

# Sustainability Report 2014

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.This Sustainability Report is a summary of information that is expanded upon online  
Our website [www.sidpec.com](http://www.sidpec.com)

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# About Us

SIDPEC is an Egyptian joint stock company established on 16 November 1997 Under Egyptian investment law SIDPEC is considered the first integral step towards the petrochemicals future in Egypt.

We utilize the latest available technology and design in order to satisfy the Egyptian environmental regulations and requirements.

SIDPEC production portfolio includes:

- Ethylene polymer grade.
  - Polyethylene (ultimate product).
  - LPG
  - Butene-1
- } Secondary Products

The trade name of SIDPEC polymer is named "Egyptene" polymer portfolio includes linear low-density polyethylene (LLDPE) and high-density polyethylene (HDPF).



# Vision

To be a leader in providing innovative, value added and highest quality petrochemical products worldwide while creating a superior shareholders value.



# Mission

To produce and market high quality petrochemical products through the integration of most efficient staff, best updated technologies and business systems within the highest standards of ethics and integrity for the purpose of achieving sustainable and profitable growth.



# CEO word for sustainability report

Welcome to Sidpec's inaugural sustainability report, as part of an on-going initiative to respond to our stakeholders. Sidpec's sustainability report is prepared to cover our performance and operations during 2014. Sidpec continues to provide the utmost attention to the Environment while ensuring the health and safety of our human capital in all operation processes. At Sidpec, we understand the importance of being socially responsible as core of our values and principles. One of our objectives is to share not only our success but our excellence with the community. While exerting our utmost effort to reach excellence in performance, we maintain valuable and beneficial cooperation with private and public organizations to work together on creating a better future for individuals as well as the whole nation. Our primary business is manufacturing petrochemicals with the highest quality using state of the art technologies. However, our objectives are more inclusive. Our success is measured in terms of the difference that we make in the community around us



I'm pleased to reconfirm that Sidi Kerir Petrochemical Co. (SIDPEC) is continually supporting the ten principles of the Global Compact on human rights, labors, environment and anti-corruption. With this communication, we express our interest to continually implementing those principles. We are committed to making the Global Compact and its principles as part of the strategy, culture and day-to-day operations of our company.

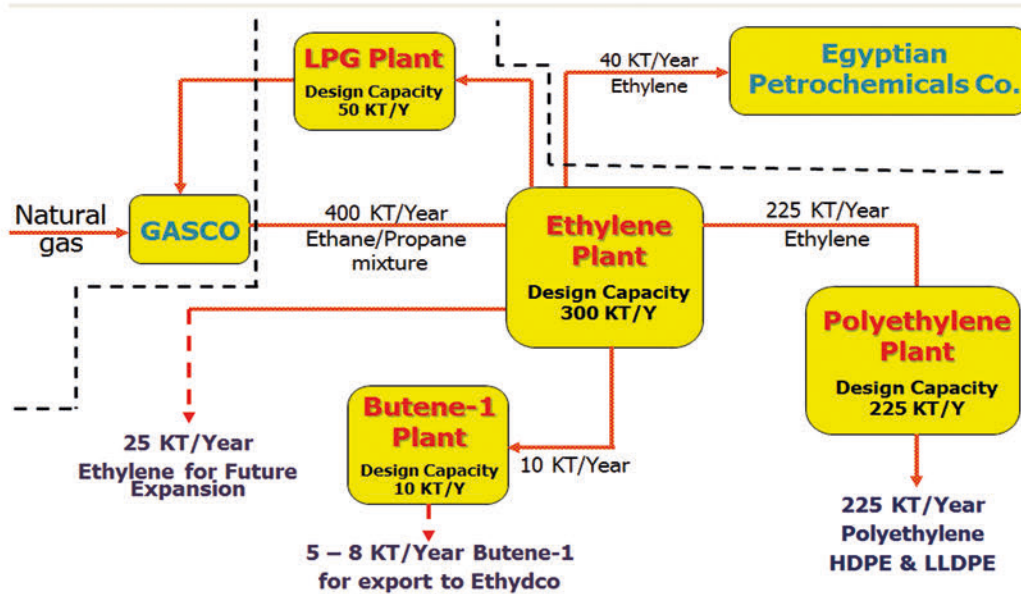
**Chairman & CEO**  
**Eng. Ahmed Helmy**

# SIDPEC Objectives

- \* Maintain Polyethylene local market leadership through strict compliance with product quality and marketing services to attain Customer's satisfaction.
- \* Maintain and develop our global market share. Thanks to our technology edge in the field of polyethylene production.
- \* Fulfill the requirements of Egyptian Petrochemical Co. of Ethylene instead of importing it to produce PVC.
- \* Maximize value of Natural gas resources in Egypt.
- \* Maximize profit through production and marketing of secondary products as LPG, Butene-1.
- \* Comply with Egyptian Environmental Regulations through adopting a state of the art technology that consumes less energy and has the least impact on the environment.



# SIDPEC Production Process



## 1- Ethylene Plant

Plant Capacity : 300 KT/ year  
 Feed Stock : Ethane / propane mixture  
 Technology & Know How : ABB Lummus (USA)  
 Startup date : August 2000  
 General Contractor : Toyo - Japan

## 2- Polyethylene Plant

Plant Capacity : 225 KT/ year  
 Feed Stock : Ethylene  
 Technology & License : BP Chemicals (Ineos)  
 Startup date : October 2000  
 General Contractor : Samsung – Korea

## 3- Utilities& Facilities:

Plant Capacity : 2000 m3/hr filtered water  
 : 150 m3/hr demineralized water  
 : 24000 m3/hr Cooling water  
 : 2250 m3/hr Fire Fighting water  
 : 4000 Nm3/hr Instrument air  
 : 3600 Nm3/hr Plant air.  
 : 100 ton/hr HP steam.  
 Startup date : January 2000

General Contractor : Enppi

## 4- Butene-1 Plant

Plant Capacity : 10 KT/ year  
 Feed Stock : ethylene  
 Technology & Know How : IFP  
 Startup date : September 2000

## 5- LPG Plant

Plant Capacity : 50 KT/ year  
 Feed Stock : C3 and heavier  
 Technology & Know How : ABB Lummus (USA)  
 General Contractor : Toyo - Japan  
 Startup date : May 2002

# LABORS

## *Our Employees*

*sidpec's sustainability as a company depends on the skills, commitment and behaviours of our people*



### **Human Resources:**

SIDPEC human resources are the driving force for its success. Therefore, SIDPEC foremost responsibility is to provide its staff with all the tools and skills to accomplish its business plan and objectives.

Human resources services include design of work positions; hiring; reward and recognition; performance development and appraisal systems; and career succession planning.

Human resources personnel contribute to SIDPEC by constantly assessing the effectiveness of HR services, sponsoring change in work practices and build employee loyalty to SIDPEC.

### **Medical Care Services for Employees and their families:**

- Sidpec provides a medical care for employees and their families through direct contracting with medical specialties (physicians, hospitals, medical laboratories, prosthetic devices, etc.)
- Periodic medical examinations for employees (500 employees in 2014)
- Annual medical examination for employees above 50 years (40 employees in 2014)
- Medical Training programs (first aid) are provided (50 employees in 2014)
- Regular medical bulletins on the internal network of Sidpec.



## Services

We deliver and continuously improve services as payroll, recruitment, pensions, and benefits.

We track, monitor and manage service performance to ensure that it's delivered to the required quality and at the optimum cost.

Medical benefits, and health insurance, are among the most valuable of employee benefits options that SIDPEC HR team excels to handle employee benefit needs, providing significant support for employees and their families through a rich portfolio of high-quality health care providers (Hospitals, clinics, pharmacies and labs).

SIDPEC employees are automatically enrolled in different retirement benefits systems and get their first contribution with their first paycheck, these competitive retirement plans enhance employees involvement and belonging also increases retention and longer stays within the company, as mentioned below:

- \* Offering social insurance contribution that obtains the employee the highest pension grade when reaching retirement age.
- \* Sidpec provides an additional pension benefit ( supplementary pension )
- \* Offering a life insurance policy subsidized by SIDPEC.
- \* Qualified deferred compensation retirement plan offered to all employees, this plan provides a retirement reward at the age sixty.

Employees Involvement: Sidpec involves its employees in setting its goals and achieving them. Performance improvement is accomplished through the delegation of authorities and teamwork through several mechanisms, including:

\*Formation of workers' committee of representatives from various departments of the company. Its main role is the direct communication with employees of different levels to share ideas, collect their suggestions and their views, and submit a feedback to superior management to allow employees to take the initiative to improve and continuously develop systems inside Sidpec.

\*Employees to be trained one year in the new position before accession of the middle and top management level so that they can exercise responsibilities before promotion and ensure their ability to carry out their duties.

\*Supervision: - in some cases a decision is taken that employee supervise the activities of some departments in addition to their tasks as a delegation of authority or to shortcut series of supervisory channels.

- Formation of committees, task forces for new projects and technical, feasibility studies, tenders, auctions, practices and any other mandates. Recommendations of these committees and task follows are implemented as initiative for the employees to work and innovate.

- Leaders of Sidpec provide an appropriate environment for creativity and innovation of employees through several regular methodologies, including the application of Lean Six Sigma methodology, which determine the purpose and field study and analysis of the elements of the initiative and choose the most appropriate solutions.

Examples:

- Project to reduce hexane chemical consumption.
- Project to reduce steam and demineralized water consumption.

### Training

SIDPEC believes that its extensive training is one of the major factors that prepare its workforce for the constantly changing markets it faces. SIDPEC HR team seeks to provide the opportunity to continue training after they have joined us. This gives them the skills and qualifications they need to climb the career ladder.

Everything we do is centered on maximizing relevancy and applicability, skills and knowledge. HR sector strive very hard to ensure that training courses are relevant and necessary.

HR sector is committed to select the best training providers with highly equipped labs to maximize the benefits of our employee.

Sidpec management believes in the importance of training in the company since its inception. Sidpec has set up a developed center for training and development. This center plays a pivotal role in the training process and the preparation of cadres. The center is provided with updated equipment in addition to a simulation center, which train personnel on monitoring operations and deal with the different scenarios that may occur during actual operation. This contributes to the development of human capital on an ongoing basis.

- An annual training plan is prepared based on the training needs provided from each department. Implementation of the training plan raise the skills and capabilities of the employees, which in turn is reflected in the achievement of strategic plans for the company.
- measurement of the effectiveness of the training on the employee and the performance of his work or his behavior after attending the training program and notify the general managers with annual results to take them into consideration when proposing a training need for his personnel the next year.
- Training quality procedure: (QP-602-01)

\* Plan the training 2014:

- Number of Sidpec trainees in Egypt for the year 2014 (978 employees)
- Number of Sidpec trainees abroad in 2014 (21 employees)
- Number of Sidpec Training programs in Egypt: (134)
- Number of Sidpec Training programs outside of Egypt: (10)

**Wages and incentives:**

\* Sidpec adopts a system of rewards and incentives from the beginning of establishment so that the employee becomes a partner in the production and keen on achieving the production and sales target.

\* Wages in Sidpec have two forms:

- Fixed salaries: Monthly salary, which includes basic salary and settled bonuses.
- Variable incentives: associated with the productivity, performance and behavior the employees.
- In addition to incentives associated with achieving the production plans.
- This is in addition to the bonus system and incentives to achieve production plans.
- Employees who made activities that reflected in saving time, money and more production are being rewarded.
- Sidpec permit, employees to get postgraduate degrees and give them annual bonuses.



# The Environment

*We are working with legal and other requirements to monitor and evaluate the environmental impacts. Sidpec is working to avoid, minimize and mitigate environmental impacts wherever we do business.*



Beside compliance with Egyptian environmental Laws, SIDPEC is working to improve its environmental performance through programs to identify environmental aspects and evaluate their effects on the internal and external environment, measuring and recording consumption of Natural Resources (water, natural gas) and wastes to reduce environmental risks. SIDPEC considers environmental aspects on the top of its social responsibility in the following procedures:

1. Performing and regularly reviewing Environmental Impact Assessment. Sidpec performs Environmental Impact Assessment on surrounding community through the implementation of a documented management system of the environment. Sidpec is committed to comply with local and international standards and obtaining the necessary approval of the state authorities throughout the company construction phase and production phase and matching the measurements of the criteria applied in accordance with the applicable laws and state regulations:
  - The stage of preliminary studies and development of Environmental Impact Assessment.

- The stage of construction using environmentally friendly materials.
- The stage of prestart up and production in which measurements on air quality and waste liquid and solid industrial and sanitation were taken to make sure no impact on the internal and external environment.
- The company has an environmental record supported by the governmental authorizations, which contains all the various environmental activities of the company.
- Corrective and Preventive Actions are taken in the case of objectives deviations or cases of non-conformity of the purpose of sustainable development.

## 2. Cleaner and efficient production:

- This is achieved through obtaining certificate of conformity of Product for food approval and REACH compliance certificate. Sidpec also applies energy conservation system and environmental management system through obtaining the International Standard ISO-50001 and ISO-14001.

## 3. Waste management :

- Compliance with laws regarding the disposal of hazardous and non-hazardous waste.
- The sequential pyramid system is applied in reducing waste (reducing from the source - re-use-recycling - Treatment - disposal).
- Waste is disposed of through several contracts, such as recycling oils and recycling of waste paper and contracting with the authority of management of hazardous materials

## 4. Chemicals Handling

- Identification of chemicals and quantities is done in accordance with legal permits.
- Prevention of use of banned chemicals.
- Putting the MSDS (Material Safety Data Sheet) for the materials in Arabic language and distribution through the Sidpec internal network and in production sites.
- Arrange training programs on handling of hazardous chemicals.

## 5. Promote awareness and education

- Training programs for employees.
- Participation in conferences and local and international exhibitions.
- Communication with the surrounding community to explain the industrial process in Sidpec, its impact on the environment, and the precautions taken to prevent damage to the environment

## 6. Energy consumption:

- Sidpec is currently implementing the goal of reducing energy consumption (gas/ electricity) by 10% during the period (2014-2018).

## 7. Environmental projects: -

- The objective is sustainable development through applied of some projects for the sustainable use of resources such as electricity / raw materials / water:

Title 1: Project of conservation of the organic solvent hexane in order to protect the environment

Summary Thread:

- Organic solvent (Hexane) is a hydrocarbon material with a chemical formula  $C_6H_{14}$  colorless with a boiling point of 50 to 70° C similar to gasoline.
- It was noted that consumption of organic solvent (Hexane) rate (1.7 kg per ton polyethylene) is more than the design rates (1.2 kg per ton polyethylene).
- An assigned team succeeded in reducing the amount of the solvent from 388 tons to 278 tons per year. A cost reduction of 800 thousand LE per year.
- The project applied Lean Six Sigma, a system that uses modern methods of quality management and statistical analysis of the data.
- The project was to follow a Road Map for Lean Six Sigma known as DMAIC.

Title 2: Reduction of paper consumption in Sidpec and contract to recycle waste paper in a paper industrial company.

Summary Thread:

Paper Industry has a negative impact on climate change and global warming.

The industry involves logging trees to produce pulp. Burning waste paper produces carbon dioxide. Biological decay of waste paper in garbage dumps also causes production of methane gas which is another greenhouse effect gases.

A study conducted by Xerox International Company (a large paper production company) indicated that a normal employee consumes 10-12 kg of paper annually. A percentage of 45% of this weight is dumped in the same day.

Therefore, institutions and organizations can contribute positively to reduce carbon emissions by conservation in paper consumption and its recycle.

Based on the above and Sidpec commitment to contribute effectively in the community service, a team from Sidpec has launched an initiative to reduce paper consumption based on two approaches.

1- Collection of waste paper and sell it to paper industrial companies to recycle it or give it as donations to community service organizations.

2- Implementation of conservation of paper consumption through:

a- Assigning a day without paper throughout the company to spread the awareness in this field

b- Use of alternatives of paper transmittals and letters as electronic media (e- mails, mobile messages, telephone, etc.)

### Title 3: Water conservation:

A program for the management of water resources based on reduction of consumption, waste water treatment and reuse.

Examples:

- Reduction of demineralized water and steam in production units
  - Reduction of high pressure steam waste by better control of pressure in steam network and minimize the venting process. This was done by an implementation of operational maneuver
  - The result is a reduction of steam loss in an average of 4.2 tons / hour.
  - Increase efficiency of the unit of recovery emulsified oil (DOX) by changing type of filter media. The result is maximize flow rate of the recovery unit and minimize the use of makeup water by a percentage of 25%.
- Control of domestic sewage from administrative buildings (Attached strategic plan)
- Control of industrial waste from production units.(Attached strategic plan)
- Mitigate climatic change:
  - Sidpec contributes to reducing greenhouse gas emissions.
  - Installation of CO<sub>2</sub> extraction and recovery unit from flue gas to reduce CO<sub>2</sub> emissions by 20% in first stage.(Attached strategic plan)

Impact:-

- 1.Compliance with the environmental laws and legislation.
- 2.Reduction of greenhouse gas emissions
- 3.Optimization of the use of raw materials
4. Ensuring the effective and efficient use of resources.
5. Identification of criteria of monitoring, following up, and managing the impacts of the proposed projects



## Human rights

- Sidpec avoids getting involved in any business is not consistent with Human rights.
- Sidpec do not enter into partnership or relationship with any partner that commits human rights abuses.
- Sidpec avoids any relationship with entities, which engaged in antisocial activities.
- Sidpec has effective grievance mechanisms that protect human rights
- Sidpec eliminates all forms of forced or compulsory labor.
- Sidpec do not use child labor internally or among its suppliers or customers.
- Sidpec respects the right of own property.
- Sidpec respects access to due process and right to a fair hearing before any internal disciplinary measure had taken.

## Anticorruption

- Sidpec Identified the Risks of Corruption, Implement and Maintain Many Policies and Practices to Counter Corruption, Sidpec Rules Such as HR, Purchasing, Marketing and all of its Rules Counter Corruption.
- Sidpec's Leadership is a Clear and Perfect Pattern for Anticorruption, provid Commitment, encouragement Implementation of anticorruption Polices.
- Sidpec Code of Conduct Emphasizes The Rules of Anticorruption.
- Sidpec Always Work to raise the Awareness of its People and All Stake Holders about Corruption.



# Sidpec sustainability Strategic Plan 2014-2020

*The principal goal of our Strategic Plan for substantiality is to improve our performance to ensure healthy ecosystems, social equity and good organizational governance*



## Objectives:

1. Reduce energy consumption by 10% within 5 years.
2. Initiate project for zero discharge of treated industrial water from production
3. Reduce CO<sub>2</sub> emission from ethylene plant by 20% within 3 years.
4. Reduce near misses by 80% within 4 years.
5. Encourage and systematize communication with our stakeholders.
6. Ensure employment of disabled personnel to reach 5% by 2020.

# 1. Reduce energy consumption by 10% from 2014:2018.

Strategic area	Long-term target	2014	result
<b>Energy Consumption</b>	Reduce of energy consumption by 10% from - From total consumption of electric power (200GWH/Y) to (180GWH/Y) & - From total consumption of imported gas (270,000MMBTU) to (243,000MMBTU)	<ul style="list-style-type: none"> <li>• Certify to ISO50001 for energy management</li> <li>• Determine Energy Baseline</li> <li>• Identify Significant energy users</li> </ul> Implement no cost projects	Done 100% for 2014

# 2. Initiate project for zero discharge of treated industrial water from production plants :-

Strategic area	Long-term target	2014	result
<b>Treated Industrial Water</b>	Reach zero discharge of treated industrial water from all plant (treats 300m <sup>3</sup> /hour)	Setting the study of project, identifying the tender requirements and project time frame	We finished the study of project.

### 3. Reduce CO2 emission from ethylene plant by 20% within 3 years :-

Strategic area	Long-term target	2014	result
CO <sub>2</sub> emission	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emission by 20% within 3 years.</li> <li>Transfer the CO<sub>2</sub> reduced for usage by Air Liquide company for compressed gases</li> </ul>	Agreement with Air Liquide to establish CO <sub>2</sub> unit to collect 8ton /h of the CO <sub>2</sub> emission from the ethylene plant	Done 100% for 2014

### 4. Reduce near misses by 80% within 4 years (2014-2018)

Strategic area	Long-term target	2014	result
Safety	Reduce near misses by 80% within 4 years	<ul style="list-style-type: none"> <li>Identify all categories of near misses and set the actual number occurring</li> <li>Establish new set of behavior safety programs</li> </ul>	Done 100% for 2014

## 5. Encourage and systematize communication with our stakeholders:

Strategic area	Long-term target	2014	result
Stakeholder engagement and more sustainable supply chain	Encourage and systematize communication channels (stakeholders have been informed and trained in our sustainability approach and code of conduct). 100% of high priority stakeholders 50% of med. Priority and 30% of low priority(2014:2018	<ul style="list-style-type: none"> <li>Reach 20 % of high priority stakeholders have been informed and trained in our sustainability approach and code of conduct).</li> <li>10 % of med priority stakeholders</li> <li>6% of low priority stakeholders</li> </ul>	Done 100% for 2014

## 6. Ensure employment of disabled personnel to reach 5%

Strategic area	Long-term target	2014	result
Increase percentage of workers with disabilities	Achieve 5% workers within 7 years ( 2014:2020) to comply with the law total number of worker in 2014 ( 1032 )	Reach 1% workers with disabilities	In progress

# SIDPEC Code of Conduct

*SIDPEC commits to encouraging a safe, supportive and reproductive work environment through cooperative and sustainable principles of conduct and ethical behavior. We envision added human rights and social value by incorporating Social Responsibility into our activities. Our approach is built upon a holistic view, transparency and an open dialogue with consideration to our stakeholders' interests. We are accountable for our impact on society, the economy and the environment with respect to the rules of law and international norms of behavior.*

*"It is easy to say what we must do, but the proof is in our actions".*

## **1- Governance:**

Our decisions are taken in pursuit of our objectives and are built upon factual Data.

We gain credibility by adhering to our commitments, displaying honesty and integrity and reaching company goals solely through honorable conduct.

Management is responsible for demonstrating through their actions, the importance of this code.

*"Refer to our vision & mission".*

## **2- Human Rights:**

We believe that all employees deserve to work in an environment where they are treated with dignity and respect. We are committed to creating such an environment because it brings out the full potential in each one, which in turn, contributes directly to our business success.

We are an equal employment entity and are committed to providing a workplace that is free of discrimination of all types of abusiveness, offensiveness or harassing behavior. Any employee who feels harassed or discriminated against should report the incident to his or her supervisor or department manager. If the employee is not satisfied that the matter has been appropriately addressed, the employee should feel free to address this issue to the company's Chairman.

We oppose child labor in our premises and among our stakeholders.

### 3- Labor Practices:

We endeavor to invest in our employees by providing them with the best possible skills and abilities in order to develop their individual potential to the maximum, and thereby contribute to a sustainable success and competitiveness of our enterprise. We provide specific training to the employees as regards to technical aspects connected with our processes and the field of health & safety at the workplace as well as other relevant aspects connected with the enterprise activities.

We strive to create working conditions that give our employees the convenient environment to work considering the human aspects and particularly without any risk for their health and industrial hygiene.

We have clear recruitment and promotion criteria for all employees. Our grievance procedures are identified and we recognize the right for employees' representation to participate in a transparent social dialogue.

### 4- The environment:

We are committed to conserve the natural environment, endorsing the principles of sustainable use and minimum impact on the environment in full compliance with the applicable laws and regulation.

Our stakeholders should be sensitive to the impact of their operation on the local community and cultural setting within which they work and minimize any adverse effects.

We encourage our stakeholders to develop their own, and others' understanding of the environment protection and the behaviors that can adversely affect it.

Within our decisions and activities, we adopt special practices that take into consideration the direct and indirect economic, social, health and environmental implications.

We envision ourselves in future as a zero liquid discharge, zero pollutants emission and zero wasted energy company.

*“Refer to our HSE policy”.*

*“Refer to our quality policy”.*

## 5- Fair Operating Practices:

We prohibit corrupt or non-ethical practices.

We investigate all reported instances of questionable or unethical behavior and take appropriate actions that prevent such unethical behavior in the future.

Our commitment to integrity begins with complying with laws, rules and regulations.

We are dedicated to ethical, fair and vigorous competition. We sell our products based on their superior quality, functionality and competitive pricing.

We respect the property right of others. We do not acquire or seek to acquire improper means of a competitor's proprietary or confidential information.

## 6- Consumer Issues :

We are keen to provide products which achieve our customers' satisfaction.

We provide our customers with fair and transparent information of our products.

We review our customers' complaints and improve practices in response to them.

We offer adequate and efficient support and advice system for our customers.

We always take adequate measures to protect our customer health, safety and business.

*"Refer to our quality policy".*

## 7- Community Involvement and development :

We consider ourselves as an integral partner of the community in approaching educational development projects.

We provide continuous contributions to the surrounding communities to promote higher levels of well-being in these communities.

We provide employment opportunities for our surrounding community either directly through us or indirectly through our subcontractors.

We never cease to invest tremendously on our community health care projects.

We support research and development projects in cooperation with governmental institutions and universities.

Chairman & CEO  
Eng/ Ahmed Helmy