



Partners in Success

EQUATE GROUP

SUSTAINABILITY REPORT

2019-2020

EXECUTIVE SUMMARY

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



ABOUT THIS EXECUTIVE SUMMARY

This document is an executive summary of the EQUATE Group Sustainability Report 2019-2020, which has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: 'Core' option. It covers EQUATE Group's operations in Kuwait, Canada and USA over the reporting period of 1 January 2019 to 31 December 2020.

This executive summary aims to highlight EQUATE Group's key social, environmental and economic impacts and demonstrate our efforts in contributing towards overall sustainable development through our business operations and practices.

The EQUATE Group Sustainability Report 2019-2020 showcases our continuing focus on growth through the commissioning of MEGlobal Oyster Creek site in USA and the expansion of our ethylene glycol (EG) business. It also highlights EQUATE Group's organizational resilience in the face of the COVID-19 pandemic. In alignment with the theme of this report, we continue to lead with agility to maximize growth opportunities for our business while focusing on building resilience and stakeholder value through our strategic approach to sustainability.

For a comprehensive overview of our sustainability approach and achievements in 2019-2020, we welcome you to read our sustainability report in addition to this executive summary. Please direct any comments or feedback that you may have on our Group's sustainability performance or this report to sustainability@equate.com.



MESSAGE FROM OUR PRESIDENT AND CEO

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 whilst protecting our personnel safe and healthy.

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 Gender Equality.

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. 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 year we achieved our target of zero Tier 1 and Tier 2 process safety incidents.

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. We 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 funds to help those in need. In 2019 and 2020, our total financial contribution to support local non-profit organizations totalled 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.

Mr. Naser Aldousari

President and CEO, EQUATE Group



SNAPSHOT OF OUR ACHIEVEMENTS IN LEADING WITH AGILITY TO MAXIMIZE GROWTH AND BUILD RESILIENCE AMID THE COVID-19 PANDEMIC

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 (PET) 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, Petrochemical Industries Company in Kuwait (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
- Created 55 new full-time and 25-35 contract jobs
- Employed almost 2,000 construction workers during project's peak
- Contributed approximately USD24 million per year to the local economy

EQUATE Group's response to COVID-19 pandemic



At EQUATE Group, we put forth our best efforts to ensure a proactive approach to address the global crisis due to the COVID-19 pandemic.

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 Group 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 several measures to ease the implementation of the action plan. Some of these measures are:

- Distributing hand sanitizers as well as installing fixed sanitizing stations around all EQUATE Group sites and buildings by February 2020
- 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 Environment, Health and Safety (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
- Updating EQUATE 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 safely while adhering to COVID-19 pandemic precautions

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

- No major production halts in our global operations even during the peak COVID-19 pandemic. This resulted in limiting financial impacts on EQUATE Group during such a critical period
- 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

OUR ECONOMIC GROWTH AND COMMUNITY CONTRIBUTION

We continue to adopt a forward-looking approach in managing our business practices and setting strategic priorities and future targets. Our operations are governed by a stringent corporate governance framework including a Code of Conduct, external auditing and a Board of Directors 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 significant contribution to national communities and global economies.

To achieve sustained growth and maintain a competitive market position, we developed and implemented multiple strategic Key Performance Indicators (KPIs) that allow us to effectively monitor and measure our financial performance and community contribution across all our business operations. The infographic below highlights our key economic performance in 2019-2020.

Key highlights of our economic and community contribution performance and achievements in 2019-2020

Revenue

2020

USD2.92 billion

2019

USD3.35 billion

Economic value distributed

2020

USD3.52 billion

2019

USD4.38 billion

Operating costs

2020

USD2.16 billion

2019

USD2.28 billion

Payments to providers of capital

2020

USD1.16 billion

2019

USD1.76 billion

EQUATE Group - one of the first corporate organizations in the MENA region to access the bond market during the COVID-19 pandemic

USD1.6 billion dual tranche 144A/Reg S Senior Unsecured transaction

May 2020

Two bilateral loan agreements

with National Bank of Kuwait and Kuwait International Bank

USD300 million

with a tenor of three years
June 2020

Employee wages and benefits

2020

USD172 million

2019

USD254 million

Direct community contribution

2020

USD1.7 million

2019

USD3.1 million

The MEGlobal Oyster Creek site inaugurated in 2019 contributes approximately

USD24 million per year to the local economy

through salaries, materials and contracts



OUR ENVIRONMENTAL STEWARDSHIP

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.

Our EH&S standards and Responsible Care® Management System (RCMS®) collectively deliver consistency in our approach towards environmental stewardship across our organization.

The highlights of our environmental performance and achievements in 2019-2020 are presented in the infographic below.

Key highlights of our environmental performance and achievements in 2019-2020

Energy intensity (MJ/Kg)

Kuwait	USA	Canada
2020	2020	2020
13.26	8.84	9.77
2019	2019	2019
13.14	10.42	9.82

Direct and indirect GHG emissions (million tons of CO₂e)

2020	2019
6.34	6.04

Hazardous waste (tons)

2020	2019
1,376	1,809

GHG emission intensity (ton CO₂e/ton)

Kuwait	USA	Canada
2020	2020	2020
0.32	0.85	0.27
2019	2019	2019
0.46	0.81	0.28

Total energy consumption (million GJ)

2020	2019
38.5	41.5

A total of

724,129 tons

of carbon dioxide sold in 2019 and 2020

Nitrogen oxides emissions (tons)

2020	2019
2,253	1,949

Sulphur oxide emissions (tons)

2020	2019
5,680	6,115

Non-hazardous waste (tons)

2020	2019
39,523	24,339

Water discharge (million m³)

2020	2019
403	425



OUR HEALTH AND SAFETY PRIORITIES

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, Code of Conduct and our Group Values. We maintain an RCMS® 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 ensures the effective implementation of our RCMS®. As a result of our health and safety excellence, our Group was recognized with five health and safety awards in 2019 and 2020. The infographic below highlights some of the awards we received as well as our key health and safety performance.

Key highlights of our health and safety performance and achievements in 2019-2020

3.5 million consecutive safe work hours

during the construction of our Oyster Creek site in Texas (USA), which was inaugurated in 2019

Our Canadian operation received the Chemistry Industry Association of Canada

Safety Award of Excellence

100% of our products

were assessed with all applicable marketing and labeling standards

Injury rate

Kuwait	USA	Canada
2020	2020	2020
Zero	Zero	0.9
2019	2019	2019
0.07	Zero	Zero

Our Kuwait operation received **Gold Award in HSE**

Initiative by the American Association of Safety Professionals in 2019

Zero work-related fatalities

in 2019 and 2020

Zero incidents of noncompliance

with regulations and voluntary codes with respect to health, safety, and environmental impacts of our products as well as product labeling during the reporting period

Hours of EH&S training

2020
8,175

2019
8,208

Zero process safety events

(tier 1 and tier 2) in 2019 and 2020

OUR RESPONSIBILITY TOWARDS OUR PEOPLE

Our employees are key to the successful implementation of EQUATE Group's strategy. Through our Code of Conduct and our day-to-day practices, we actively promote an environment of inclusiveness for all our people considering their unique abilities, strengths and differences. 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.

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. The infographic below highlights our key social performance and achievements during the reporting period.

Key highlights of our human capital performance and achievements in 2019-2020

Total number of employees

2020
1,419
2019
1,577

Number of new hires

2020
19
2019
73

Implemented ELEVATE Program aimed at hiring

11 females
per year until 2024

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

98% of our employees who took parental leave

returned to work in 2019 and 2020

Retirement benefit obligations

2020
USD436 million
2019
USD421 million

Number of employee turnover

2020
166
2019
86

In 2019 and 2020, we hired 10 female production engineers

11% of our employees
are below 30 years old

Achieved
59.4% Kuwaitization
in 2020 at our Kuwait operation

OUR CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS



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.



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.



We became a signatory to the UN WEPs 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.



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.



We established an employee wellbeing program as part of our sustainability strategy. EH&S Responsibility is one of our core EQUATE Group values. We annually monitor the health of all our employees, have on-site health centers, and developed an Employee Assistance Plan (EAP) that provides support for employees and their families for non-work-related health risks or issues.





We continue to focus on driving innovation within our organization, 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.



We have two dedicated committees that are responsible for direct community contribution and support to Non-Governmental Organizations (NGOs) — EQUATE Sustainability Committee and MEGlobal Contributions Committee. Our total contributions for 2019 and 2020 were USD3.1million and USD1.7 million, respectively.



We 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.



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.



Our Group is a member of various local, regional and international organizations to support sustainable development. Some of our memberships that help us work towards our strategic goals are the American Chemistry Council, Alliance to End Plastic Waste, American Society of Safety Professionals and the Gulf Petrochemicals and Chemicals Association.





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