

# BUILDING RESILIENCE THROUGH ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) TRANSFORMATION

## ESG REPORT 2023: EXECUTIVE SUMMARY



Partners in Success



# MESSAGE FROM OUR PRESIDENT AND CEO

GRI 2-22



“With sustainability and innovation serving as central elements of our value creation model and growth strategy, we remain dedicated to directing our people and resources towards solutions that have the most significant impact on our customers, communities and society.”

**Mr. Naser Aldousari**

President and CEO, EQUATE Group

EQUATE Group is pleased to present its second Environment, Social and Governance (ESG) Report. Our steadfast belief in environmental stewardship, social empowerment, transparent governance, and collaborative engagement underpins our commitment to shaping a sustainable future for generations to come. Our dedication and innovative approach to ESG are integral to the success of our business and in serving our diverse stakeholders including customers, shareholders, employees, suppliers, and community members.

In 2022, we realigned our corporate strategy to integrate ESG objectives for fiscal years (FY) 2023-2025, highlighting our dedication to making substantive strides on the ESG front. Aligned with the United Nations Sustainable Development Goals (UN SDGs), our ESG framework mirrors our commitment to sustainable practices. We are committed to fulfilling our responsibility as conscientious corporate stewards, prioritizing health and safety while ensuring the continued supply of essential products to global markets.

Our dedication to environmental protection is exemplified through responsible resource management, carbon footprint reduction initiatives, and the proactive adoption of innovative technologies to fulfil our role as responsible stewards of our planet’s resources. We are actively developing robust environmental strategies to deliver enduring value while meeting regulatory compliance mandates. This ESG Report unveils our multi-phase roadmap towards achieving our objective, including our aspiration to attain carbon neutrality by 2050. To bolster our endeavours, we are diversifying our energy sources with renewables, capturing CO<sub>2</sub> emissions, and working within our value chain to advance sustainable solutions for global climate change challenges.

With a commitment to excellence driven by our mission

to maximize stakeholder value, we acknowledge our dedicated workforce as the cornerstone of our aspirations. Striving to foster a culture of growth where all individuals feel valued, heard, and empowered, we formalized this commitment through the ‘For All’ initiative, emphasizing Diversity, Equity, and Inclusion (DEI). In highlighting our commitment to workplace inclusivity and empowerment, EQUATE Group has embraced the United Nations Women’s Empowerment Principles (UN WEPs).

The accomplishments in these ESG initiatives would not have been possible without the support of our communities. We remain committed to actively engaging in meeting the needs of local communities and supporting initiatives directed towards promoting health, safety, education, the environment, economic development, and overall quality of life. Through initiatives in the Middle East and North American regions, involving expenditures of \$1.6 million in 2023, we underscore our enduring partnerships with academic institutions and non-profit organizations, focusing on societal needs and biodiversity preservation.

Safety remains a key focus of our ESG strategy, with an unwavering commitment towards zero process safety incidents and injuries. With dedication, we achieved zero Tier 1 and Tier 2 process safety incidents during the 2023 reporting period. Additionally, we were honored with the prestigious American Society of Safety Professionals (ASSP) Platinum Award, in recognition of our excellence in environmental, health, and safety practices.

EQUATE Group maintains a positive outlook for the future, relying on its core values of growth, leadership, and operational excellence. The Group welcomes feedback on its ESG Report and is committed to transparent and balanced reporting of its ESG performance in the years to come.

# About This Report

GRI 2-3

At EQUATE, we are eager to transparently highlight our ESG journey, as we understand the role we play in safeguarding our planet, empowering our communities, and upholding the highest standards of governance and ethics. Since 2011, we have made considerable progress toward reducing our environmental footprint and supporting our communities. We are committed to continuously building on our efforts to drive greater impact in the years to come. This document is an executive summary of the EQUATE Group ESG Report 2023, which aims to highlight the Group's strategic actions and progress made towards its ESG goals. This report focuses on the concepts and key performance indicators (KPIs) that reflect our most material ESG topics. This executive summary discloses our ESG performance for 2023.

## Information Covered

GRI 2-2

This report highlights EQUATE Group's ESG achievements for the period from 1 January 2023 to 31 December 2023. It delineates our efforts to enhance ESG performance, encompassing both immediate and strategic objectives along with the progress achieved. The data and insights presented in this report pertain to EQUATE Group's owned assets and operations in Kuwait, as well as MEGlobal's manufacturing operations in Canada and the USA. Where applicable, specific reporting boundaries for the material topics considered for this report are detailed in the Materiality Assessment section.

## Reporting Frameworks

This report is aligned with the GRI Revised Standards 2021, incorporating additional disclosures from the GRI 11: Oil and Gas Sector Standard 2021. It also references the Sustainability Accounting Standards Board (SASB), Chemicals Sector Standard, Gulf Petrochemicals and Chemicals Association (GPCA), and Kuwait Boursa ESG Guidance. Our focus extends to contributing to the UN SDGs, New Kuwait Vision 2035, the United States' Long-Term Strategy: Pathways to Net-Zero Greenhouse Gas Emissions by 2050 for Scope 1 and 2 emissions, and Canada's Federal Sustainable Development Strategy. This comprehensive approach enables us to assess and address the local, regional, and global impacts of our business operations.

## Data Collection and Reporting Approach

The information and data presented in this report were gathered from pertinent functional units and teams in accordance with the data criteria outlined in the GRI Standards 2021. Our data collection methodology, calculation approaches, proxies, and any applicable assumptions have been delineated throughout the report. Additionally, we have disclosed the use of any global tools, methodologies, or standards for obtaining information. To help ensure accuracy and coherence, a multi-level review process involving department managers was conducted,

consistent with previous reporting cycles. The final endorsement and validation of the reported data and information were overseen by EQUATE Group's ESG Committee.

## References to EQUATE

Throughout this report, references to EQUATE Group have been made as: EQUATE, EQUATE Group, and the Group, unless specified otherwise. For geography-specific highlights, the Group is represented as EQUATE Group-Kuwait and EQUATE Group-North America. All EQUATE Group's locations have been included in Governance, Social, People and EH&S data.

## Feedback and Suggestions

We welcome feedback from all our stakeholders on any of our activities or operations, including our ESG performance, impacts and commitments. Please direct any comments or feedback to [ESG@EQUATE.com](mailto:ESG@EQUATE.com)



# Key Performance Highlights for EQUATE Group

Energy and Emissions		Waste Management	Water Management
<b>Total Energy Consumption</b>	<b>Total GHG Emissions</b>	<b>Total Waste Generation</b>	<b>Net Water Consumption</b>
2022   31.7 million GJ	2022   3.7* million MTCO <sub>2</sub> e	2022   13,523 MT**	2022   19.9 million m <sup>3</sup>
2023   31.4 million GJ	2023   3.5 million MTCO <sub>2</sub> e	2023   14,186 MT	2023   17.2 million m <sup>3</sup>
<b>Energy Intensity</b>	<b>GHG Emissions Intensity</b>	<b>% Waste Diverted</b>	<b>% Water Reduction</b>
2022   4.97 GJ/MT	2022   0.57* MTCO <sub>2</sub> e/MT	2022   89%	2022   No reduction
2023   5.21 GJ/MT	2023   0.60 MTCO <sub>2</sub> e/MT	2023   72%	2023   14% reduction
<b>Energy Reduction</b>	<b>Emissions Reduction</b>	<b>% Waste Disposed</b>	
2022   0.6 million GJ	2022   0.5 million MTCO <sub>2</sub> e	2022   11%	
2023   0.3 million GJ	2023   0.5 million MTCO <sub>2</sub> e	2023   28%	
<b>Diversity, Equity and Inclusion</b>		<b>Community Initiatives</b>	<b>Employee Relations and Human Capital Development</b>
<b>% Overall female representation</b>	<b>Direct community contribution/investment</b>	<b>Total hours of training</b>	
2022   11%	2022   1.9 million USD	2022   96,626 hours	
2023   10%	2023   1.6 million USD	2023   187,987 hours	

\*Figures for Total GHG emissions and GHG emissions intensity are restated for 2022 due to enhancements in our GHG calculation methodology. Total GHG emissions are Scope 1 and Scope 2 emissions. Additional information can be found in “Emissions and Climate Change” section.

\*\*MT denotes metric tons

# About EQUATE Group

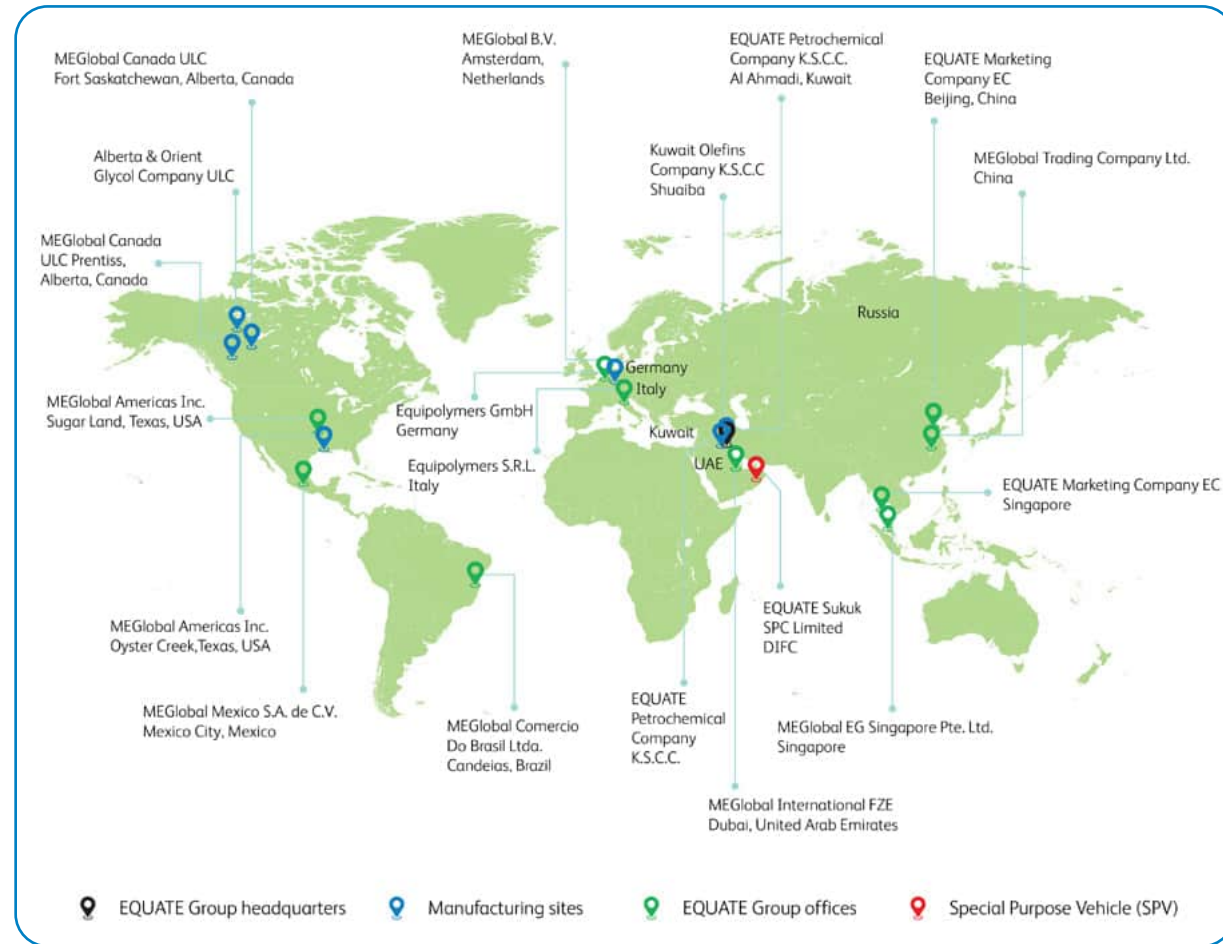
GRI 2-1

EQUATE Group is a leading producer of ethylene glycol (EG) and a global producer of petrochemicals that are used in a wide range of products being manufactured globally. Established in 1995, EQUATE Group represents Kuwait's pioneering international joint venture, uniting government, international investors, and private sector entities.

Our organization oversees industrial complexes across Kuwait, North America, and Europe. Under EQUATE Group's umbrella is the Kuwait Olefins Company (TKOC). Producing annually over 7 million tons of the highest quality grades of ethylene, EG, polyethylene (PE), polyethylene terephthalate (PET), EQUATE markets its products throughout Asia, the Americas, Europe, the Middle East and Africa.

To strengthen our standing as a leader in the petrochemical industry, EQUATE Petrochemical Company K.S.C.C. acquired full ownership of the MEGlobal and Equipolymers companies in December 2015. Subsequently, in September 2019, we inaugurated the new MEGlobal Oyster Creek site in the United States. This strategic expansion capitalized on MEGlobal's established presence in the MEG and DEG markets, enabling us to realize significant economies of scale. The enhanced distribution platform and increased flexibility further empowered us to meet the diverse needs of our clientele. Moreover, the Oyster Creek site strengthens our global reach and aligns with our strategy to cultivate a value-added business as a premier EG producer and supplier.

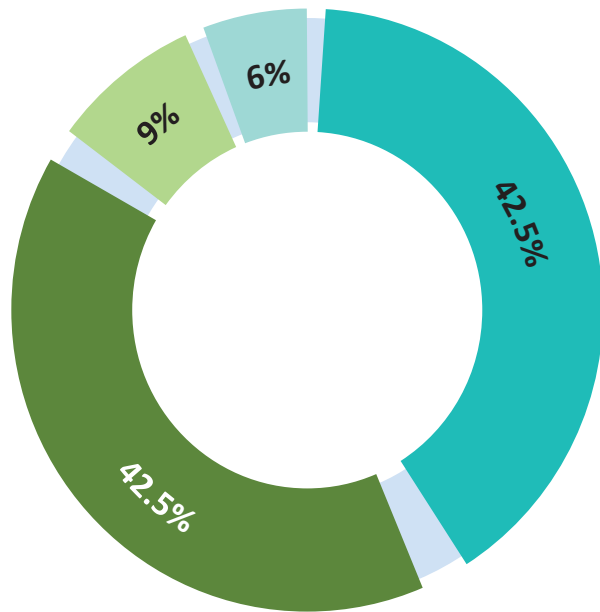
We present below a map of our global presence as we continue to grow globally.



We primarily distribute our goods to intermediary producers tasked with manufacturing final goods for consumers. Our product range caters to various sectors, such as industrial packaging, healthcare, hygiene, food and beverage, and cosmetics. Our operational facilities in Kuwait, the United States, Germany, and Canada focus on producing EG, PE, and PET as our primary offerings.

## EQUATE Group Shareholder Distribution

Embodying its “Partners in Success” slogan, EQUATE Group’s shareholders include Petrochemical Industries Company K.S.C. (PIC), The Dow Chemical Company (Dow), Boubayan Petrochemicals Company K.S.C. (BPC) and Kuwait Projects Company (Holding) K.S.C (KIPCO).



- The Dow Chemical Company
- Petrochemical Industries Company K.S.C.
- Boubayan Petrochemicals Company K.S.C.P.
- Kuwait Projects Company (Holding) K.S.C (KIPCO)

## Our Main Products

### PE

PE is a thermoplastic polymer used in a large range of applications. It is one of the world’s most widely used and versatile material for plastics. It is used in several applications such as flexible food packaging, industrial packaging, agricultural films, medical and healthcare products, and containers for household and industrial chemicals.

### EG

Monoethylene glycol (MEG) and diethylene glycol (DEG) are collectively known as EG which is a petrochemical product used in polyester fiber for fabrics, PET bottles and packaging, resins, deicing fluids, heat transfer fluids, construction materials, water-based adhesive material, shoe polish, printer ink, as well as automotive anti-freeze and coolant.

## Market Performance

### GRI 201

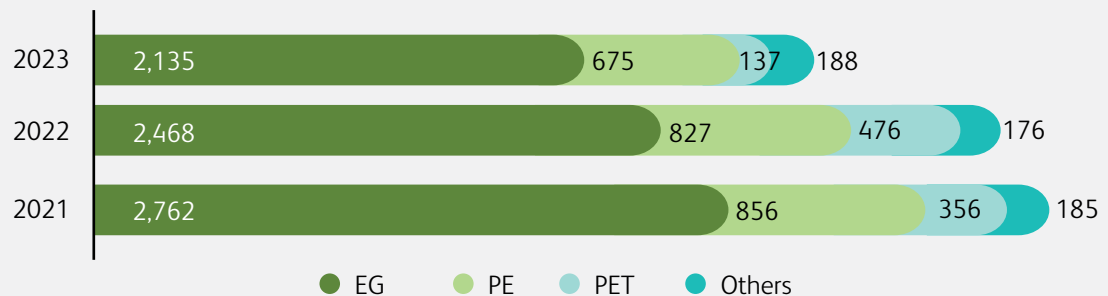
We have established and enacted numerous strategic performance metrics that enable us to efficiently track and assess financial performance throughout our business ventures. We regularly evaluate internal financial performance indicators concerning productivity, cash flow, and cost management (e.g., revenue, EBITDA, net income, and financial adherence) on a quarterly basis, which also influences the Group’s annual bonuses and incentives.

We are convinced that our presence in the countries in which we operate supports their economic growth, having achieved revenues of USD 3,135 million in

2023. Our revenues decreased by 21 % in 2023 compared to 2022. Meanwhile, our operating costs also decreased by 15 % from USD 3,048 million in 2022 to USD 2,585 million in 2023.

Our two primary products are EG and PE. In 2023, these products accounted for 90 % of our total revenue. EG was the predominant product group of our sales and represented 68 % of our net revenue in 2023. North Asia dominated as our top sales geographical area contributing to 36 % of our total revenue in 2023. Indian Subcontinent, Europe and the Americas accounted for 17 %, 14 %, and 13 % of net sales in 2023, respectively.

### Revenue by product group (USD million)



# 2023 Awards and Recognition

Leading by example in best business practices, EQUATE's investments in operational excellence and sustainable development have earned it internationally recognized achievements.

## H.H. The Amir Award

EQUATE won the best factory in Kuwait award for its responsible and environmental initiatives and other ESG aspects.

## 2023 Platinum Award for Environment, Health, and Safety Excellence

EQUATE was awarded the prestigious American Society of Safety Professionals (ASSP) Platinum Award for excellence in Environment, Health and Safety in Manufacturing.

## 2023 Caring for Texas Award

MEGlobal's Oyster Creek Site was recognized and awarded for exceptional safety performance and commitment to continuous improvement in safety, community involvement, emergency response, security, and environmental stewardship.

## Dr. Sam Mannan Award

MEGlobal's Oyster Creek Site won the prestigious safety award from the Texas Chemical Council (TCC) and the Association of Chemical Industry of Texas (ACIT) for their outstanding achievement of zero process safety incidents.

## Zero Employee Incident Rate Award

MEGlobal's Oyster Creek Site was awarded the "Zero Employee Incident Rate Award" for achieving zero safety incidents among employees in 2023.

## Zero Contractor Incident Rate Award

MEGlobal's Oyster Creek Site was awarded the "Zero Contractor Incident Rate Award" for achieving zero safety incidents among contractors in 2023.

## LEWAS - Corporate Excellence Award 2023

EQUATE was recognized for representing great progress in DEI and women empowerment which highlights our role in driving change and setting benchmark for women leadership and inclusion.



## Certifications



International Organization for Standardization's certification on quality management systems



International Organization for Standardization's certification on environment management systems



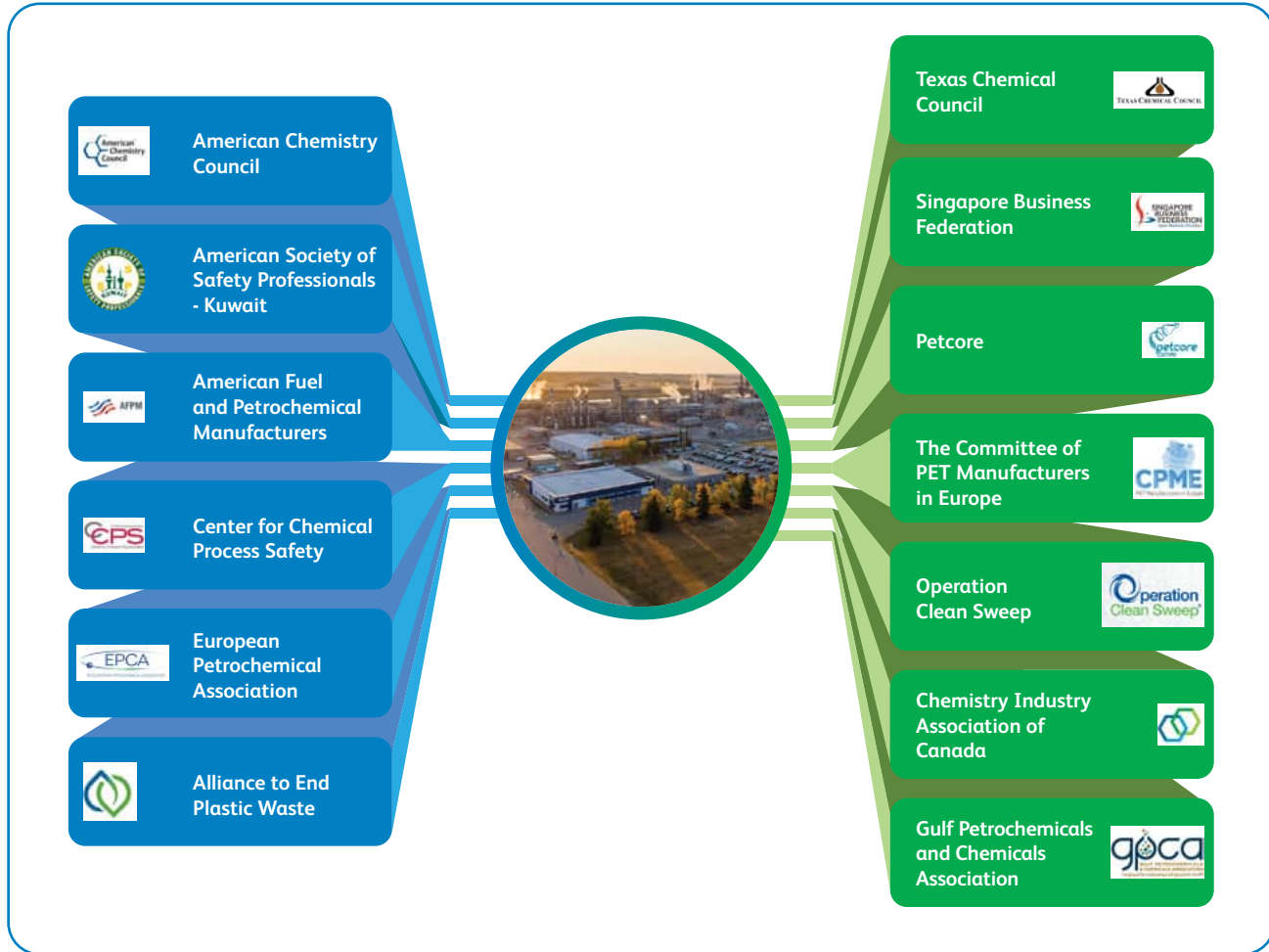
Responsible Care® certification on Health, Safety, Security and Environment (HSSE) management

## Our Memberships and Alliances

GRI 2-28

EQUATE Group is a distinguished participant in numerous top-tier industry associations and partnerships, engaging proactively with similar entities to foster beneficial societal transformations. Through these affiliations, we work

together on inventive solutions to advance sustainable methodologies, champion environmental stewardship, and reduce our carbon emissions.



# Our Approach to ESG

## Stakeholder Engagement

GRI 2-29

The main objective of our stakeholder engagement strategy is to build structured networking and relationships with relevant stakeholders. Our three primary stakeholder prioritization categories are operational stakeholders that

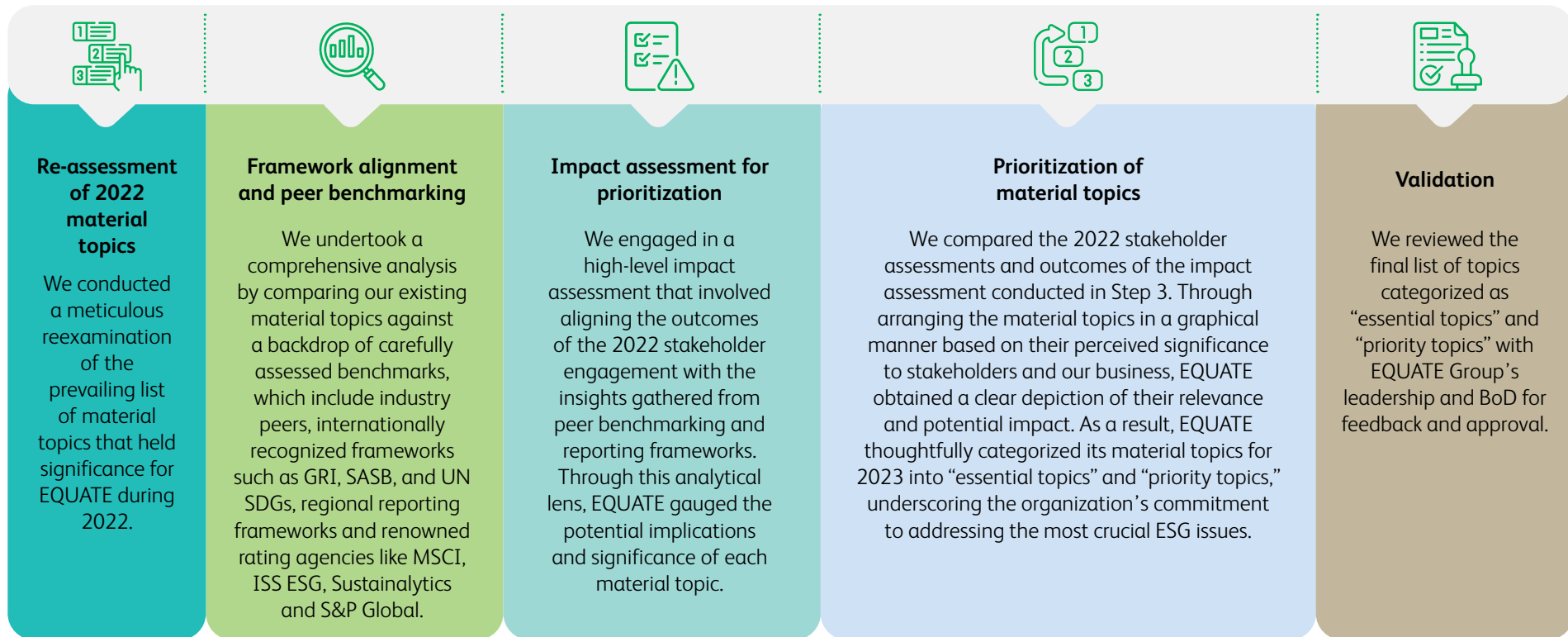
impacts day-to-day operations such as key government and private bodies, strategic stakeholders that influence policies, laws, regulations, and decision making such as government diplomatic, NGOs, communities, and private

bodies. The third category includes occasional stakeholders whose interests periodically intersect with EQUATE's strategic objectives.

## Materiality Assessment

GRI 3-1

In 2023, we carried out a materiality update procedure where we reevaluated the subjects pinpointed in the 2021-2022 Materiality Assessment to ensure relevance in the ongoing reporting cycle. Our materiality refresh entails a systematic five-step approach designed to fine-tune our strategic focal points in harmony with evolving ESG landscapes.



# Our Materiality Matrix

GRI 3-2

The following matrix represents the outcomes of the materiality refresher activity, and the list below includes the material topics for the reporting period.



# Our ESG Framework

In 2022, EQUATE Group embarked on a transformative journey by evolving its 2025 Sustainability Strategy into a logical ESG framework, with the goal of amplifying the positive impacts of our endeavors on business and society. This transition was spurred by an unwavering commitment to deeply embed ESG principles into our operational culture.

Our ESG strategy is implemented through a comprehensive approach:



## Protecting the Environment

- Ambition to achieve carbon neutrality by 2050
- Reduce Scope 1 and 2 absolute greenhouse gas (GHG) emissions by 40% by 2035
- Reduce North American freshwater consumption by 10% by 2035
- Incorporate plastic waste circularity into EQUATE Group's recycle stream



## Empowering our Workforce and Communities

- Empower employees through education and wellbeing initiatives
- Support our communities through contributions and active engagement
- Sustain a zero-incident working environment
- Promote DEI



## Nurturing a Culture of Good Governance

- Ensure risk management is implemented across the organization
- Ensure corporate governance, compliance, and accountability (including ethical business practices) are implemented
- Adopt digital governance (data privacy and data security)
- Enhance responsible supply chain



# Ensuring Effective Governance And Compliance

## ESG Governance

We have established an ESG governance framework that steers our endeavors in achieving our ESG objectives and action plans. Our governance structure underscores our commitment to ESG accountability, fostering a collective and collaborative approach involving the Board of Directors (BoD), Executive Management Team (EMT), our ESG Committee, and region-specific committees dedicated to social investment purposes.

### BoD

Responsible for high-level approval of the ESG budget and ESG strategy.

### President and CEO

Responsible for sponsoring the ESG Committee and approvals of the ESG budget and ESG strategy.

### Senior Executive

Responsible for leading and directing the ESG Committee.

### ESG Committee

Responsible for the development and implementation of the ESG strategy and ESG initiatives for EQUATE Group.

## Governance and Oversight

### Role of the BoD in ESG Oversight

The BoD maintains oversight and engages with the EMT in governing EQUATE's ESG agenda. This includes reviewing ESG budget allocation, strategy, initiatives, and progress towards established targets. Relevant sustainability updates, encompassing the ESG and Climate strategies, are presented and discussed at every BoD meeting. The BoD receives feedback on ESG performance through multiple channels, including our President, senior executives, and ESG Committee.

The results of our materiality assessment are presented to the BoD for approval, whereby the BoD provides strategic direction based on the materiality assessment results, industry and market trends, and feedback from internal and external stakeholders.



# Our Diverse and Experienced Leadership

GRI 2-9

GRI 2-10

GRI 2-11

EQUATE Group's BoD consists of 10 members, with four appointed by PIC, four by Dow, one by BPC, and one by KIPCO. The BoD convenes regularly, holding 6 meetings in 2023.



**Nadia AlHajji**  
BoD Chairperson



**Isam Shomaly**  
BoD Deputy Chairperson



**Feras Alawwad**  
BoD Member



**Luis Antuna**  
BoD Member



**Asma Alqallaf**  
BoD Member



**Tyler Edgington**  
BoD Member



**Ahmad Alrashdan**  
BoD Member



**Luciano Poli**  
BoD Member



**Dabbous Aldabbous**  
BoD Member



**Sadoun Ali**  
BoD Member



**Naser Aldousari**  
President and CEO



**Sudhir Shenoy**  
Senior Vice President



**Phisanu Sermchaiwong**  
Chief Financial Officer



**Ned Issa**  
Vice President Operations



**Dr. Salman Alajmi**  
Vice President Technical Services

# Corporate Governance and Compliance

GRI 2-27

GRI 205-2

GRI 2-15

## Our Code of Conduct (Code)

EQUATE Group is committed to adhering to the highest standards of corporate governance, including compliance with all applicable laws, codes, and regulations. Our Code is a comprehensive set of values, ethical principles, and policies that guide our employees in their business dealings all over the globe. The Code gives a clear framework for making ethical decisions, providing our employees, suppliers, and contractors information they need to make the right decisions.

Our compliance standards are fundamentally uniform on a global level; hence, the Code is adopted by all entities that make up EQUATE Group. By adhering to the Code, we can help ensure that our business practices are aligned with legal and regulatory requirements.

## Ethics and Compliance Committee

To foster a culture of ethical conduct and compliance throughout our organization, we established the Ethics and Compliance Committee (ECC). The ECC develops

and maintains ethical standards to protect EQUATE Group's values.

The ECC is a subcommittee of the BoD Audit Committee. Each member serves a three-year term which helps to ensure that the ECC is independent and objective in its work. To guarantee compliance with corporate governance requirements, all directors and employees receive training on a comprehensive range of governance topics. This training helps them understand and adhere to the principles outlined in the Code.



You may view EQUATE's Code here: [EQUATE's Code](#)

## Business Ethics and Anti-Corruption

GRI 205-1

GRI 205-2

GRI 205-3

EQUATE Group adheres to a corporate governance framework based on the Code, which includes external auditing and oversight by the BoD. This framework helps to ensure that we conduct our operations in a transparent manner, while maintaining high ethical standards. We recognize that bribery and corruption can undermine our reputation and lead to unfair competition and compromised products. To combat bribery and corruption, we have implemented robust policies and training programs. In 2023, 100% of our employees were trained on our Code and related policies. Such training reinforces our commitment to integrity and ethical decision-making throughout the organization.

## Remuneration and Performance-Based Incentives

GRI 2-19

EQUATE Group acknowledges the significance of individual and team performance in driving business success. We have incentive programs as rewards for individual or team excellence for achieving our vision, goals, and objectives. Our programs include the following:

- **Short Term Incentives (STI) and Management Variable Incentive Program (MVIP):** These programs reward employees and leadership for their contributions and commitment towards achieving organizational goals. Performance is evaluated across categories: individual, departmental, and corporate.
- **Long-Term Incentive Program (LTI):** This program is designed to recognize and retain key employees who drive exceptional value and results for the organization.
- **EQUATE Reward System (ERS):** This program encourages and rewards collaborative efforts within and across teams, emphasizing peer-to-peer recognition.

## Compliance with Laws and Regulations

GRI 419-1

We have implemented a compliance management framework overseen by the legal department and our compliance officer. This framework aids in identifying compliance requirements, setting controls and

policies, and periodically monitoring our compliance performance. During the fiscal year 2023, EQUATE did not face any substantial penalties or non-monetary repercussions for failing to comply with environmental

or socio-economic statutes, regulations, or standards throughout the reporting period.



# Risk Management and Business Continuity

## Enterprise Risk Management (ERM)

Our ERM framework adheres to the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) ERM Framework and ISO 31000 risk management guidelines, facilitating structured risk management practices. With well-defined policies, procedures, and processes, we uphold a bottom-up approach to risk management and reporting.

## Risk Identification, Assessment and Mitigation

To safeguard and enrich stakeholder value, we have instituted an ERM framework that facilitates our proactive identification, evaluation, and acknowledgment of risks throughout our operations.

Risks encompass a broad spectrum of factors that may deviate from an organization's objectives or expectations. Our routine evaluations of business operations aim to pinpoint these potential uncertainties, which are then evaluated using an impact-likelihood matrix. In alignment with approved risk appetite and tolerance levels, we develop and implement tailored mitigation strategies for identified uncertainties.

## Business Continuity Management (BCM)

EQUATE is presently redefining its BCM framework as per ISO 22301 guidelines under the guidance of the EMT. We have operationalized our business continuity

plan in collaboration with our Process Automation and IT Departments. Moving forward, we have plans to engage relevant committees, define their roles and responsibilities, and include their members in the next reporting year. We undertake regular internal audits of our existing protocols every three years, complemented by external audits aligning with the ISA 62443 Standard for Operational Technology (OT).

## Data Security and Data Privacy

GRI 3-3

GRI 418-1

Data and security risks at EQUATE group are identified and managed through our ERM systems, including our current development of the BCM, comprising the required process, procedures, and policies. These risks are then tracked through our Privilege Access Management system, and Security Information and Event Management (SIEM) system which enable us to identify malicious activities and deliver operational capabilities such as incident management and dashboards.

EQUATE IT systems are regulated by our information security management system (ISMS), whose policies and procedures are aligned with our cybersecurity incident goal. Our policies and procedures include "zero priority one cybersecurity" incidents including data loss and breach incidents. These are reviewed monthly by our security team and on quarterly basis by our Cybersecurity Steering Committee.

## Disaster Recovery Policy

EQUATE's business continuity is directed by the Disaster Recovery Policy, which was created by our Technical and Improvement and Information Technology Departments (TID and IT) in 2022. This policy has procedures for the critical systems, and it is tested every year. The TID plans to train and assign focal points. The TID also strives to meet the service level agreements (SLA) with vendors for optimizing incident response time, using advanced monitoring and incident response report.

## Emergency Scenarios

GRI 2-27

GRI 205-2

GRI 205-15

Notably, in 2023, the Global IT department reported zero priority incidents. EQUATE has a goal of "Zero Priority One Cybersecurity Incident" (including data loss/breach incidents). Cybersecurity Incidents are reported monthly report and reviewed by Cybersecurity Steering Committee in quarterly review meeting.

**We report zero complaints on customer privacy, breaches, identified leaks, and thefts or losses of customer data across all our operations.**

# Responsible Supply Chain

GRI 204

EQUATE Group expects all its suppliers to adhere to the Supplier Code which covers ESG aspects such as compliance and regulatory requirements, diversity, human rights, conflicts of interest, workplace health and safety, privacy, information management, technology and cybersecurity. We are committed to establishing specific sustainability/ ESG requirements within the scope of these considerations.

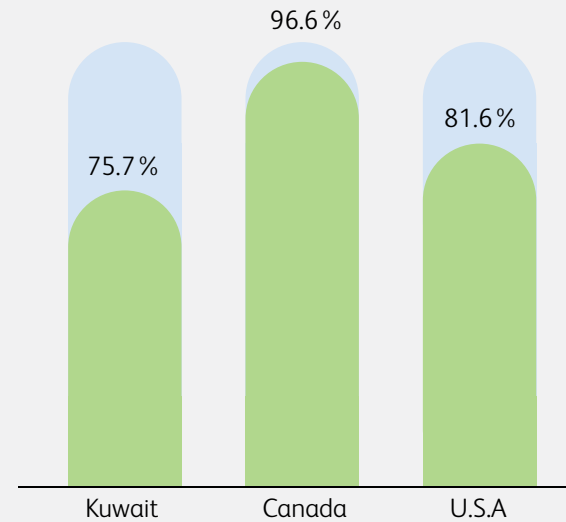
## Local Spending

GRI 3-3

GRI 204-1

As a responsible corporate citizen, we emphasize aligning the activities of our suppliers and contractors with environmental, safety, and health principles, as well as best business practices. Moreover, we acknowledge the importance of supporting local suppliers, as it not only promotes economic growth but also contributes to the economies in which we operate.

### % of Local Spending in Kuwait and North America in 2023



Note: % local spending includes procurement, fixed, and supply chain spending in 2023.



# Environment

EQUATE Group is steadfast in its efforts to transition towards a more sustainable economy while reducing its environmental footprint. The Group places a strong emphasis on leveraging advanced technologies and upholding stringent environmental standards to ensure responsible operations. Environmental conservation is deeply ingrained in our core values, recognizing that our long-term prosperity is closely linked to minimizing harm to the environment and safeguarding it for future generations.

## EQUATE North American operations transition to 100% Renewable Energy

EQUATE Group is committed to sustainable practices and environmental stewardship, as evidenced by its recent renewable energy projects in North America through its subsidiaries, MEGlobal Canada ULC and MEGlobal Americas Inc. MEGlobal Canada ULC secured a decade-long agreement with Capital Power Corporation for 126 megawatts (MW) of renewable energy generated by Capital Power's Whitla Wind facility in Alberta, Canada. This renewable energy partnership will offset 2.2 million MTCO<sub>2</sub>e over the duration of the agreement, which includes phases 2 and 3 of the Whitla Wind facility. These phases have a combined capacity of 151 MW and have been operational since the end of 2021.

MEGlobal Americas Inc. has partnered with Calpine Energy Solutions, LLC, a renowned energy solutions provider in the United States, to utilize 100% renewable energy to power the Oyster Creek site in Tex which began in 2023.

Environmental Attributes (REC's) associated with the power purchase agreement have been retired for the year 2023.

# Energy

GRI 3-1

GRI 302-1

GRI 302-3

GRI 302-4

EQUATE's energy mix includes a combination of purchased grid electricity, purchased steam, natural gas, and power from renewable energy. In 2023, EQUATE's Group-wide energy consumption was recorded at 31.4 million gigajoules (GJ), a reduction of close to 0.3 million GJ in absolute energy consumption from 2022 to 2023. This reduction is achieved predominantly through energy optimization projects. In 2023, we were able to decrease our natural gas and electricity consumption by 0.7% and 3% respectively at the Group level.

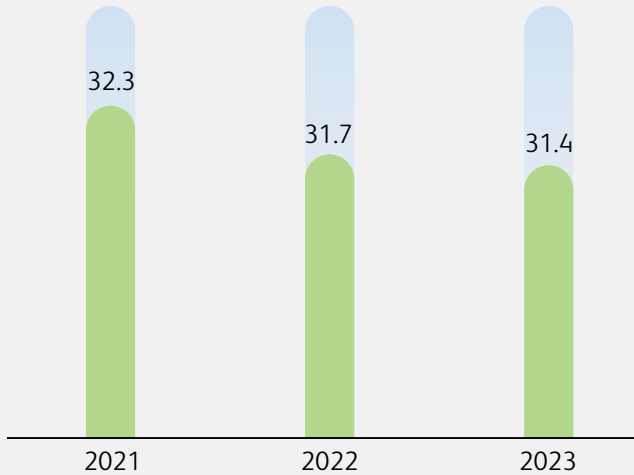
## Energy Intensity

The energy intensity of our operations is reported to be 5.21 gigajoules per metric ton (GJ/M), an increase of approximately 5% from previous year due to lower production in Kuwait as a result of major turnaround activities. At our Kuwait operations, our energy intensity is based on EG, propylene, PE, and ethylene produced, while at our North American operations it is based on EG produced.

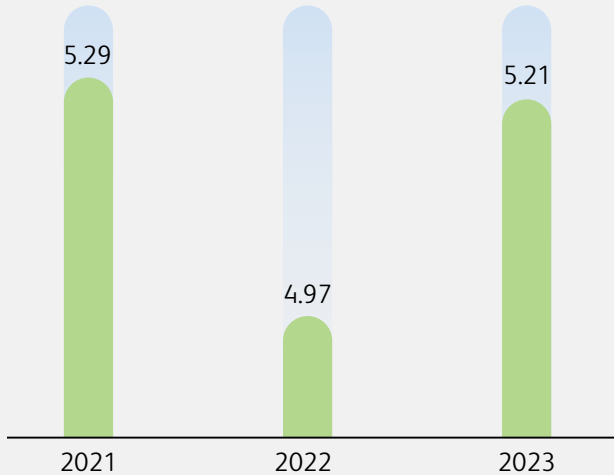
By implementing robust energy management practices and benchmarking its performance against industry standards, EQUATE Group demonstrates its commitment to operational excellence, resource conservation, and sustainable manufacturing.



### Total Energy Consumption (million GJ)



### Energy Intensity (GJ/MT of product)



## Renewable Energy Initiatives

EQUATE Group recognizes the importance of diversifying its energy mix and transitioning towards renewable energy sources to reduce its carbon footprint. As part of our sustainability strategy, we are actively pursuing renewable energy initiatives.

EQUATE Group, in partnership with Calpine Energy, has successfully implemented a renewable power purchase agreement to power its Oyster Creek site in Texas with 100% renewable energy. So far, our power purchase agreement has resulted in the issuance of 372,000 MWh of renewable energy certificates (RECs) which have been retired in 2023 and 2024. Using renewable energy has enabled EQUATE to avoid approximately 140,000 metric tons of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions.



# Emissions and Climate Change

GRI 3-3

GRI 305

EQUATE Group is committed to reducing greenhouse gas (GHG) emissions and combatting climate change, with ambitious targets and a comprehensive roadmap in place for achieving significant emission reductions. Our Group aims to reduce Scope 1 and Scope 2 absolute GHG emissions by 40% by 2035 compared to 2020 baseline levels, aligning with its long-term ambition of achieving carbon neutrality by 2050. We have developed a detailed Multi-Phase Project (MPP) roadmap outlining initiatives and milestones to drive a low-carbon trajectory across all owned and operated facilities.

## GHG Emissions

GRI 305-1

GRI 305-2

GRI 305-4

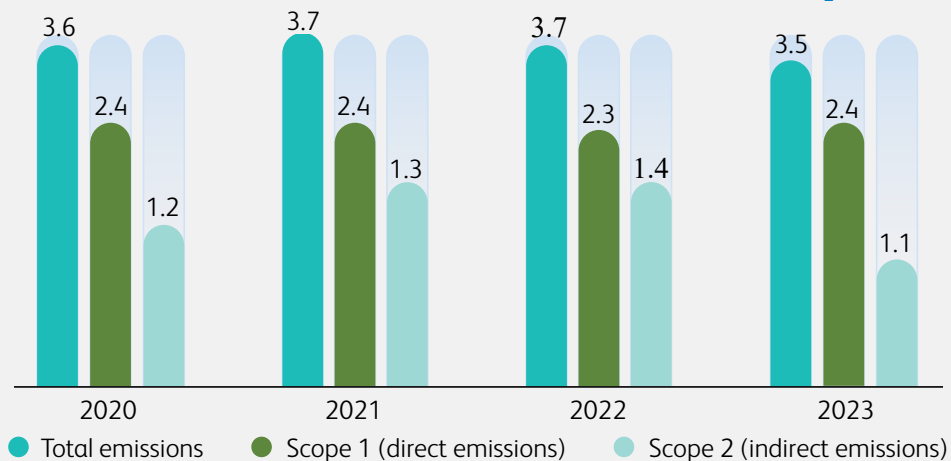
GRI 305-5

In the year 2023, EQUATE Group's Scope 1 emissions share was 67%, while the remaining emissions were attributed to indirect sources such as purchased electricity and steam. Our Scope 1 emissions primarily stem from industrial processes, venting, and stationary combustion sources like boilers. In 2023, the total annual GHG emissions were 3.5 million MTCO<sub>2</sub>e on a net basis.

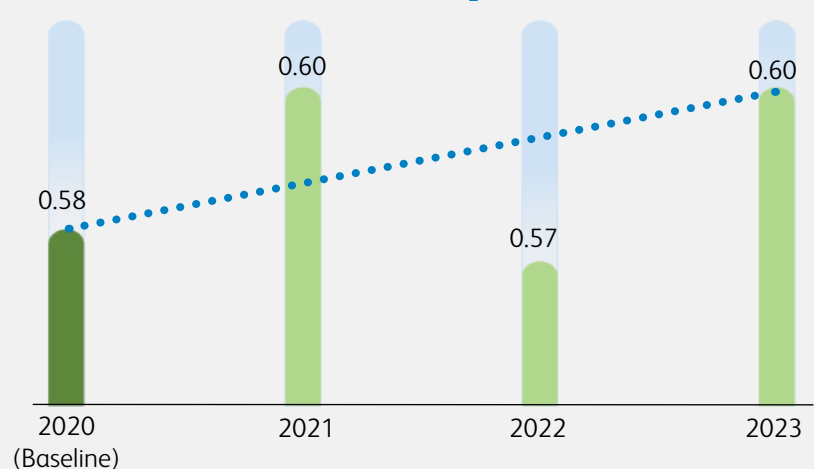
In 2023, EQUATE Group recorded a 3% reduction in emissions from the previous year. Noteworthy reductions of 0.5 million MTCO<sub>2</sub>e in 2022 and 0.5 million MTCO<sub>2</sub>e in 2023 were achieved Group-wide through carbon dioxide recovery and export to other industries and renewable power purchase agreements.



**Net Direct and Indirect GHG Emissions (million MTCO<sub>2</sub>e)**



**GHG Emissions Intensity (MTCO<sub>2</sub>e/MT of products)**



## Nitrogen Oxides, Sulphur Oxides, and other Significant Air Emissions

GRI 305-7

Since 2021, we have observed a notable decrease of 9.5% in NO<sub>x</sub> emissions at EQUATE Group level, primarily attributed to decreased flaring and reduced fuel utilization for cracking processes.

The volatile organic compounds (VOC) originating from our Canadian operations have increased over the past several years. This increase is attributed to increased venting of process gases during unplanned downtime of the equipment and reduced CO<sub>2</sub> capture. To resolve these issues, we have intensified our maintenance efforts to minimize emissions from venting.

At our Kuwait operations we have successfully reintroduced a Leak Detection and Repair (LDAR) program which started in Q4 2023. Our LDAR program was already in place at our North American operations.

Project Name	Project Completion Year	Project Description	Benefit of the Project
<b>Off-spec Ethylene Storage in Sphere (EU)</b>	2023	This project will allow EU to store off-spec ethylene generated during shutdown and start-ups and reprocess it once the unit is back online and on-spec. The project scope includes installation of piping and valves to divert off-spec ethylene for storage instead of flare, and to reprocess it later.	Estimated reduction of CO <sub>2</sub> emissions by 1,650 MT every start-up.
<b>Ethylene Flowmeter Replacement (PE)</b>	2025	Flow meters of Ethylene main headers to PE unit is to be replaced with new Vortex type with higher accuracy.	The new flow meters with higher accuracy will allow PE unit to accurately measure the ethylene losses to the flare within PE unit, which will support efforts to optimize reactor conditions and reduce ethylene losses to the flare.

# Water and Effluents

GRI 3-3

GRI 303-2

We aim to actively decrease the use of valuable freshwater resources through ongoing investments in process optimization, wastewater reuse, and recycling initiatives throughout our organization. To achieve this, our North American operations established a target to reduce net freshwater consumption by 10% by 2035 from a 2020 baseline.

## Water Withdrawal, Discharge and Consumption

GRI 303-1

GRI 303-3

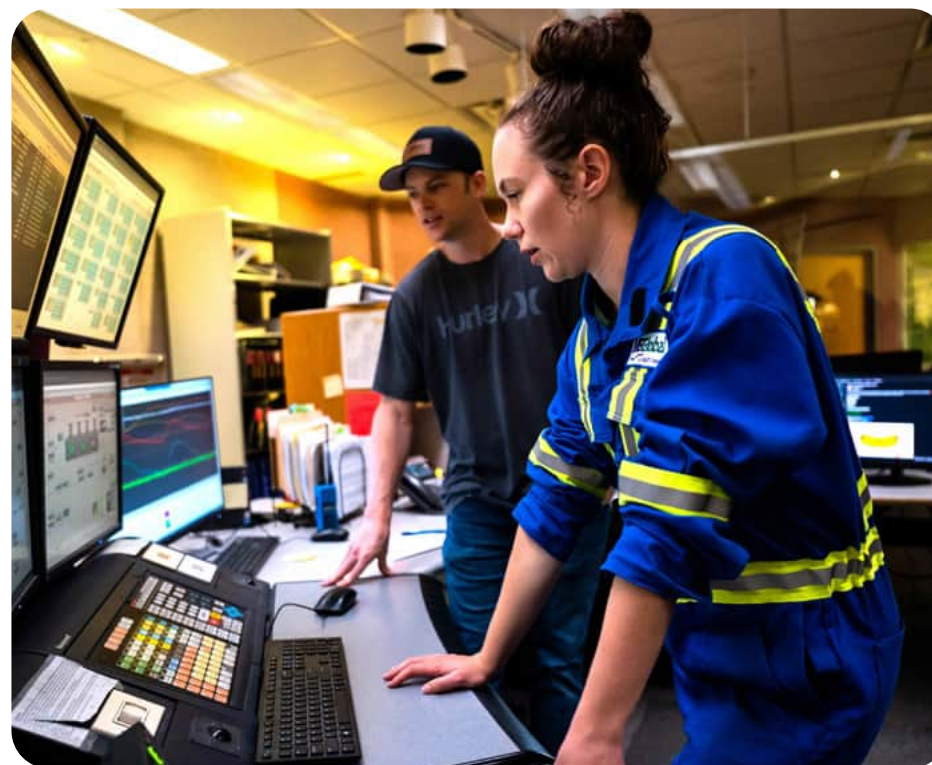
GRI 303-4

GRI 303-5

To fully assess the impact of our water usage, we track the total water withdrawal, discharge, and consumption across the business. EQUATE Group's operations in Kuwait source both seawater and purified water from the Ministry of Electricity and Water (MEW) for operational needs and as process water. Seawater and freshwater is supplied by PAI (Public Authority for Industries). EQUATE Group's North America operations exclusively utilize freshwater.

	Year 2021	Year 2022	Year 2023
	Mn m3	Mn m3	Mn m3
Sea Water	374	430	388
Surface Water	2.8	3.1	3.2
Any other / Third Party	9.4	11	10
<b>Total Water Withdrawal</b>	<b>387</b>	<b>444</b>	<b>402</b>

	Year 2023	
	Kuwait – Net Sea Water (Mn m3)	North America – Net Fresh Water (Mn m3)
<b>Water Intake or Withdrawal</b>	393	8.3
<b>Water Discharge</b>	382	2.1
<b>Net Water Consumption</b>	<b>11.0</b>	<b>6.2</b>



At our Kuwait operations, net seawater consumption has been significantly reduced by 21% in 2023, while at our North American operations, the net freshwater consumption has slightly increased by 0.8% in 2023 when compared to the previous year.

# Waste Management and Circular Economy

GRI 3-3

GRI 306-1

GRI 306-2

We strive to minimize waste generation across our business operations and value chain through improvements in our plant processes, efficiency, and material sourcing. We adhere to industry-leading waste management practices as part of our commitment to Responsible Care®, which includes implementing various policies and procedures for effective waste management.

## Waste Generated

GRI 306-3

The waste generation from our operations is influenced by variations in production, maintenance activities, ongoing projects, catalyst lifespan, and unforeseen incidents. In 2023, total waste generated increased by 4% due to major turnaround in Kuwait facilities.

## Total Waste Generated at EQUATE Group (MT)

Type of Waste	Year 2021	Year 2022	Year 2023
Hazardous Waste	4,188	5,867	6,774
Non-Hazardous Waste	9,172	7,655	7,412
<b>Total Waste Generated</b>	<b>13,360</b>	<b>13,523</b>	<b>14,186</b>

## Waste Handling, Treatment and Disposal

GRI 306-4

GRI 306-5

We prioritize the maintenance of effective waste disposal systems that integrate intelligent treatment selection, storage, recycling, and disposal techniques. These measures allow us to reduce human health and environmental hazards. As part of our comprehensive waste management strategy, we collaborate with third-party waste management providers to treat non-reusable and non-recyclable waste using chemical, physical, and biological treatment methods or incineration.

Total Waste Diverted from Disposal (MT)	Year 2021	Year 2022	Year 2023
Hazardous waste	3,797	5,221	4,885
Non-hazardous waste	4,505	6,766	5,203
<b>Total waste diverted</b>	<b>8,302</b>	<b>11,987</b>	<b>10,087</b>

## Product Stewardship

We are committed to providing responsibly sourced, high-quality, innovative products for our customers. We set annual goals, monitor the product regulatory landscape, and respond to changing market dynamics. In addition, we maintain the highest possible standards of product stewardship to help ensure the safe and responsible use of materials and enhance product quality through design and development.

We assess our product stewardship program's performance through a variety of Key Performance Indicators (KPIs). This includes utilizing the Accident Incident Condition Report (AICR) tool to monitor customer complaints and incidents across our operations in Kuwait and North America.

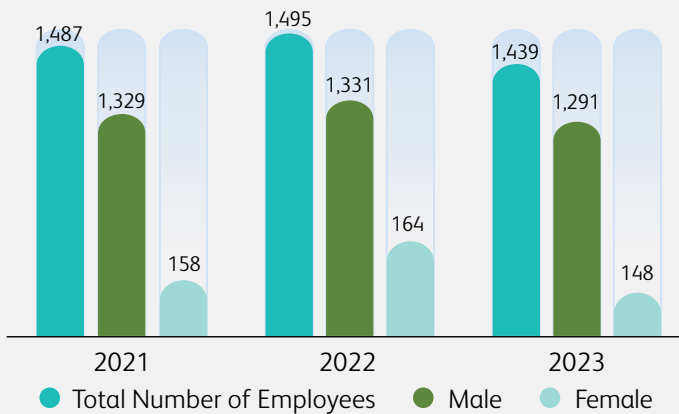
# An Engaged Workforce

## Our Workforce Profile

GRI 2-7

Our workforce is vital to delivering our overall purpose and strategy. We are committed to ensuring a safe, ethical, engaged, inclusive and rewarding work culture. This workforce-centric commitment starts at the top and is shared across all levels at EQUATE. We prioritize equipping our employees with the essential support and skills to excel in their roles and contribute EQUATE's success.

Employee Profile Broken Down by Total Number of Employees and Gender



## Employee Engagement and Well-being

EQUATE Group values employee engagement and development, promoting innovation and continuous improvement. We foster a culture of engagement through development opportunities and bi-annual surveys on engagement, inclusion, well-being, and company values. In 2022, our employee satisfaction survey yielded a 76.2% satisfaction rate.

We pledge to prioritize and actively support the physical, mental, and emotional health of our employees. This commitment includes implementing wellness programs, offering work-life balance initiatives, providing health benefits, promoting a safe and inclusive work environment, and encouraging employee development and growth.

## Talent Attraction and Retention

GRI 3-3

GRI 401-1

Our workplace culture prioritizes talent attraction and retention in a competitive market, with a low attrition rate of only 5% in 2022 and 4% in 2023. Attrition has so far always been within healthy limits. This improvement stems from dedicated practices, competitive benefits, and employee appreciation. We ensure continuous enhancement in hiring and turnover through regular Annual Workforce Plan sessions across departments. Annual workforce plans are reviewed, discussed, and endorsed by management.

## Employee Learning and Development

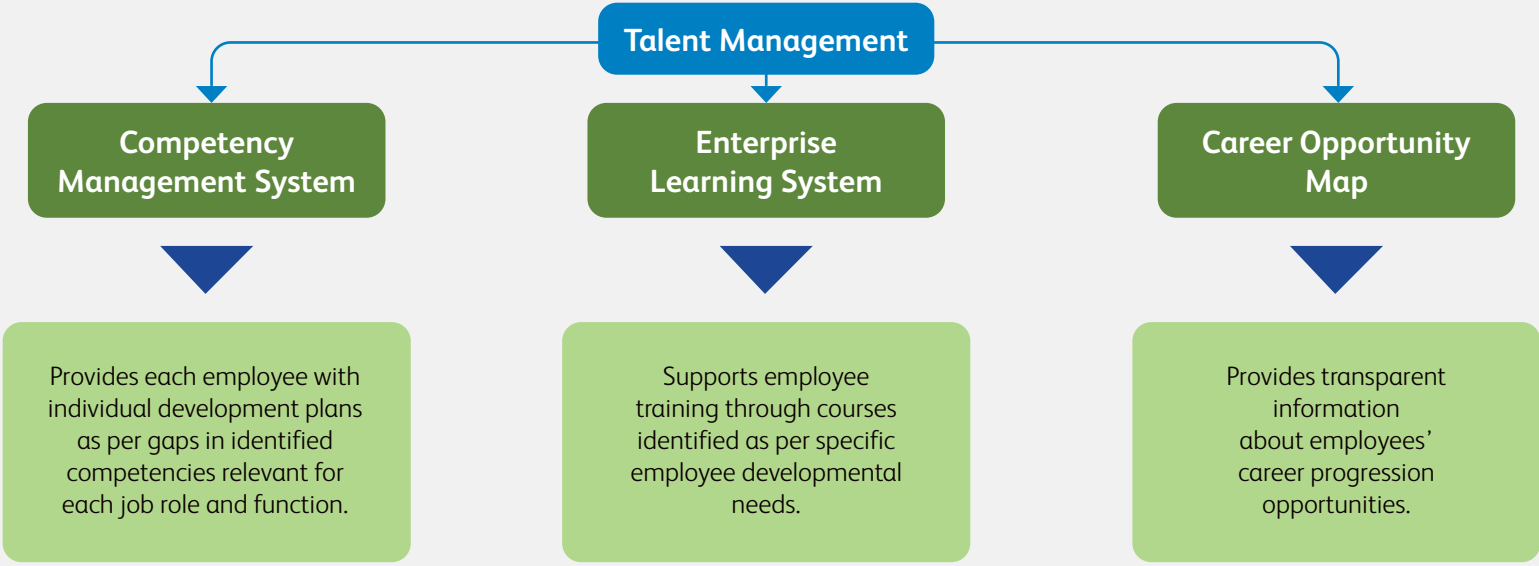
GRI 3-3

GRI 404-2

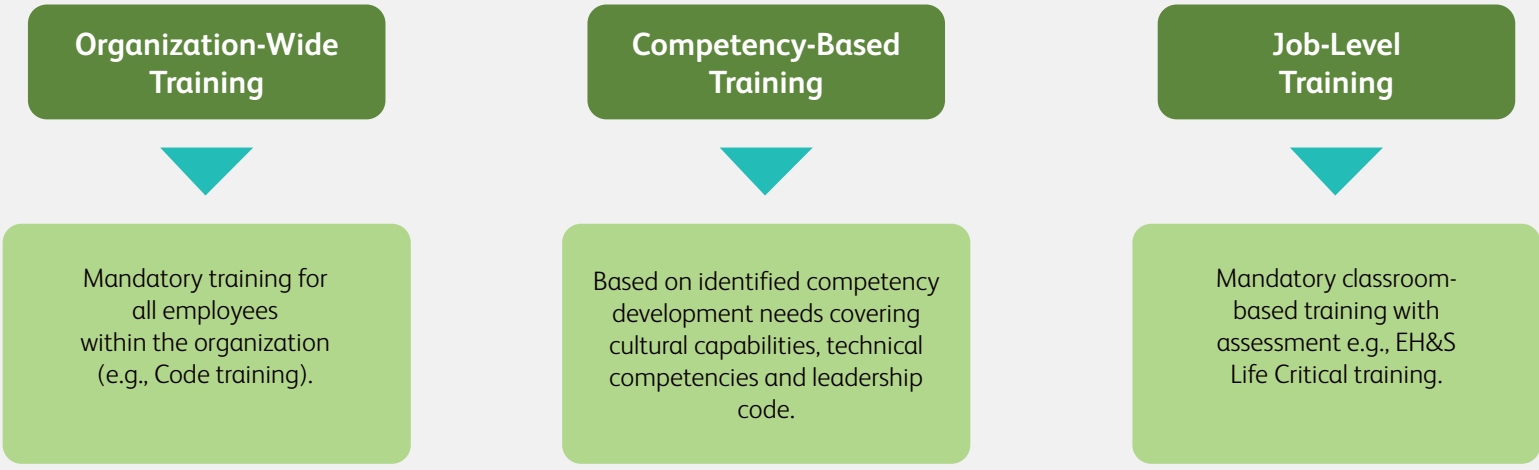
Our talent management system enables learning and growth across all our organization's tiers. The system is governed by the EQUATE Group Training Policy, outlining the learning needs for enhanced personnel competence in topics such as EH&S, quality, and regulatory requirements, while the employee is responsible for his or her development using HR resources and leader support.



### Our Approach to Integrated Talent Management



### Training Classifications at EQUATE Group



## Employee Training Hours

GRI 404-1

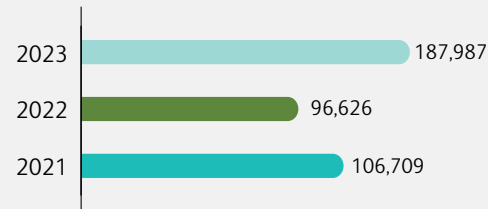
In 2023, we invested significantly in employee training across the Group, with 187,987 hours spent on training initiatives, a substantial increase from the 96,626 hours spent in 2022. This reflects our commitment to the growth and development of our employees by providing comprehensive training programs that cater to their specific needs and the evolving demands of our industry.

## Employee Performance Evaluation

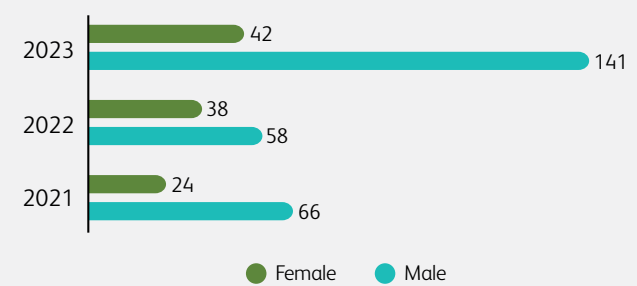
GRI 404-3

EQUATE prioritizes performance excellence and career development for all employees each level. Central to our performance culture are defined objectives and a structured schedule of ongoing annual performance reviews. At our Kuwait operations, 99% of our employees received annual performance appraisal and in our North America operations, it was 100%.

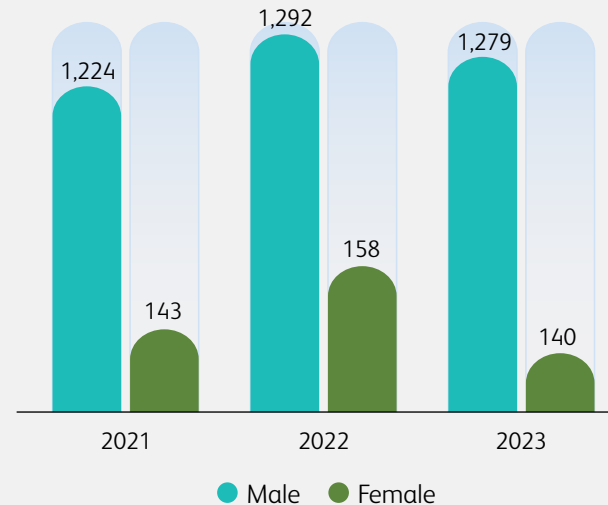
### Total Hours Spent on Training (Hours)



### Average Hours of Training Breakdown by Gender



### Total Number of Employees Who Received Annual Performance Appraisal (by Gender)



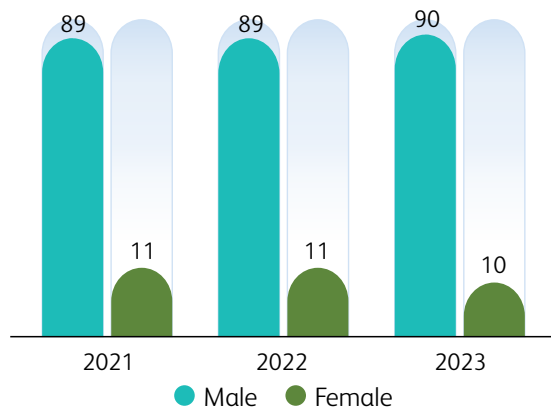
# A Culture of DEI

GRI 3-3

GRI 405-1

EQUATE Group is deeply committed to fostering a culture of DEI throughout its global operations. We recognize DEI as a fundamental driver of economic growth, and a critical business imperative that influences our economic, operational, and environmental performance. We are a stronger Group when we recognize and champion each person's unique strengths and talents, regardless of their race, ethnicity, national origin, age, religion, gender, sexual orientation, or disability.

## Diversity of Governance Bodies by Gender (%)



## ELEVATE – “Lean In Mentorship” Program for Women’s Empowerment

EQUATE Group’s “ELEVATE” program embodies the organization’s commitment to investing in human capital and advancing its DEI strategy. As an integral part of the Group’s ESG goals, ELEVATE prioritizes gender equality and women’s empowerment. Through this program, EQUATE seeks to reinforce its unwavering dedication to diversity and inclusion within the Group while sharing its valuable learnings with the wider community.

EQUATE Group’s empowers women who have accumulated five years of professional experience. Within this initiative, the program assigns each participating woman seven mentors from diverse backgrounds and expertise areas. These mentors play a crucial role in providing guidance, sharing insights, and offering support tailored to the mentees’ individual needs and career aspirations. As part of this program, we also conduct:

- Rise Development Training focusing on enhancing interpersonal skills and personal development for women. This initiative aims to provide women with the tools, resources, and support necessary to grow professionally.

- A two-day training on Women Reimagined program is organized which is specifically designed for senior female employees with the aim to provide these women with comprehensive development opportunities that cater to their unique needs, challenges, and aspirations at this stage in their careers.
- Unconscious bias training for leaders under (DEI) initiatives. This involves educating leaders about unconscious biases that can impact decision-making, interactions, and organizational culture.

Along these benefits, ELEVATE also provides the introduction of a well-being room for women in Kuwait which signifies a commitment to improving facilities and promoting wellness among female employees or visitors.

## Enhancing Nationalization Rate

EQUATE is deeply committed to supporting the employment and professional growth of Kuwaiti nationals, fully aligning with the Human Capital Development Vision for 2035 set forth by the Kuwaiti government. Our targeted objective is to attain a workforce comprising of 60% Kuwaiti nationals by the year 2024. By the end of 2023, our operations in Kuwait have already achieved a commendable nationalization rate of 64.60%. EQUATE actively partners with businesses and educational institutions to provide practical exposure and actively participates in job fairs and internships, demonstrating our commitment to developing Kuwaiti talent.

## Workforce Health and Safety

GRI 3-3

The health and safety of our employees and contractors who enable our daily work is a top priority for EQUATE group and a key area of the “social” component of our ESG

approach. Along-with it EQUATE maintains an unwavering commitment to the health and safety of our neighbouring communities. We are dedicated to mitigating any significant negative occupational, health, and safety impacts that are linked to our operations, products, and services.

Our Health and Safety commitment is fulfilled through establishing, implementing, and maintaining management systems meeting the requirements of ISO 9001, ISO 14001, and RC 14001.

## Hazard Identification, Risk Assessment and Mitigation

GRI 403-2

Hazard identification and risk assessment are integral components of our risk management process, aiming to prevent accidents, protect personnel and the environment and promote a culture of safety and continuous improvement. Hazard identification and risk assessment at our operations are informed by our policy on reporting and investigating. We have multiple procedures in place for hazard assessment, elimination, and control for routine and non-routine jobs applicable for our employees and third-party workers.

## Occupational Injuries

GRI 403-9

EQUATE Group is fully dedicated to accurately monitoring and recording all job-related incidents involving both employees and contractors. These incidents, categorized as “Recordable Injuries or Illnesses,” encompass a wide range of injuries and illnesses unless otherwise indicated.

Inside EQUATE’s operations, a thorough assessment was conducted to recognize potential high-consequence work-related hazards. These hazards are comprised of, among others, the dangers of fire, explosion, exposure to hazardous chemicals, operation of rotating machinery, and falls from elevated areas. Importantly, there were no reported injuries related to these hazards during the reporting period.

## EH&S Trainings

EQUATE adopts numerous initiatives to safeguard employee safety, health, and well-being, including medical check-ups, classroom training, and on-site safety training. We also provide job and event-specific safety training for employees where relevant. Training topics align with our EH&S ODMS and cover transportation safety and security, emergency preparedness and response, employee health and safety, process safety and security. Where needed, based on role or local requirements, training content is translated. All employees and contractors receive occupational health and safety training at the site and regional level; such activities are coordinated and tracked locally. The frequency of the training is dependent on risk, performance as determined by needs assessments and regulatory requirements.

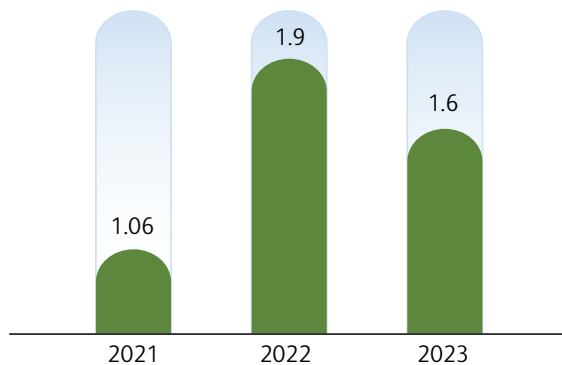


## Community Initiatives and Engagement






GRI 3-3




EQUATE Group is committed to creating meaningful societal impact through philanthropic partnerships, charitable contributions, and employee volunteerism. Our corporate social responsibility (CSR) initiatives are aligned with our mission, vision, values, and strategic direction. We actively participate in community and employee engagement to strengthen relationships, accountability, and reputation. In FY 2023, our strategic community investments and sponsorships totaled approximately USD 1.61 million.

Direct Community Contribution (Million USD)



# Community Initiatives

Name of CSR program	Region	Details of program	Impact of the program
<b>Omniya Program</b>		EQUATE sponsored the Omniya program and invested USD 320,000. The program aimed to reduce plastic waste through recycling by enabling collection points across Kuwait.	The program helped divert plastic waste from landfills and incineration, reducing the environmental burden associated with plastic pollution.
<b>Lean In Program</b>		EQUATE established a mentorship program for women with five years' experience and invested USD 900.	This mentorship program provided opportunities for women to develop new skills and improve existing ones through guidance, feedback, and hands-on experience shared by mentors.
<b>Gulf Petrochemicals and Chemicals Association (GPCA)</b>		EQUATE is a member of various committees such as Plastics, International Trade, Research and Innovation, Responsible Care® and Supply Chain. EQUATE invested USD 16,200 in initiatives run by these committees.	EQUATE collaborated with different committee members on research projects, innovation, supply chain optimization efforts, and sustainability programs to address common challenges and drive positive change across the industry.
<b>United Way Employee Charities Campaigns</b>		MEGlobal Canada ULC and MEGlobal Americas Inc. employees generously gave personal donations, matched by MEGlobal, and raised more than USD 302,000 for the United Way in the communities of Central Alberta, the Alberta Capital Region, Brazoria County and Greater Houston. The United Way supports a coordinated network of social programs enhancing the quality of life in local communities.	The funds helped to meet pressing social issues and provided vulnerable people with access to necessities such as food, housing, and education.
<b>Brazosport Cares Community Food Pantry Capital Campaign</b>		MEGlobal Americas Inc. pledged USD 250,000 over five years for the construction of a new facility for Brazosport Cares Food Pantry to help address food insecurity. Brazosport Cares raised more than USD 2 million and expects to begin construction of their new facilities in 2024.	This organization seeks to build a hunger-free community in which everyone has reliable access to affordable and nutritious food. MEGlobal Americas Inc.'s pledge helped lead the way for other businesses to get engaged.

Name of CSR program	Region	Details of program	Impact of the program
Brazoria County Day		MEGlobal Americas Inc. chaired the 50 <sup>th</sup> edition of Brazoria County Day, where more than 300 community leaders visited the state legislature and were honored for their dedication to making their community a better place to live, work and do business. MEGlobal also sponsored the Brazoria County Day Shrimp Boil, bringing state-wide elected officials together with the participants to share a meal and discuss opportunities for improving quality of life for Texas and Brazoria County residents.	It strengthened relationships amongst community leaders, organizations, and state elected officials and promoted a sense of partnership and collaboration in working towards common goals for the betterment of the community.
Kids Can Catch		MEGlobal Canada ULC spent USD 1,980 to sponsor the Kids Can Catch event in Lacombe, Alberta in June 2023. This family-friendly event introduced children to the joys of fishing while fostering a love for nature and conservation.	Participants learned basic fishing techniques, safety and environmental stewardship from experienced anglers and wildlife experts.
Ellis Bird Farm Partnership		MEGlobal Canada ULC has partnered with the Ellis Bird Farm (EBF), a nationally acclaimed conservation and education center, since 2004. MEGlobal provides this environmental education facility with its primary annual operational funding and spent USD 144,540 in 2023.	The Ellis Bird Farm conducts internationally acclaimed research and provides habitat for migratory songbirds, particularly the Mountain Blue Bird.

EQUATE Group took part in a conference focused on local community practices, including the first Gulf Cooperation Council (GCC) Engineering Conference. This conference encouraged dialogue and collaboration among engineering researchers in the GCC region, aiming to tackle challenges and create pathways towards a better and more sustainable future.