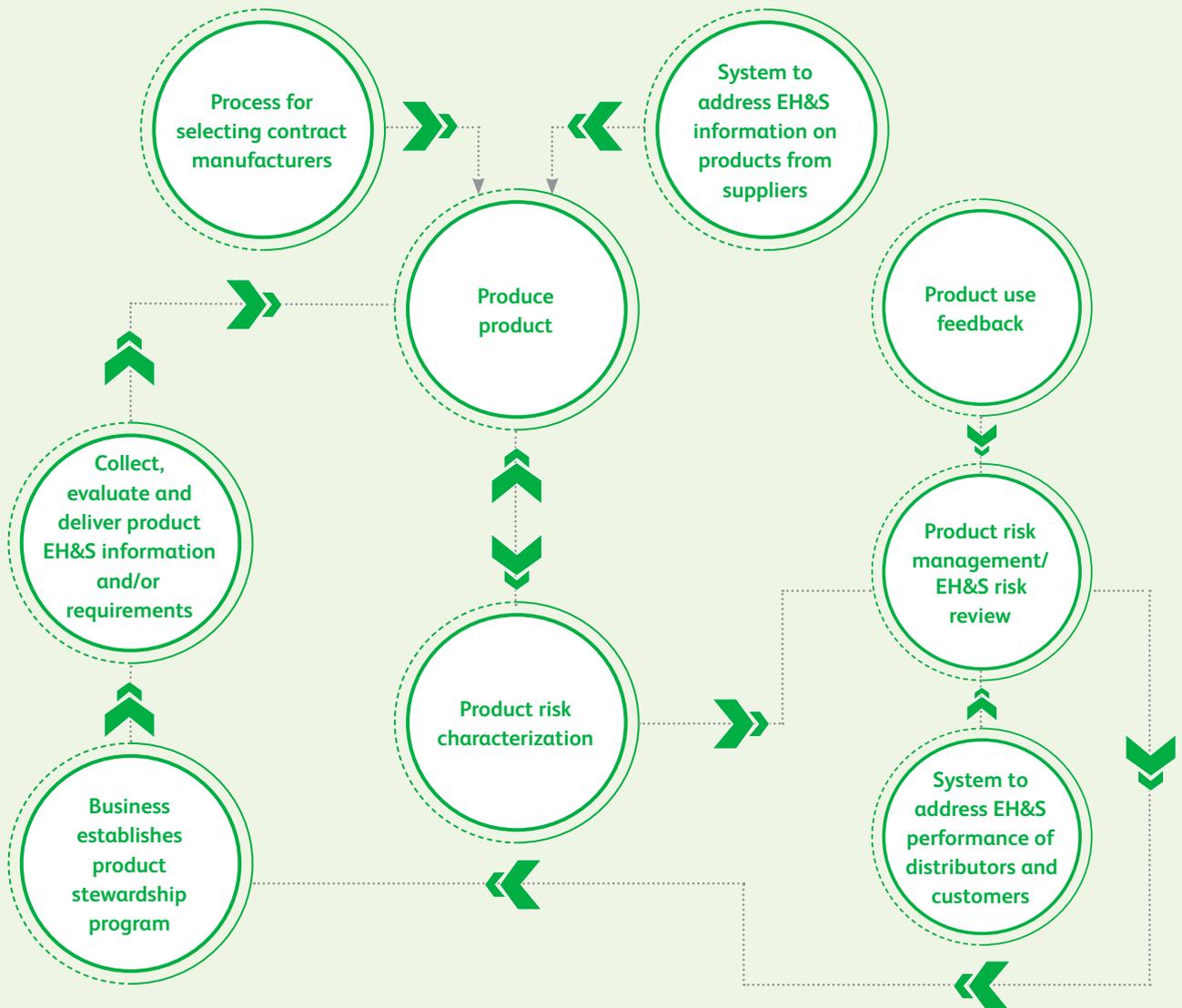
Product stewardship program

As part of our commitment to product stewardship, we established an extensive program with a documented policy and procedures under our ODMS. Our product stewardship

policy is a statement of intent that ensures that health, safety, and environmental protection are an integral part of design, manufacture, distribution, customer use, and disposal of our products.

As part of our product stewardship program, we maintain a documented process that guides our practice with product risk characterization and management, and a system for the selection of contract manufacturers, suppliers and distributors to guarantee appropriate health, safety, and environmental performance and practices.

Product stewardship process as per ODMS



To reinforce our commitment to product stewardship, we remain dedicated through our CEO-level endorsement to uphold the Responsible Care® program elements as a Responsible Care® company. Through our Responsible Care® commitment, we pledge to improve environmental, health, safety and security performance of our products throughout its lifecycle. In fact, we maintain an RCMS® certification which requires us to adhere to the Responsible Care® product safety code. The Product Safety Code includes a set of 11 Management Practices, through which chemical manufacturers can evaluate, demonstrate and continuously improve their product safety performance, while also making information about chemical products available to the public. Specifically, the Product Safety Code Management Practices verify that we do the following:

- Undertake scientific analyses of products and take steps to assure they can be used safely
- Enhance cooperation and communications along the chemical value chain, so that chemical producers, and the manufacturers, distributors and retailers who use, handle or sell chemicals, work together to improve awareness about the safety and risks of certain chemicals, and how to manage chemicals safety along the value chain
- Consider impacts on public health, the environment and overall sustainability as we improve our products or develop new ones
- Determine whether the chemicals we make pose risks, based on any new research, how the chemical is used, and whether children and other sensitive groups come into contact with them
- Provide the public with access to product safety and stewardship information
- Ensure that EQUATE Group senior executives, including the CEO, commit to a culture of product safety and accountability

In 2019, an independent verification team conducted a Responsible Care® verification on our Canadian operation, which concluded that our Canadian operation has a self-healing management system in place to drive continual improvement. For more details on the independent verification, please refer to page 90. Our Kuwait operation maintains an RC 14001, which combines both ISO 140001 and the RCMS® into a single certification. Our North American operations are in the process of implementing RC 14001 and are set to be accredited in 2022.

Product risk

In line with our product stewardship process as per the ODMS, we characterize new and existing products with respect to their health, safety, and environmental hazard potential as well as their exposure potential based on their product applications and uses. As a result of our product risk characterization process, we prioritize risk management activities. For instance, a product with both high hazard and exposure potentials present the highest potential risk, and is a priority for risk management activities. We create appropriate risk management actions and strategies for each of the products corresponding to its potential risk.

Furthermore, we have a documented process for conducting business risk reviews on trigger criteria. Some of those trigger criteria are related to product safety and product life cycle. Once a trigger is identified through our own internal review, an assessment is performed to determine the level at which a review is required. As part of our documented process, we identify relevant business risk review teams for the various triggers who can best address and manage the risk.

Examples of some of the potential trigger criteria related to product stewardship that can require a business risk review:

Potential trigger criteria	Trigger point
Product quality or composition	Physical form not acceptable, Food and Drug Administration (FDA) and European Union (EU) regulatory criteria not met
Disclosure of compositional information	Formulation disclosure

Audits and program review

We perform systematic internal and external audits of our product stewardship practices to determine whether our current activities and results comply with our planned arrangements, and are suitable to achieve our set objectives. Internal self-assessments are performed annually at all our operations on our RCMS. Whereas, internal audits performed by an outsourced firm are conducted annually at our Kuwait operation, and every five years at our North American operations. As for external audits, they are performed on our RCMS annually at our Kuwait operation, and every three years by CIAC at our Canadian operation.



Responsible Care® verification of our Canadian operation



About this initiative

An independent verification team was tasked with conducting a Responsible Care® verification of MEGlobal Canada. The verification was undertaken in 2019 and included team visits to company facilities at Fort Saskatchewan and Prentiss, Alberta. The team considered all aspects of the Responsible Care® commitments during this verification.



Details of the initiative

As a member of the CIAC, the most senior executive responsible for our operations in Canada attests annually to CIAC and its peers that the company's operations conform to the expectations contained in the Responsible Care® Commitments and are guided by Responsible Care® Ethic and Principles for Sustainability.

As an element of this commitment to Responsible Care®, MEGlobal Canada ULC must, every three years, participate in an external verification intended to:

1. Assess if the company is meeting the intent of the Responsible Care® Commitments
2. Identify opportunities for assisting the company when benchmarking its own practices and performance
3. Contribute to the credibility of Responsible Care® among company personnel and stakeholders, as well as the stakeholders of the broader industry
4. Identify successful company practices that can be promoted to peers in the CIAC membership
5. Support the identification of areas of common weakness so that collective tools and guidance can be developed to improve performance in those areas across the CIAC membership

The Verification was conducted according to a common protocol, developed by the association's members and others, the chemical industry. After the completion of the verification, the team communicated its observations through a documented report which can be accessed on our [website](#). The observations were categorized as follows: Findings requiring action, works in progress, successful practices, and improvement opportunities.

As a result of the examination conducted, the verification team concluded that the Responsible Care® Ethic and Principles for Sustainability are guiding our Canadian operation's decisions and actions, and that a self-healing management system is in place to drive continual improvement.



Impacts of the initiative

- Continued endorsement of RCMS
- No deficiencies identified with the RCMS in place at MEGlobal
- Successful practices identified through the verification at MEGlobal Canada communicated with CIAC members, and the public

Employee education and product use feedback

We educate and train our employees based on job function in an effort to enhance employee awareness on product stewardship practices, and continue to develop our product stewardship program. Specifically, employees in our Commercial Department are all required to take a product stewardship training annually on the EQUATE Group Learning Management System (LMS).

We also maintain a system that encourages our employees to share feedback on new uses, identified misuses, or adverse effects from use as part of product risk characterization.

Customer health and safety

GRI 416-1

GRI 417-1

The health and safety of our customers is a top priority for our Group. We ensure that the best quality of products is provided to our customers. We follow the standards and codes of regulation of the EU Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) and the United Kingdom (UK) REACH for the disposal and recycling methods of our products. We also assess some of our products for health and safety impacts across the value chain to improve them.

At our Kuwait operation, we have four significant product categories in which all four were assessed for their health and safety impacts in 2020.

In addition, we provide our direct customers with health, safety and environmental information through Safety Data Sheets (SDS) to encourage proper use, handling, recycling, disposal, and transmittal of information to downstream users. These SDS, which follow the EU REACH and UK REACH standards include multiple categories of information for users including emergency contact numbers.

Compliance with regulations and standards

GRI 416-2

GRI 417-2

We firmly believe that it is our responsibility to ensure compliance with applicable national and international regulations as well as industry standards related to product stewardship in general, and product labeling, and customer health and safety in specific. We adhere to these regulations not only because it is a legal requirement, but also because we believe in their importance in creating a sustainable society and environment. In 2019 and 2020, we assessed all our products in Kuwait, Canada and USA for compliance with all applicable standards related to marketing and labeling.

Main elements disclosed in EQUATE Group Product Safety Data Sheet



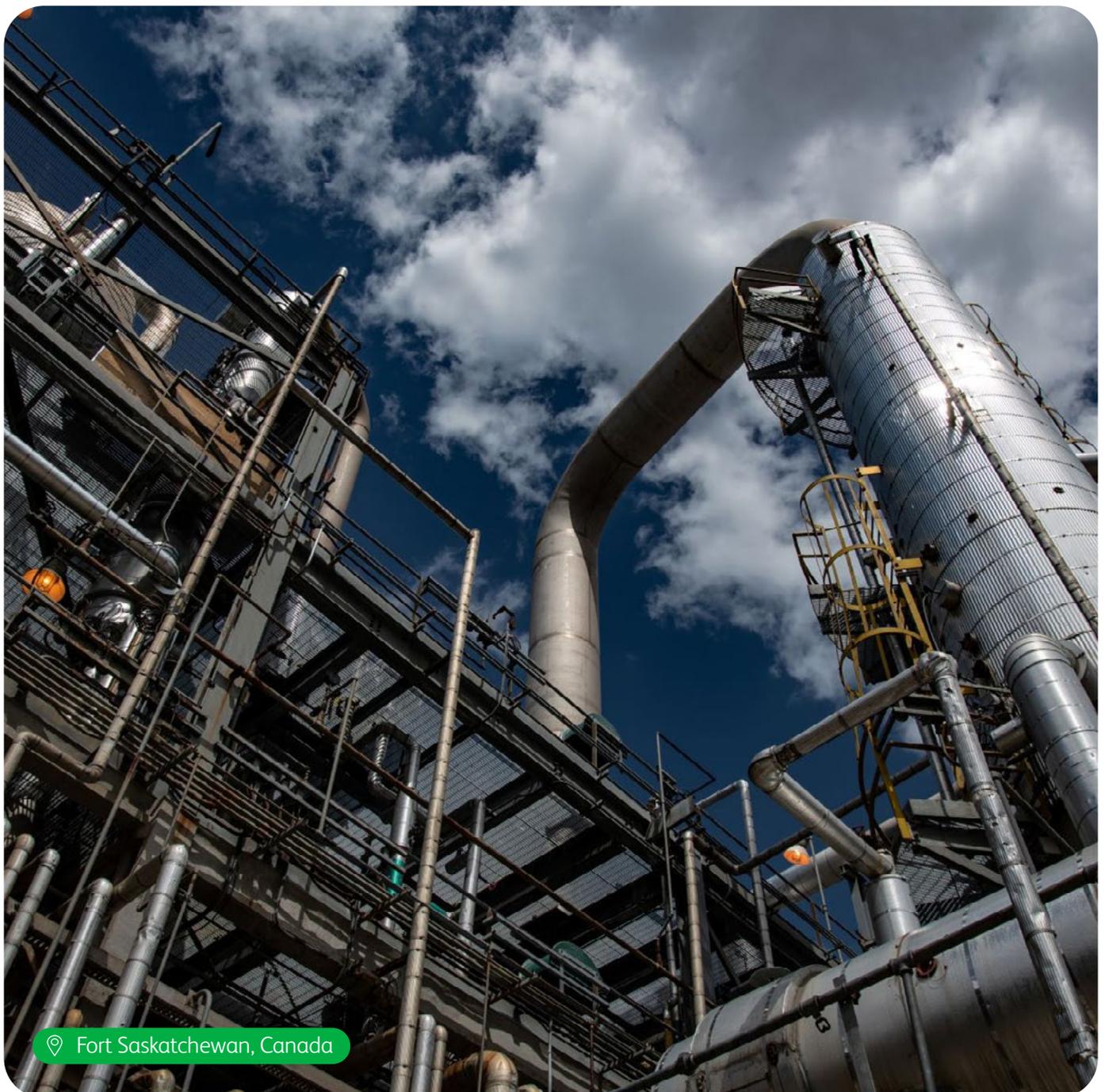


Zero incidents of noncompliance

During the reporting period, we complied with rules and voluntary codes relating to the health, safety, and environmental impacts of our products, as well as product labeling.

Continuing our health and safety advancement journey

As we continue to expand our international presence, our Group is presented with new challenges in our journey to health and safety excellence. Our EH&S performance is guided by our commitment to follow the best-in-class practices of health and safety, and compliance with all international, regional, and national health and safety regulations and standards. We will continue to strengthen our health and safety culture to manage all safety-related risks to our people, assets, customers and the communities around our operations.



EQUATE Group's response to COVID-19 pandemic



At EQUATE Group, we tried to put forth our best efforts to ensure a proactive approach to address the global crisis due to the COVID-19 pandemic (as declared by the World Health Organization (WHO) in December 2019).

Since the declaration of the pandemic, we have implemented measures that would enable us to enhance our pandemic/crisis response standards, and increase the readiness to protect our employees and contractors, while also supporting the government efforts to address the crisis.

We formed an EQUATE Pandemic Team in Kuwait and a Crisis Management Team in North America as an immediate measure to address this situation, created a resume duty action plan with back-to-life phases, and applied the measures below to ease the implementation of the action plan:

- Distributing hand sanitizers as well as installing fixed sanitizing stations around all EQUATE Group sites and buildings by February 2020
- Initiating temperature checks at all entry gates, main headquarter and other EQUATE Group buildings
- Training all employees and workers on the new pandemic-response protocols, and raising awareness on best practices to protect themselves and others
- Launching an initiative related to disseminating information on EH&S-related aspects during a pandemic, and sharing messages to workers and employees on COVID-19 pandemic precautions
- Developing a specific medical work process to handle and manage any suspected cases
- Developing an emergency response protocol for suspected COVID-19 pandemic cases and conducting mock drills to check effectiveness
- Implementing a 'work-from-home' strategy
- Planning and implementing manpower reduction across different global sites as per business needs and requirements
- Implementing social-distancing measures within EQUATE Group facilities, during the national lockdown period, which included installing cabinets/yards to ensure sufficient distance of key contractor personnel from the maintenance and security staff to protect them from contracting any external infections while

also ensuring continuous support to the plant

- Distributing disposable face masks and reusable face masks to all employees, contractors and their families on a planned schedule basis
- Installing indoor fixed thermal cameras at EQUATE Group headquarter buildings
- Installing sanitizing gates for personalized entry across sites
- Updating EQUATE Group EH&S behavior base program tool to reflect updates related to COVID-19 pandemic appropriate and inappropriate behaviors
- Developing specific procedure to manage COVID-19 pandemic positive cases or close-contact cases in line with the governmental and WHO standards
- Developing 'back to life' stages for returning gradually to work in a safe manner while adhering to COVID-19 pandemic precautions

We managed to achieve the following positive outcomes with the implementation of our COVID-19 pandemic response program in a timely and effective manner:

- No major production halts in our global operations even during the peak COVID-19 pandemic crisis, owing to our effective and timely response planning, and management in line with all necessary protocols and precautionary measures. This resulted in limiting financial impacts on EQUATE Group during such a critical period
- We have observed an increase in the overall medical surveillance effectiveness and organizational awareness regarding such situations, due to various measures launched by our Group to provide relevant information to all personnel
- Through the lessons learnt during the pandemic, we were able to significantly improve our Crisis Management and Business Continuity Management plans which would enable us to prepare and manage similar unforeseen risks effectively in the future

5

OUR RESPONSIBILITY
TOWARDS OUR PEOPLE





Key performance highlights



Total number of employees

2020: **1,419**
2019: **1,577**



Number of new hires

2020: **19**
2019: **73**



Number of employee turnover

2020: **166**
2019: **86**



Average hours of training

2020: **31**
2019: **88**



Number of female employees

2020: **146**
2019: **156**



Number of male employees

2020: **1,273**
2019: **1,421**

Our employees are key to the successful implementation of EQUATE Group’s strategy. We are committed to valuing and treating people with respect, and fostering an inspiring work environment. Through our Code and our daily practices, we actively promote an environment of inclusiveness for all our people considering their unique abilities, strengths and differences. We believe that our diversity is a strategic and competitive business advantage, and would continue to promote diversity and inclusiveness within our Group. As a global operator, we have employees from all regions in the world bringing a diversity of experience and perspectives to EQUATE Group. We believe that our diversity brings numerous benefits such as the ability to localize to new markets, the capacity to adapt through our access to top-talent pools, and prospect of more innovative and creative ideas.

Our policies are designed to create a safe and harmonious work environment for all our employees in all aspects of their career with EQUATE Group.

Training and developing our employees are key to advancing their knowledge, thereby to the success of our Group. We continue to invest in preparing our workforce for the future, including preparing for a digital workplace with significant focus on training on digital tools and technology. We aspire to attract talented people from diverse backgrounds, which

reflects our persuasion that diversity drives innovative solutions catering to the needs of our customers.

We respect the fundamental rights of workers in terms and conditions of work safety, remuneration and non-discrimination. We treat all our workers — both employees and contractors — with dignity in line with local labor laws in the countries we operate, and our Code. Our commitment to respect human rights is the foundation for every area of our business, notably:

- **Security, safety and privacy:** Company-wide security requirements help keep our employees, contractors and facilities safe in a way that respects human rights, and the security of local communities
- **Human Resources:** Our policies and standards help us establish fair labor practices, and a positive work environment for every employee. We provide equal employment opportunities in conformance with all applicable laws and regulations to all employees, and qualified candidates wherever we operate
- **Procurement:** We seek to work with contractors and suppliers who respect human rights, and demonstrate that they are economically, environmentally and socially responsible

Linkage of important topics covered in the section to corporate sustainability strategy, and global goals and initiatives

Material topics covered in the section	Link to GRI Standards	Link to EQUATE Group’s Sustainability Strategy 2025 pillars	Link to SDGs
Employment	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 102-41 • 401-1, 401-2, 401-3 • 201-3 	 <p>Society</p>	 
Training and education	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 404-1, 404-2 and 404-3 	 <p>Society</p>	  
Diversity and equal opportunity	<ul style="list-style-type: none"> • 103-1, 103-2, 103-3; • 405-1 	 <p>Society</p>	   

EMPLOYMENT

GRI 103-1

GRI 103-2

GRI 103-3

Every EQUATE Group achievement starts with our people who play a key role in driving the petrochemical industry towards a sustainable future. Together, our 1,419 employees form an inclusive community of problem-solvers that help us deliver innovative solutions. We ensure every EQUATER is valued, respected and encouraged to obtain their fullest contribution. We seek to provide continuous opportunities for learning and development along with other best-in-class benefits to reassert our position as an employer of choice. We strive to attract best talent through recruitment campaigns, providing internship programs, and actively participating in job fairs. In 2019, we received appreciation awards from Kuwait University, and the Public Authority for Applied Education and Training (PAAET), for our effective participation in attracting and encouraging Kuwaiti fresh graduates to join the private sector.

Our Code and HR policies

Our Code of Conduct represents our core values and sets the behaviors expected from all employees to create a culture of mutual respect, and ensure ethical conduct. Our Human Resources (HR) department is responsible for the

effective implementation of our HR policies and managing performance across all our HR functions. Our HR policies further support establishing mutual understanding between EQUATE Group and our employees across all aspects of employment, and aims to implement fair and equitable HR practices that will enable the attraction, retention and development of employees. Our HR policies are reviewed and updated every four years by our HR Policy Review Team, and undergo a multi-step review and approval process prior to the communication of the updated policies with all EQUATE Group employees.

Management review, internal audit and target setting

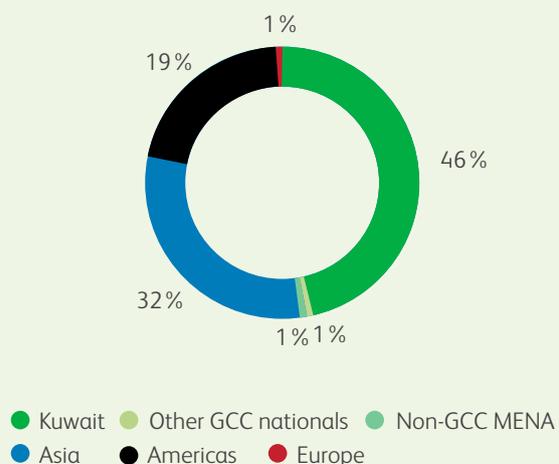
Our hiring is reviewed quarterly as part of the corporate performance update meetings by the EMT. Once a year, we conduct audits to review the hiring activities. During the annual workforce plan review, department line managers evaluate the hiring activities and turnover. We also conduct strategic workforce planning sessions to identify long-term hiring needs. Our HR department also reviews our targets on an annual basis, based on market benchmarks.

GRI 102-8

Employee profile broken down by gender



Percentage average of employee nationalities at EQUATE Group in 2019 and 2020



Note: The data boundary from 2017-2018 is EQUATE Petrochemical Company and MEGlobal Canada. The data boundary from 2019-2020 is EQUATE Petrochemical Company (including Head Office) and MEGlobal Canada and our American manufacturing operations.

New hires and employee turnover

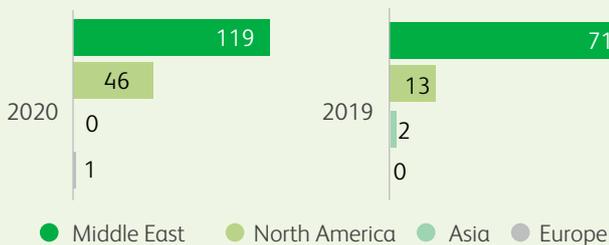
GRI 401-1

At EQUATE Group, we use our Annual Workforce Plan to capture all new hires and turnovers, and to keep track of our hiring, turnover, employee benefits, salaries and attrition rates. In 2019 and 2020, we hired a total of 73 and 19 new employees, respectively. The majority 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.

We abide by local recruitment regulations as well as have our own Internal Selection and Transfer Recruitment procedure. We use the SAP, an electronic recruitment system, to ease and make our recruitment process more efficient and effective. As part of our approach towards continuous improvement in our recruitment process, our Kuwait operation continued to use and enhance the aptitude test, which is a technical test, as a selection method for screening potential candidates. This pre-selection test reduces the number of unsuitable candidates interviewed, saving both time and money. The technical test covers different engineering questions (chemical, mechanical and industrial) as well as data analysis and numerical reasoning, and has resulted in a more efficient interview process. It has reduced the number of unsuitable candidates to below 50 percent of previous levels (before the implementation of the aptitude test). We will continue to further tailor the technical test as we pursue our quest of engaging in smart hiring processes.

We, at EQUATE Group, seek to promote the employment and advancement of Kuwaiti nationals as part of our contribution to human capital development in Kuwait, and Vision 2035. At our Kuwait operation, we have set a target to achieve 60 percent Kuwaitization and we are taking strategic steps to accomplish this target. We achieved 59.4 percent Kuwaitization in 2020. To encourage Kuwaiti nationals to further explore job opportunities in the private sector, we reached out to distinguished corporates and educational institutions offering internship, and attachment opportunities to young Kuwaiti nationals for hands-on experience in the petrochemical industry. For example, in Kuwait, partnerships have been established with Kuwait University, PAAET, and other private universities. We also occasionally host interns from Kuwait Petroleum Corporation (KPC), and its subsidiaries, the Kuwait Fund for Economic Development and the Public Authority of Manpower.

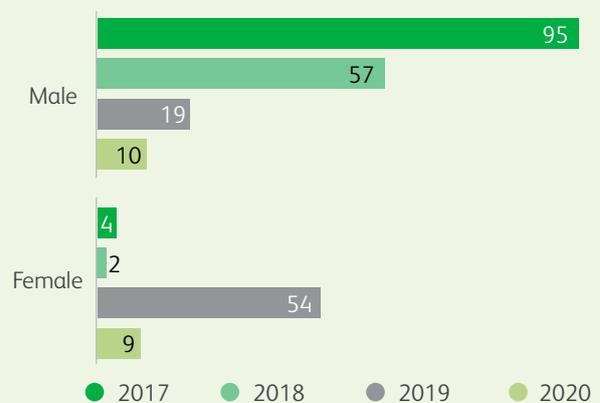
Employee turnover broken down by region



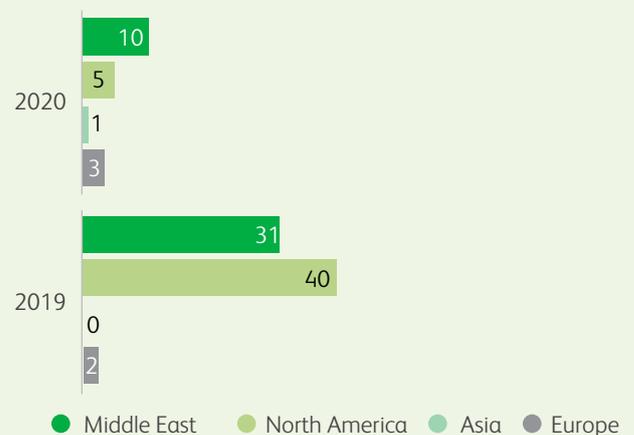
New employee hires broken down by age group



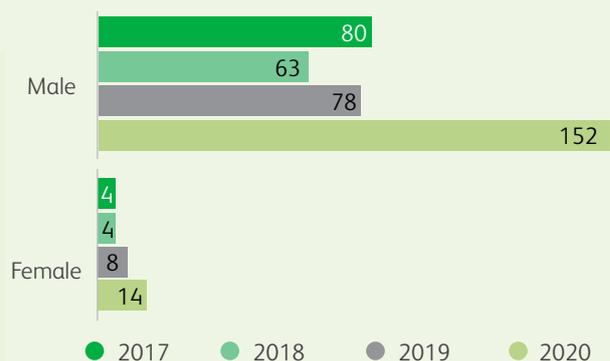
New employee hires broken down by gender



New employee hires broken down by region



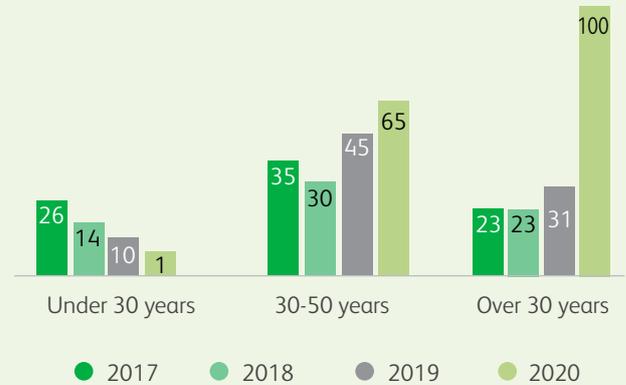
Employee turnover broken down by gender



Through our initiative ELEVATE launched in 2018 and our commitment to the Women Empowerment Principles (WEPs), we have substantially increased the number of female engineers. 26 percent and 47 percent of our new hires in 2019 and 2020 respectively were females due to our strategic focus to promote gender diversity. Please refer to pages 109-111 for our efforts in promoting a diverse and inclusive workforce.

At EQUATE Group, one of our main objectives is to have a high caliber workforce. Therefore, we understand the importance of retaining our employees and seek to minimize our attrition rate. In 2019, we maintained a low turnover rate of 5 percent which can be attributed to our practices and initiatives in place to ensure employee satisfaction and guarantee that employees feel valued while offering them competitive benefits for their exceptional efforts. Our highest turnover in 2019 was of employees between 30 and 50 years old as they found other career opportunities. However, in 2020, due to the global COVID-19 pandemic, 166 employees left EQUATE Group as a result of organizational restructuring, retirements and voluntary resignations.

Turnover broken down by age group



Engineers recruitment campaign in our Kuwait operation



About this initiative

As part of our Strategic Work Force Plan and Annual Work Force Plan, we have launched a large-scale recruitment campaign for hiring a diversity of multi-disciplined freshly graduated engineers to fulfill the manpower requirements in our Kuwait operation.

Details of the initiative

As part of our Strategic Workforce Plan, we conducted a critical statistical review to assess manpower needs for the next five years within our Kuwait operation. The gathered data indicated a gap in the availability of manpower to meet future needs, and therefore we had to adopt proactive measures to close the gaps identified. Based on the gaps identified, our recruitment teams initiated specific recruitment campaigns for identifying suitable resources for the future. The Strategic Work Force Plan focused on the following key elements:

- Retirement
- Attrition rate
- Kuwaitization percentage
- Military service law
- Succession plan
- Technical career ladder
- Diversity hiring plan

Impacts of the initiative

- Resulted in hiring 27 engineers and closed manpower gap
- Hired 10 female engineers as a part of ELEVATE program to support female engineers to work in manufacturing environment

Benefits provided to full-time employees

GRI 102-41 GRI 401-2

Compensation and benefits, as well as offerings to balance personal and professional life, complete our attraction and

retention package. We have a wide range of benefits, at every level of our Group, to ensure that our people along with their families are duly supported as members of the EQUATE Group family. This consists of benefits including life insurance, health care, disability and invalidity coverage, parental leave and retirement provision among others.

Types of benefits offered to full-time employees

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

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

Life insurance

A



D

Parental leave

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

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 North American operations: Health care benefits include medical and drugs, dental and vision, and critical illness benefit.

Health care

B



E

Retirement benefits

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

Our North American operations: Employees are offered Defined Contributions (DC) pension plan and savings plan.

All employees receive disability and invalidity coverage with six-month continuation and, 65 percent long-term disability insurance.

Disability and invalidity coverage

C



F

Training and capability development

Our North American operations: Employees are offered a dependent scholarship program.

Note: We respect the rights of all our employees as mandated by our Code of Conduct, and abide by the labor laws and other mandates on human rights at all our operating locations. However, collective bargaining agreements are not legal in Kuwait, and therefore not applicable in our Kuwait operation. In our operations in Canada and Kuwait, none of our employees were covered by formal collective bargaining agreements during the reporting period.



Implementation of Appreciate Employee Reward System



About this initiative

We have implemented a global employee rewards system to integrate the entire EQUATE Group locations that allows rewarding across the globe in order to boost employee morale and to enhance the culture of teamwork within EQUATE Group.



Details of the initiative

The global reward system is a cloud-based system, which can be used from any location. It is also integrated to the SAP system within the Group. The points-based rewards can be converted to cash or used for E-cards; with the points converted to the appropriate currency of each rewarded employee. It also offers peer-to-peer rewarding that involves the monetary appreciation for the employee without the need for leader approval.



Impacts of the initiative

- Unified system for EQUATE Group enhancing teamwork between global teams
- Better tracking of rewards in all locations
- User-friendly system providing more options and functions than the previous system
- Can be used from mobile phones, tablets and laptops from anywhere in the world

Our approach towards our defined plan obligations

GRI 201-3

We, at EQUATE Group, played a transformational role in diversifying the economy and providing meaningful career opportunities over the past two decades. 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. Our pension plans are fully covered and ensure that our people's compensation and benefit plans are in line with our overall strategy. Our aim is to improve employee attainability of benefits while still ensuring the company's financial security and business continuity.

As an alternative to pension plan schemes, we have established a savings scheme for our employees at our Kuwait operation (in the form of trust funds with banks), to which both the Group and all employees contribute of an employee's earnings, 11 percent and 2.5 percent, respectively,

on a monthly basis. In fact, 54 percent of our employees in our Kuwait operation participated in retirement plans in 2019 and 59 in 2020.

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. Our Canadian and American operations have invested in Plan Assets, and have a separate fund that pays for pension liabilities.

Retirement benefit obligations of EQUATE Group

2019	2020
USD421 million	USD436 million

Parental leave

GRI 401-3

To be consistent with our values and strengthen our brand and attractiveness as an employer, we successfully implemented a global parental leave policy. All employees are eligible for parental leave in accordance with local laws. At our Kuwait operation, we offer three days of paternity leave to male employees to be availed within the first month of birth of the child. We offer women employees 70 days of maternity leave as well as 4 months of post maternity leave with half pay during the period. In both Kuwait and Canada, all our

female employees who availed parental leave during the reporting period, returned to work and have completed 12 months after their return. We value each woman at EQUATE Group and support them to achieve a smooth transition back to work upon their return after maternity leave. Some of our male employees did not return to their position 12 months after their parental leave ended. However, based on the exit interviews conducted, we understand that our employees are satisfied with the parental benefits provided.

	Country	2019		2020	
		Female	Male	Female	Male
Total number of employees who were entitled to parental leave	Kuwait	76	1159	81	1046
	Canada	62	21	60	18
	USA	172	41	146	35
Total number of employees who took parental leave	Kuwait	9	72	7	33
	Canada	1	-	2	-
	USA	2	-	2	1
Total number of employees who returned to work in the reporting period after parental leave ended	Kuwait	9	72	7	33
	Canada	1	-	2	-
	USA	2	-	2	1
Total number of employees who returned to work after parental leave ended and who were still employed 12 months after their return to work	Kuwait	9	70	7	32
	Canada	1	0	2	0
	USA	2	-	2	1
Return-to-work rate of employees who took parental leave	Kuwait	100%	97%	100%	97%
	Canada	100%	N/A	100%	N/A
	USA	100%	N/A	100%	100%
Retention rate of employees who took parental leave	Kuwait	100%	97%	100%	97%
	Canada	100%	N/A	100%	N/A
	USA	100%	N/A	100%	100%

LEARNING AND DEVELOPMENT

GRI 103-1

GRI 103-2

GRI 103-3

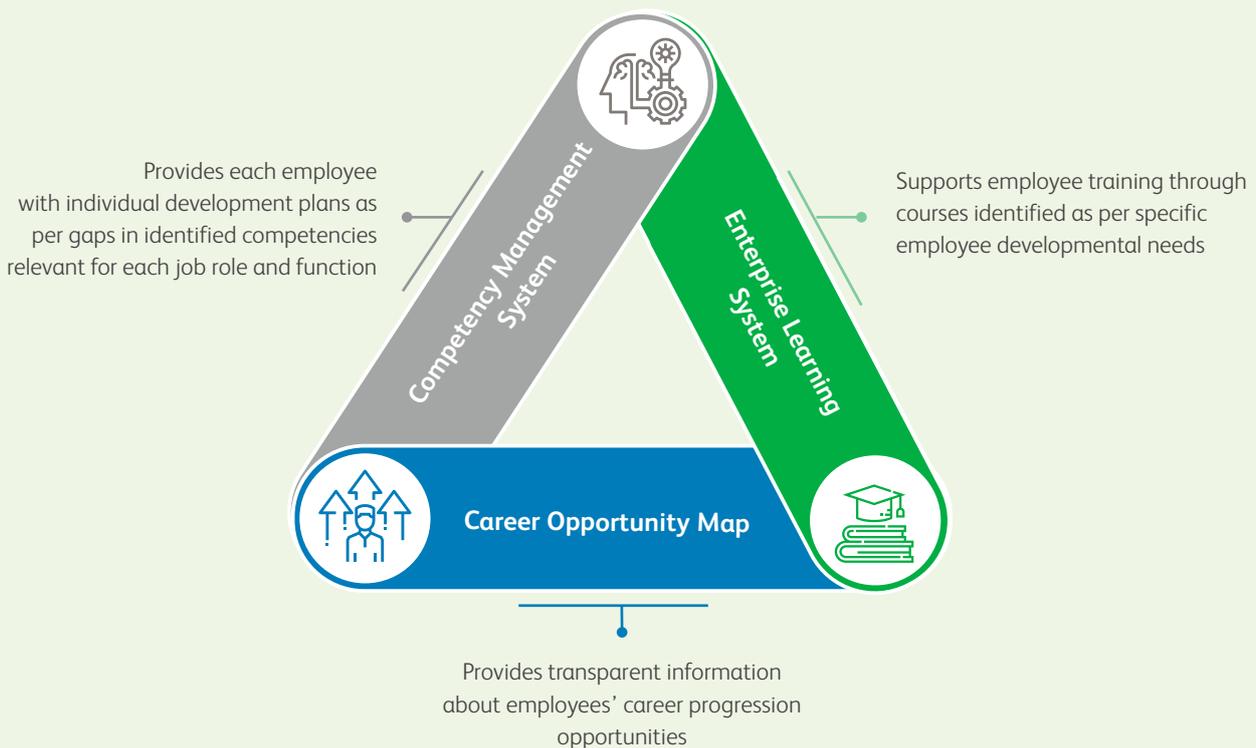
At EQUATE Group, we recognize that our world is changing at a pace never seen before, and understand the need to upskill ourselves to think and act in new ways. A commitment to employee learning and development is engrained in our culture, and is central to how we work to ensure safe and efficient operations at all times as well as to drive customer satisfaction positively. We aim to train and develop highly qualified employees utilizing effective planning and best-in-class knowledge transfer methodologies through our competency management leadership development program, and individual development program. We recognize that our Business Excellence model is based on reliability in people, systems and procedures.

In our efforts to be recognized as a world-class producer of petrochemical products, we remain dedicated to enhancing our employees' technical and leadership skills through the utilization of our integrated talent management system. In 2019, we set several strategic objectives in order to strengthen our learning and development programs.

- Closure of all competency gaps identifies in the 2018 Individual Development Plans (IDP) across our departments. In our Kuwait operation, we established 30 percent as the minimum threshold for employees that must have development plans while we encourage all our employees to have one
- Maintaining, retaining and attracting talent to the manufacturing environment to develop a sustainable area of expertise. In 2020, development plans became mandatory for employees in leadership or technical subject matter expert (SME) tracks. We still encourage all our other employees to have documented development plans which include trainings

We foster a learning culture and develop talent across all levels. Our Group's learning and development portfolio supports professional growth covering technical (hard skill), cultural (soft skill), and leadership and executive development programs through competency-based employee development process. Throughout an employee's career, we support their personal development through organization-wide training, competency-based training and job-level training. Employees are encouraged to invest in themselves, and we enable employees to access resources in real time through mobile applications.

Our approach to integrated talent management



Training classifications at our Group

Organization-wide training



Mandatory training for all employees within the organization (e.g. Code training)



Competency-based training



Based on identified competency development needs covering cultural capabilities, technical competencies and leadership code



Job-level training



Mandatory classroom-based training with assessment e.g. EH&S Life Critical training

Continuous review and training procedure compliance

The EMT monitors progress on our training, and we also provide yearly reports to the EMT on all other training records

and status, which helps them review the strategic objectives set for learning and development (L&D). Additionally, a regular training status report is sent to departmental managers to track the training completion status of employees per department.

ODMS 05.03.01 Training



Objective

To manage all training required to perform work, such as EQUATE Group (Kuwait) EH&S, government regulatory, quality, and plant requirements.

Procedures

- 05.03.01.01 General training requirements
- 05.03.01.02 Operations Technologist Certification
- 05.03.01.03 Technologist Qualification Program
- 05.03.01.04 Staff Qualification
- 05.03.01.05 Training for Educational and Non-Educational Entities

ODMS 09.03 Employee Development



Objective

1. The Competency Management System (CMS) is designed to meet the current and future EQUATE Group (Kuwait) business needs by assessing, developing and managing the capabilities of the workforce.

2. Development of all EQUATE Group employees will be based on the Job Competency Model (JCM) for their current or future job.

Procedures

- 09.03.01 Create and edit JCM
- 09.03.02 Competency Assessment
- 09.03.03 Learning Solutions Design or Selection
- 09.03.04 IDP Procedure
- 09.03.05 IDP Leader Procedure
- 09.03.06 New EMT Induction Program

Training procedure compliance is part of the annual internal audit program. Some L&D employees are part of the internal audit dependent on their assignments. We obtain feedback of all training participants post completion of training whether

it's internal or external such as TRACK Learning Solutions, the Kuwait Foundation for the Advancement of Sciences (KFAS), Skillssoft, etc. Each department has a training coordinator responsible to communicate feedback to the L&D department

regarding a training program, or the detailed need for future programs. We then analyze and review the training feedback for all the trainings that we delivered during the year and adjust the content, agenda or instructors accordingly for continuous improvement. External audits on training requirements as part of the Responsible Care® certification happen on a regular basis. In 2020, due to the COVID-19 pandemic, only one training audit was carried out by an external auditor. We hope to conduct these audits as per the audit schedules in the future.

Continuous talent management programs

We remain dedicated to enhancing our employees' technical and leadership skills through our continuous talent development programs. Our Astrolabe offers extra development opportunities around leadership, and specific technical knowledge and skills. Astrolabe helps minimize the risks associated with the loss of experienced members of our workforce while fostering a culture of high commitment towards EQUATE Group's initiatives. By developing leadership further, we are continuously promoting our self-sufficiency while improving our business operations. Astrolabe is composed of two streams: The Captain and The Master.

The Captain: Leadership development



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 who will be able to sustain the future needs of the Group. We currently have 30 percent female participation in the Captain Leadership Program. The focus areas of this program are as follows:

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

The Master: Technical leadership development



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 as follows:

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

Time spent on training

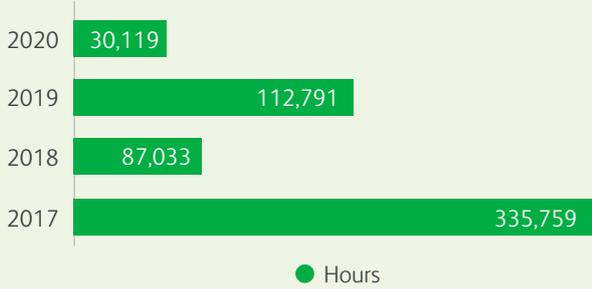
GRI 404-1

In 2019 and 2020, we have spent 112,791 and 30,119 hours, respectively, on training our employees at EQUATE Group. On average, EQUATE Group provided 30 percent more hours of training per employee in 2019 compared with 2018 where the average total hours spent was 87,033. The hours of training decreased by 73 percent in 2020 when compared with 2019 due to the global health pandemic. Although the training hours decreased, we focused on 'on-the-job' and other non-traditional forms of training for our employees. Training and development remains an area of strategic focus for our Group, and therefore we would continue to invest in the training and skill development of our workforce.

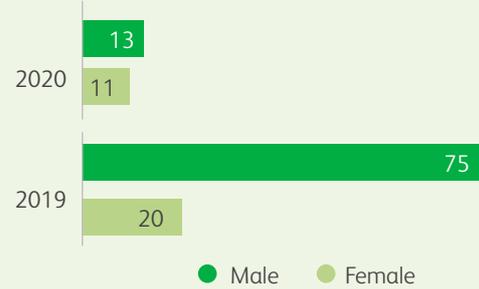
Due to the COVID-19 pandemic, changing from a traditional face-to-face training approach to virtual was challenging for all global corporations but we managed to do it successfully and the feedback received from our employees was positive. The virtual training was of two folds:

- Delivered by EQUATE Group's SMEs: It is based on Need analysis, where company leadership identifies the most needed type of technical knowledge. The L&D SME selects the technical SMEs for this subject internally and works with them to develop learning material that meets specific standards to ensure consistent and professional delivery
- Attendance of other virtual training programs, as per the following criteria:
 - The program must be relevant to the job
 - The training provider must be verified and approved by the L&D department
 - The instructor must have the right qualification and experience related to the topic
 - It must be part of the employee development or qualification requirements

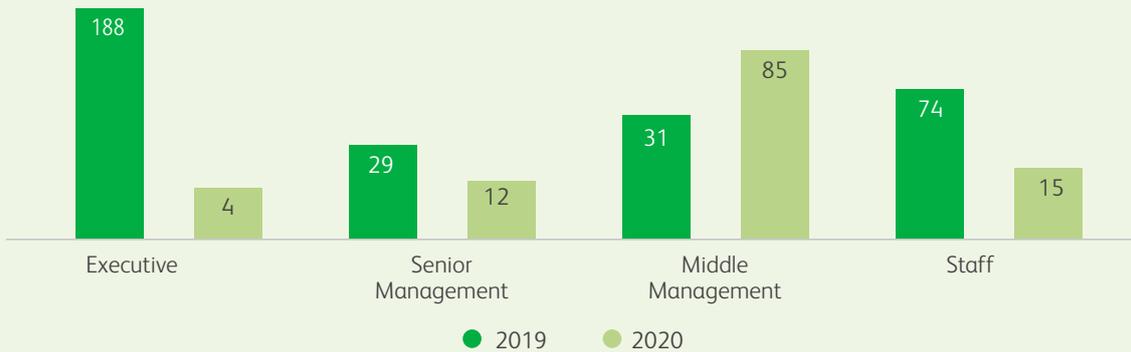
Total hours spent on training at EQUATE Group



Average hours of training broken down by gender



Average hours of training broken down by employee category



Collaboration with KFAS cyber security online training



About this initiative

Due to the COVID-19 pandemic, most of our employees were forced to work remotely using online platforms that are prone to cyberattacks and hacking; exposing the company and personal data to risks. The need for enhanced knowledge and better awareness of such risks became important to enable our employees to protect their personal and company data by educating them on cyberattacks, and the methods of avoiding them.



Details of the initiative

We assigned experts from our IT team to provide necessary information, and cocreate educational material and training content in collaboration with KFAS. The training content was transformed into an e-module by KFAS for online use. The training module was applicable to all EQUATE Group employees around the world, and was managed by EQUATE Group's L&D, and to the general public in Kuwait through KFAS. The module was completed and assigned to all employees and KFAS have the right to use it as they see applicable. We will explore more initiatives with KFAS where we can provide the expertise and they will work on the module development building on this successful collaboration.



Impacts of the initiative

- Enhances employee awareness on cyber security to help protect company data and our employees' personal data from cyberattacks
- Further develop our relationship with our partners such as KFAS
- Enables EQUATE Group to contribute to developing knowledge on cyber security among the general public, once the module is launched externally by KFAS

Adapting workplace training during COVID-19 pandemic



Due to the COVID-19 pandemic, EQUATE Group's Management decided to convert all in-house training programs to virtual classroom format in an effort to sustain employees' training and development needs. The online program consisted of technical and non-technical topics which catered to our employees' training needs from various departments.

Initially, the 2020 in-house program was designed to be conducted as a regular classroom training. However, the situation was assessed, and we decided to shift towards virtual training through the development of training programs that suited this new virtual environment and simultaneously addressed learning gaps among the employees. This shift occurred for the first time in EQUATE Group's history, and it involved brainstorming and stakeholder collaboration to deliver the best programs in a way that ensures effectiveness and engagement.

This initiative involved one soft skill training program for all EQUATERS and technical training programs designed to cover different career levels of engineers. All the programs were structured in a way to ensure interaction among the participants through exercises, activities

and takeaways. Upon completion of every training program, the participants received a feedback survey to measure the effectiveness of the respective training session. This survey included questions to measure and evaluate the quality of the training content, trainer delivery, performance of the virtual platform, and the overall virtual experience. The results from the feedback survey confirmed the success of this initiative with an effectiveness score of 90 percent. The development of these programs enriched the learning catalogue with topics that serve employees from different functions. All training programs utilized internal SMEs and enhanced knowledge sharing among employees from various departments through dynamic discussions. The 2020 in-house training programs sustained the learning and development process for 92 employees from different functions such as production engineers, maintenance engineers and process engineers.

As we continue our journey to enhance the learning opportunities available for our employees, we are committed in designing and implementing the 2021 in-house training program which includes, online and classroom training programs.



We ensure that our employees have the right knowledge and exposure which will assist them in carrying their work-related activities. We encourage their attendance and participation in external networking events from where EQUATERS gather valuable knowledge and implement it internally. Over the past two years, we have participated in a range of conferences such as:

- SuccessConnect conference
- UOP Process Design Fundamentals
- Water Technologies & Solutions
- Kuwait Smart Grid Conference & Exhibition

Performance and career development reviews

GRI 404-3

As part of our approach to the continuous development of our employees, at EQUATE Group, we provide regular performance and career development reviews to our employees to evaluate their performance. These reviews determine who gets promoted or gains access to certain development opportunities. The reviews hold an imperative place for their decision-making potential in an employee's

career journey. Our performance-led culture is supported with widely communicated and closely monitored KPIs, to track our employees' performance and identify improvement opportunities. We track the performance of EQUATERS and conduct employee performance reviews three times a year to understand advancement and gaps in development as well as progress towards achievement of goals as identified in development plans. The majority of our employees receive performance and career development reviews, and we aim to ensure that all of our employees 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. JCM automation was successfully rolled out in the Success Factors platform for all EQUATE Group jobs during the reporting period. 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.

Percentage of employees receiving regular performance and career development reviews



*Note: Executive refer to members of the EMT.

DIVERSITY AND INCLUSIVENESS



GRI 103-1

GRI 103-2

GRI 103-3

In an increasingly global business environment, we consider Diversity and Inclusion (D&I) to be a competitive driver contributing to the long-term success of our organization. Unique abilities, strengths and differences of employees are fundamental for the continuation of any business. It not only helps make EQUATE Group a great place to work, but it also enhances our ability to innovate, collaborate, enhance customer experience and understand the communities we serve. We actively promote an environment of inclusiveness of all people through our Code.

We encourage a culture of mutual respect in which everyone understands and values diversity among our employees, customers, communities and stakeholders. We have rolled out anti-harassment and anti-bias trainings for leaders and employees. Moreover, we have a dedicated grievance process which provides employees and our stakeholders with the channel to raise any concerns related to noncompliance with our commitments on upholding diversity, equal opportunity, and non-discrimination. For more information on our grievance mechanism, please refer to page 26. We monitor our diversity and inclusiveness targets using the SAP System to continuously track our performance.

Women empowerment and gender equality

As a leading organization in the sector, we are aware that women are deterred from participation in some of the technical and operational roles because of the lack of role models. These roles have been traditionally dominated by males and shape the stereotypes about the nature of roles suitable for women in the sector. We have recognized the underutilized pool of talent that women represent and have taken highly effective steps to change our organizational culture in ways that attract female employees. We aim to inspire both men and women to become advocates and change makers for the empowerment of women.

Women Empowerment Principles

In 2018, EQUATE Group became a signatory of the WEPs in alignment with our sustainability strategy under SDG 5 — Gender Equality. We leveraged the seven principles as a guide to benchmark our HR policies and practices from which we developed a three-year action plan in all our 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. We also scrutinized our HR policies to ensure that no discrimination based on gender was found in our practices specially on the attraction, retention and development of talent.

ELEVATE program

Additionally, we have implemented the ELEVATE program aimed at hiring 11 female employees every year until 2024 — resulting in a total of 55 female employees, with the objective of creating a more gender-diverse group. 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. The program made numerous achievements in the past two years after the program kickoff campaign was launched in the beginning of 2019. Pilot unconscious bias training and anti-harassment training was conducted for leaders and senior employees as well as online pilot sessions for L&D trainers and Corporate Communications Department (CCD). The launch for other employees has been temporarily delayed due to COVID-19 pandemic.

To promote ELEVATE, we developed an internal and external communication plan which included the following:

- Five 'Women Leading the Way in Business' forums were conducted throughout 2019 with male advocates and EMT participation. These forums were temporarily put on hold in 2020 due to COVID-19 pandemic
- We participated in two job fairs with the presence of women leaders from the Group
- Our recruitment ads were modified to showcase female employees, thereby highlighting diversity in a male-dominated industry in order to attract female talent
- ELEVATE program was included in our CEO's opening speech for the "Implementing SDG 5 Challenge and approach" panel discussion

As part of our hiring practices, we added female employees to our interview panels for leadership and non-leadership job vacancies in order to balance hiring teams

In 2019 and 2020, we managed to hire 10 female production engineers.

We developed opportunities for qualified women to manage international assignments, and to lead cross-functional teams and projects. In 2019, a female engineer from Kuwait was assigned for a one-year international assignment at our North American operations which was extended for another year. We measure the implementation of ELEVATE program on a monthly basis, and frequently update the EMT and the designated ELEVATE advocates.

Our 2019-2021 objectives as per the WEPs

WEPs	Kuwait operation	North American operations
Principle 1: Establish high-level corporate leadership for gender equality	<ol style="list-style-type: none"> 1. Create awareness program related to gender equality and diversity 2. Develop a plan to support women in leadership roles 	<ol style="list-style-type: none"> 1. Create awareness program related to gender equality and diversity
Principle 2: Treat all workers fairly at work — respect and support human rights, equal opportunity, diversity and inclusion and non-discrimination	<ol style="list-style-type: none"> 3. Increase female presence from 4 to 8 percent over the next five years 4. Review/revise HR policies on gender equality 	<ol style="list-style-type: none"> 2. Review/revise HR policies on equality
Principle 3: Ensure the health, safety, and well-being of all female and male workers	<ol style="list-style-type: none"> 5. Provide safe and harassment-free work environment 	N/A
Principle 4: Promote education, training and professional development for women	<ol style="list-style-type: none"> 6. Articulate the company’s business case for women’s empowerment and the positive impact of inclusion for men as well as women 	<ol style="list-style-type: none"> 3. Identify education, training and/or professional development opportunities, programs, networks for current staff and future employees
Principle 5: Implement enterprise development, supply chain, and marketing practices	N/A	<ol style="list-style-type: none"> 4. Engage business partners and peers in MEGlobal’s commitment towards advancing equality, diversity and inclusion
Principle 6: Promote equality through community initiatives and advocacy	<ol style="list-style-type: none"> 7. Work with community stakeholders, officials and others to eliminate discrimination and exploitation, and open opportunities for women and girls 	<ol style="list-style-type: none"> 5. Collaborate with local organizations to support and promote inclusion, gender equality and women’s empowerment
Principle 7: Measure and publicly report on progress to achieve gender equality	<ol style="list-style-type: none"> 8. Measure and report on ELEVATE’s implementation on a regular basis 	<ol style="list-style-type: none"> 6. Measure and report on ELEVATE’s implementation on a regular basis

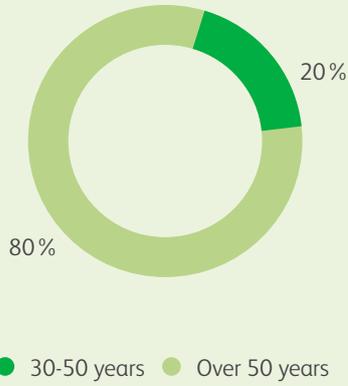
Our performance on promoting diversity

Across all employee categories, the majority of employees within EQUATE Group are in the 30 to 50 years age group. We are committed to induct more employees under the age of 30 years into our workforce as we believe that younger employees help us build a stronger foundation and are essential for the continuity and success of our organization. Our long-term success is also correlated in retaining the expertise of our long-standing, high-performing employees. Our aim is to maintain a balance between these two important groups by creating an empowering culture where EQUATERS feel valued and respected, no matter their position in the group.

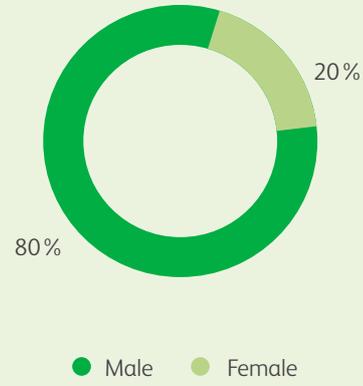
Continuing our responsibility towards our people

EQUATERS are the backbone of our Group’s success and contribute to our advancement in the petrochemical industry. We aspire to continue enhancing our processes and systems to continue attracting talented people from diverse backgrounds. We look forward to continuing supporting our employees throughout their journey at EQUATE Group by guaranteeing a diverse and inclusive environment as well as maintaining a culture that drives personal development. We realize that by doing so, we are building tomorrow’s leaders who will guide us to a better and more sustainable future.

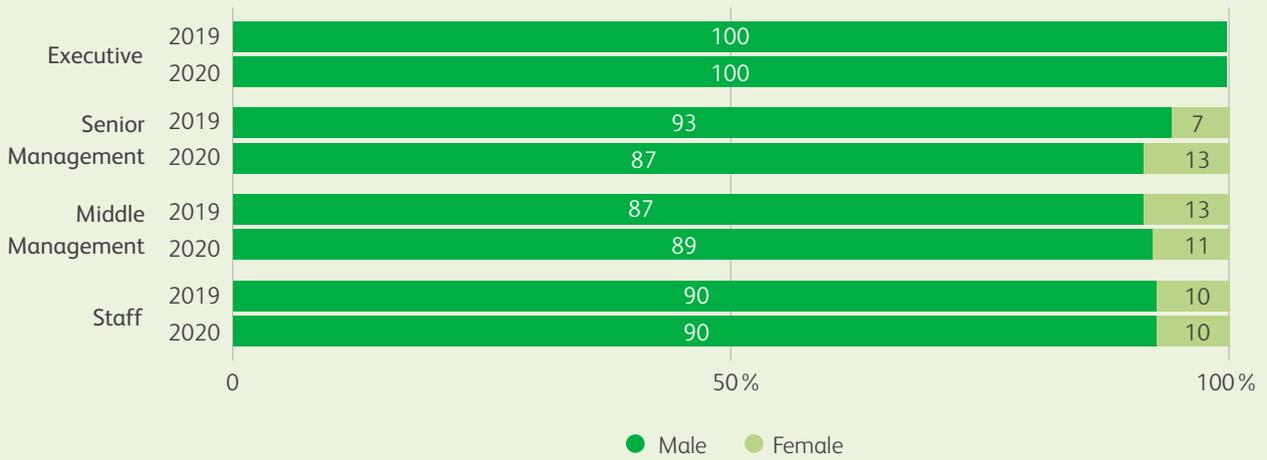
Age representation across the Board



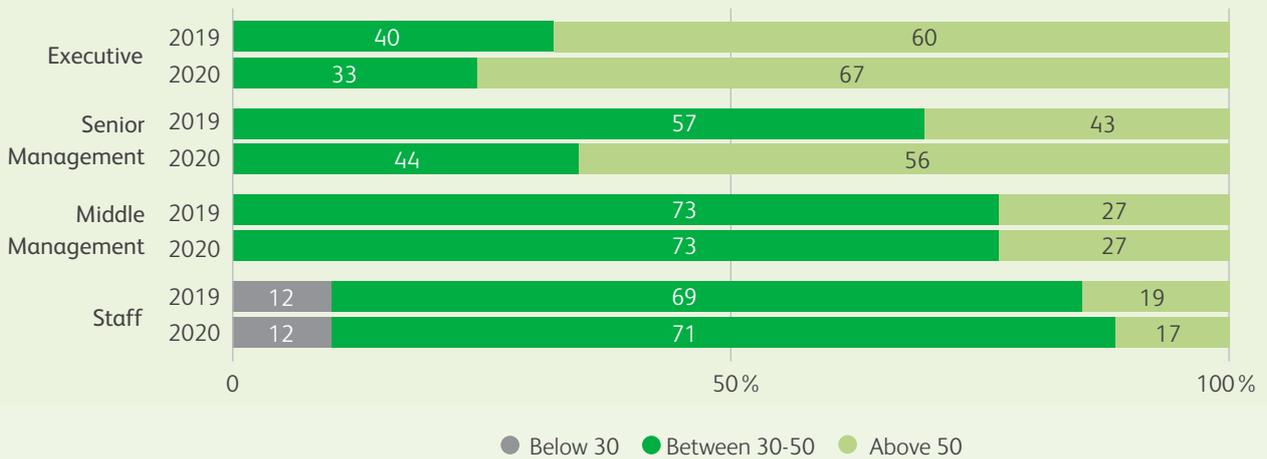
Gender representation across the Board



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



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



GRI CONTENT INDEX



MATERIALITY
DISCLOSURES SERVICE

2021

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📍 Oyster Creek, USA

GLOSSARY OF ABBREVIATIONS

Abbreviation	Full form	Abbreviation	Full form
ABP	Annual Business Planning	ECC	Ethics and Compliance Committee
ACC	American Chemistry Council	EDR	Endpoint Detection and Response
AEP	Alberta Environment and Parks	EG	Ethylene Glycol
AEPW	Alliance to End Plastic Waste	EH&S	Environment Health and Safety
AFPM	American Fuel and Petrochemical Manufacturers	EMT	Executive Management Team
AITS	Action Item Tracking System	ENR	Engineering News-Record
API	American Petroleum Institute	EOR	Enhanced Oil Recovery
ASSP	American Society of Safety Professionals	EPCA	European Petrochemical Association
ATP	Advanced Threat Protection	ERM	Enterprise Risk Management
BBTU	Billion British Thermal Unit	EQUATERS	EQUATE Group employees
BFC	Board Finance Committee	EU	European Union
BOD	Board of Directors	FDA	Food and Drug Administration
BPC	Boubyan Petrochemical Company	FZE	Free Zone Establishment
B.V.	Besloten Vennootschap (Dutch version of private limited company)	GCC	Gulf Cooperation Council
BZ	benzene	GDP	Gross Domestic Product
CCD	Corporate Communications Department	GHG	Greenhouse Gas
CCPS	Central for Chemical Process Safety	GIIM	Global Instrument Integrity Manual
CEO	Chief Executive Officer	GJ	Gigajoule
CIAC	Chemistry Industry Association of Canada	GMISS	Global Mechanical Integrity Safety Standard
CMOC	Critical Material of Construction	GPCA	Gulf Petrochemicals & Chemicals Association
CMS	Competency Management System	GRI	Global Reporting Initiative
CMT	Crisis Management Team	HA	Heavy Aromatics
CO2	Carbon Dioxide	HDPE	High-Density Polyethylene
COA	Contracts of Affreightment	HR	Human Resources
COR	Certificate of Recognition	HRO	Highly Reliable Organization
COSO	Committee of Sponsoring Organizations of the Treadway Commission	HSE	Health, Safety and Environment
CPME	Committee of PET Manufacturers	HSSE	Health, Safety, Security and Environment
CSR	Corporate Social Responsibility	IASB	International Accounting Standards Board
CVCC	Consecutive Voyage Charter Contract	IDP	Individual Development Plan
D&I	Diversity & Inclusion	IDPS	Intrusion Detection & Prevention Solutions
DC	Defined Contributions	IFRS	International Financial Reporting Standards
EAP	Employee Assistance Plan	IOSH	Industrial Occupational Safety & Health
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization	IR	Injury Rate
EBSM	Ethyl Benzene and Styrene Monomer	ISO	International Organization for Standardization
		IT	Information Technology
		JCM	Job Competency Model
		JV	Joint Venture

Abbreviation	Full form
KEPA	Kuwait Environment Public Authority
KFAS	Kuwait Foundation for the Advancement of Sciences
KISR	Kuwait Institute for Scientific Research
KPC	Kuwait Petroleum Corporation
KPI	Key Performance Indicators
KPPC	Kuwait Paraxylene Production Company
KW	Kilowatt
L&D	Learning and Development
LCA	Life-Cycle Assessment
LDR	Lost Day Rate
LMS	Learning Management System
LOPA	Layers of Protection Analysis
LPP	Loss Prevention Principles
LTD	Limited
MEIP	Middle East, India and Pakistan
MENA	Middle East and North Africa
MMT	Manufacturing Management Team
MT	Metric Ton
N/A	Not Available
NGO	Non-Governmental Organization
NTEC	National Technology Enterprise Company
NOX	Nitrogen Oxides
NYSE	New York Stock Exchange
NZLD	Near Zero Liquid Discharge
ODMS	Operating Discipline Management System
ODR	Occupational Diseases Rate
OHS	Occupational Health and Safety
PAAET	Public Authority for Applied Education and Training
PAI	Public Authority for Industry
PE	Polyethylene
PET	Polyethylene Terephthalate
PHE	Plate Heat Exchangers
PIC	Petrochemical Industries Company
PM	Particulate Matter
PPE	Personal Protective Equipment
PSCE	Process Safety & Containment Events
PTA	Terephthalic Acid
PTE	Private Limited company
PX	Paraxylene
Q1	First Quarter
Q3	Third Quarter

Abbreviation	Full form
QPIC	Qurain Petrochemical Industries Company
RC	Responsible Care®
RCMS®	Responsible Care Management System®
RCRA	Resource Conservation and Recovery Act
RE	Renewable Energy
RP	API Recommended Practice (RP) 754
S&P	Standard & Poor's
SAP	Systems Applications and Products
SBF	Singapore Business Federation
SCG	SCG Company
SDG	Sustainable Development Goals
SDS	Software Diversified Services™
SGV	Superficial Gas Velocity
SIEM	Security Information & Event Management
SIS	Safety Instrument Systems
SM	Styrene Monomer
SME	Subject Matter Expert
SOC	Security Operations Center
SOX	Sulfur Oxides
SROI	Social Return On Investment
TCC	Texas Chemical Council
TCEQ	Texas Commission on Environmental Quality
TID	Technical and Improvement Department
TKOC	The Kuwait Olefins Company
TKSC	The Kuwait Styrene Company
TOC	Total Organic Carbon
UAE	United Arab Emirates
UK	United Kingdom
ULC	Unlimited Liability Corporation
UN	United Nations
UOP	Honeywell UOP
USA	United States of America
UPEs	Unplanned events
USD	United State Dollar
V25	Viridis 25
VOC	Volatile Organic Compounds
VP	Vice President
WEPs	Women Empowerment Principles
WHO	World Health Organization
WPC	World Plastic Council



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