

MAKEEN

ENERGY

January 2019

Communication on Progress

MAKEEN
ENERGY





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Photo by Jairo David Arboleda

CEO statement

MAKEEN Energy is a global house of energy that brings world-class technology to the energy industry world-wide. And a house that is continually developing to meet the ever-changing need for smart and sustainable energy solutions. Without a doubt, the future will involve further development, and we might rebuild existing sections of our house or extend it with new ones. Whatever we do or the future brings along, the strategy and focal point will be our sustainability journey.

As a new participant in the UN Global Compact, we know that we still have plenty of room for improvement. And that thought fuels our ambitions and initiatives. Everything we do is based on our passion and purpose: Responsible energy solutions for people and planet. And in our opinion, that is a promising starting point.

Over the last year, our people around the world have opened doors and invited sustainable initiatives inside. Some are brand new and others are well-known, but may just need a bit more attention. Among them we find a tree planting programme, a plant that converts plastic to oil and a focus on the general gender composition throughout the entire organisation.

As our organisation is spread across continents, the same goes with our initiatives. We know that it takes a dedicated effort to spread the actions and involve people in all wings of our house. And with UN Global Compact, we now have a good tool that on the one hand ensures to keep sustainability on our minds and on the other hand helps identify areas where we can do better. In our big house of energy, we still have many opportunities to improve or change, and we therefore continue to support the UN Global Compact.



Anders C. Andersson
CEO / Managing Director of MAKEEN Energy

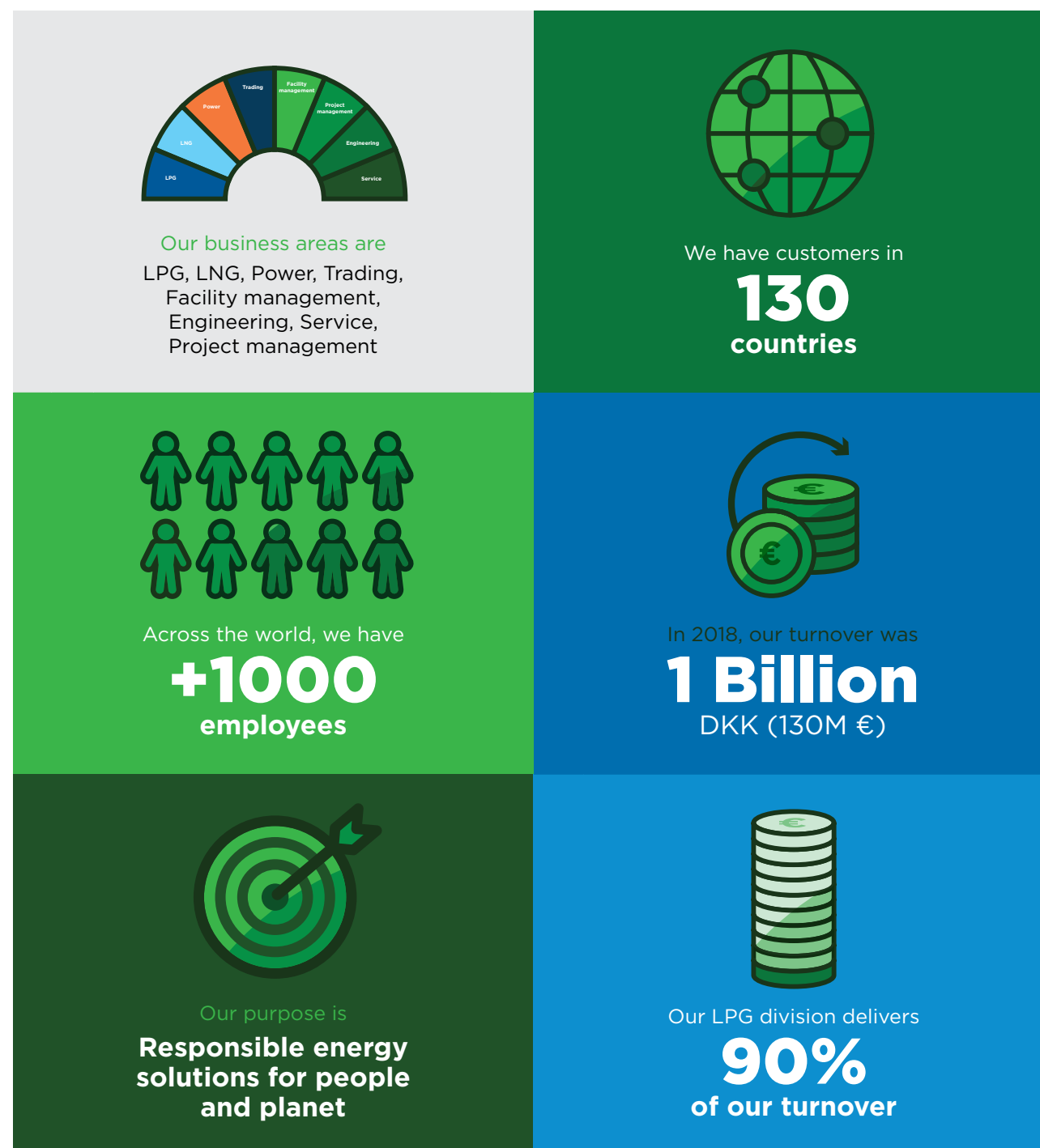
UN Global Compact

Global Compact is a United Nations initiative. By signing up, companies world-wide commit to follow the initiative’s ten principles within the four topics: human rights, labour, environment and anti-corruption. In January 2018, MAKEEN Energy chose to join the UN Global Compact as a part of our sustainability journey.

The four topics and the ten principles are¹:

HUMAN RIGHTS	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	make sure that they are not complicit in human rights abuses.
LABOUR	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.
ENVIRONMENT	
Principle 7	Businesses should support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies.
ANTI-CORRUPTION	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

¹ <https://www.unglobalcompact.org/what-is-gc/mission/principles>



MAKEEN Energy at a glance

MAKEEN Energy is a world-leading house of energy. We unite a number of business areas within the energy industry – LPG (liquefied petroleum gas), LNG (liquefied natural gas), power and trading – under one roof and with one common purpose: Responsible energy solutions for people and planet.

A wide range of energy solutions

As the parent company of Kosan Crisplant, Siraga, KC LNG, MAKEEN Power/SADELM Power and KC ProSupply, MAKEEN Energy develops, manufactures and delivers a wide range of responsible energy solutions to customers all around the world. Our portfolio includes equipment, services and engineering as well as facility and project management for everything from LPG filling facilities and LNG bunkering solutions to sustainable power plants and spare parts. And currently, we have assisted customers in more than 130 countries worldwide.

A global organisation

MAKEEN Energy is owned by Saudi Al-Ayuni Investment & Contracting Co. and was established in 2015. However, our various business areas have been collecting and building up experience and know-how for many decades.

The international MAKEEN Energy headquarters is located in Randers, Denmark, but we have offices and work sites spread all around the globe. That enables our more than 1,000 employees to be near our customers. As we say – wherever you are, we are.

A promising purpose

As mentioned above, our purpose provides us with a unifying focus across business areas and continents. Importantly, our purpose is not just a flat statement, but a sincere promise. One we make to ourselves and others. With our purpose, we make sure that we always have the same foundation and go in the same direction all around the world. Moreover, it also makes it clear to people outside the organisation what they can expect from us.

As with all promises, it takes an effort to fulfil it, and this one – our purpose about responsible energy solutions for people and planet – demands continuous work. Our commitment to Global Compact is one of the ways in which we show our dedication.



Photo by Min Thein

Fuelling an environmentally friendly future

The activities of MAKEEN Energy inevitably involve and affect the communities and places where we operate. In our opinion, that is the whole point of working with energy solutions. But having an effect is one thing – having a good and responsible one is another. Therefore, we are dedicated to make our influence on the planet as positive as possible.

We continually look for ways to reduce adverse environmental impacts and to use resources more efficiently. Our efforts concern both the products and services we deliver to our customers and our general actions as a company and as human beings.

Our environmental approach is based on the principles and requirements of the ISO 14001:2015 standard, combined with national and customer criteria. And despite our current efforts, we know that it is always possible to do better.

Environmental policy

The environment is, literally, in the heart of our business. As our purpose states, we provide responsible energy solutions for people and planet. In other words, sustainable initiatives and ambitions drive us forward. Consequently, they also form the foundation for our environmental policy.

Our environmental efforts are founded on two main pillars: actors and actions. Concerning the first, we work hard to involve all our stakeholders – employees, suppliers and others – in our environmental initiatives. Strengthening awareness and

knowledge-sharing are the key to succeeding and engaging people. Concerning the second, we endeavour to embed proactive measures throughout all our activities. To prevent pollution, reduce waste and optimise use of resources are all important when it comes to managing and minimising harmful environmental effects.

Our global environmental management system ensures that our environmental efforts are aligned across all our locations around the world. The system itself is managed by our Group Quality Committee while the implementation of initiatives and requirements is handled locally by functional management teams. These teams are responsible for involving employees from every corner of the organisation, and this ensures that our efforts are transformed into operational action plans and implemented throughout the organisation.



Photo by Min An

Implementing sustainable initiatives in the everyday office life

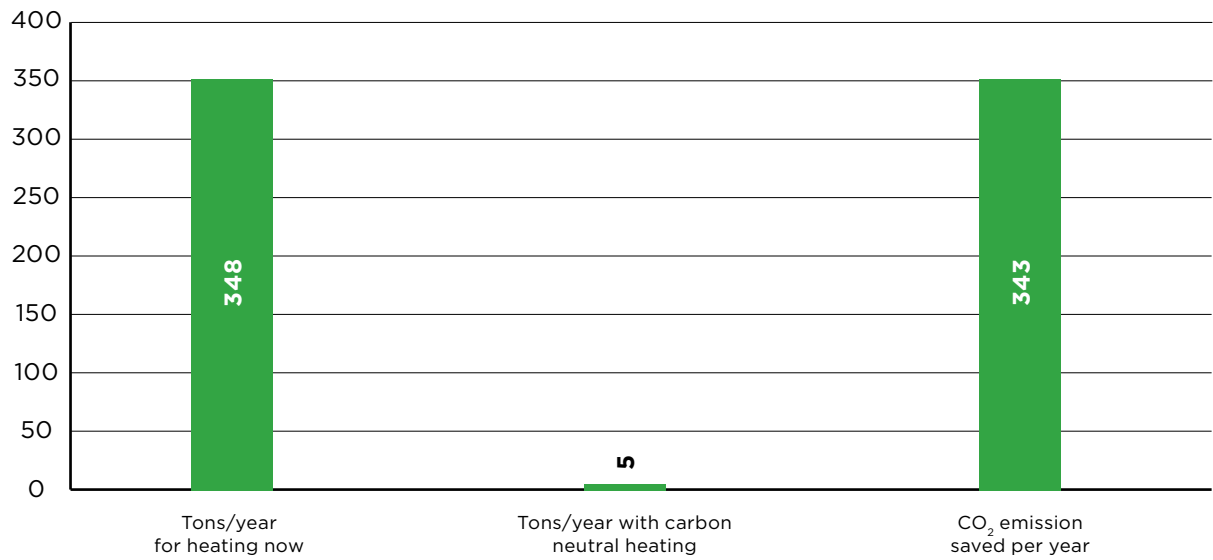
At our new headquarters in Randers, Denmark, we have decided to give our employees the chance to commute to and from work in a more sustainable way. As electric cars emit less greenhouse gases and air pollutants than petrol and diesel cars, we will set up chargers in the parking area so people can charge their cars while being at work. Moreover, we have already invested in three electrical bicycles that our employees can book and use to and from work as a sustainable alternative to a car. It is our ambition that these two new initiatives will make environmentally friendly transportation more accessible and appealing.

However, moving towards an environmentally friendly future is also about setting ambitious goals. One of our goals is to reduce our CO₂ emissions, and our headquarters in Denmark will again function as our first area of action. Here, we want to reduce the CO₂ emissions from heating with 93% from 348 tons/year to 5 tons/year during 2019 by switching to carbon neutral district heating.

In addition to the above, we have in Sri Lanka also implemented practices that shall reduce the use of paper within the company. To accompany this, our Sri Lankan team is also in the process of finding ways to reduce the amount of timber we use for packing so we can contribute to help protecting trees and forests around the world.

Key Performance Indicators

During 2019, we will reduce our headquarters' CO₂ emissions from heating with 93%.





Employees and their families have planted no less than 704 trees from January 2018 to December 2018.
Photo of Lasantha

Fighting deforestation in Sri Lanka

In more than one way, our department in Sri Lanka walks in front when it comes to taking responsibility for the environment. In 2018, they were officially recognised for their efforts when they were certified with ISO 14001:2015 (environmental management system). This is a clear acknowledgment of their dedication to align workplace procedures and practices with the latest international standards.

In addition to securing the certificate, our Sri Lankan team has also initiated a project that extends their environmental efforts beyond the workplace. In January 2018, they launched a tree planting campaign with the intention of fighting deforestation in Sri Lanka and reducing carbon footprint. And employees – and later also their families – quickly took action and started to plant trees in their own backyards. The goal was to plant 300 trees by the end of the year, and in December it was evident that they with no less than 704 trees had exceeded their own expectations.

During 2019, we want to expand the tree planting campaign. Our Sri Lankan team is planning to do a replanting programme with participation from both the local community and government organisations. Moreover, we are also planning to spread this initiative to other MAKEEN Energy departments across the globe.

Developing and diffusing solutions for environmentally friendly fuels

A rising political and legislative focus on sustainability in general, and within transportation in particular, has lead especially the maritime sector to look at alternative fuels to reduce emissions of greenhouse gases. One of the best alternatives is liquefied natural gas (LNG) – simply, natural gas in its liquid form. At MAKEEN Energy, we want to contribute to the development of and transition to

this environmentally friendly fuel, and we do so through KC LNG.

What is LNG?

When natural gas is cooled down to -162°C (-259°F) in a process known as liquefaction, it becomes a clear, odourless liquid – also known as liquefied natural gas, LNG. The liquid takes up 600 times less space than the gas and is easy to store and transport.

KC LNG works dedicatedly with liquefied natural gas (LNG) solutions. They design, manufacture and deliver liquefaction, bunkering and refuelling solutions – thus, facilities for both the production and transfer of LNG which is a clean and highly cost-efficient fossil fuel. Scalability, zero-emission, automation and mobility are the four ground principles they focus on implementing in every solution.

Whether natural gas is gaseous or liquid, it is the most environmentally friendly fossil fuel. It is composed of primarily methane and emits significantly lower amounts of CO₂, SO_x, NO_x and particulate matters into the atmosphere than e.g. coal and oil. The emissions are reduced with between 20-100%, and the KC LNG solutions are therefore playing a valuable part in pushing this sustainable fuel forward.

Moreover, with KC LNG's solutions, it is possible to substitute the natural gas with biogas. The end product is then called liquefied biogas, LBG. This is also a very environmentally friendly fuel – in fact, it is actually completely CO₂ neutral which just makes it an even more sustainable choice.



The Samsøe solution is a modular, bunkering installation for the Danish Samsøe Ferry
Photo by Claus Bonnerup

Environment

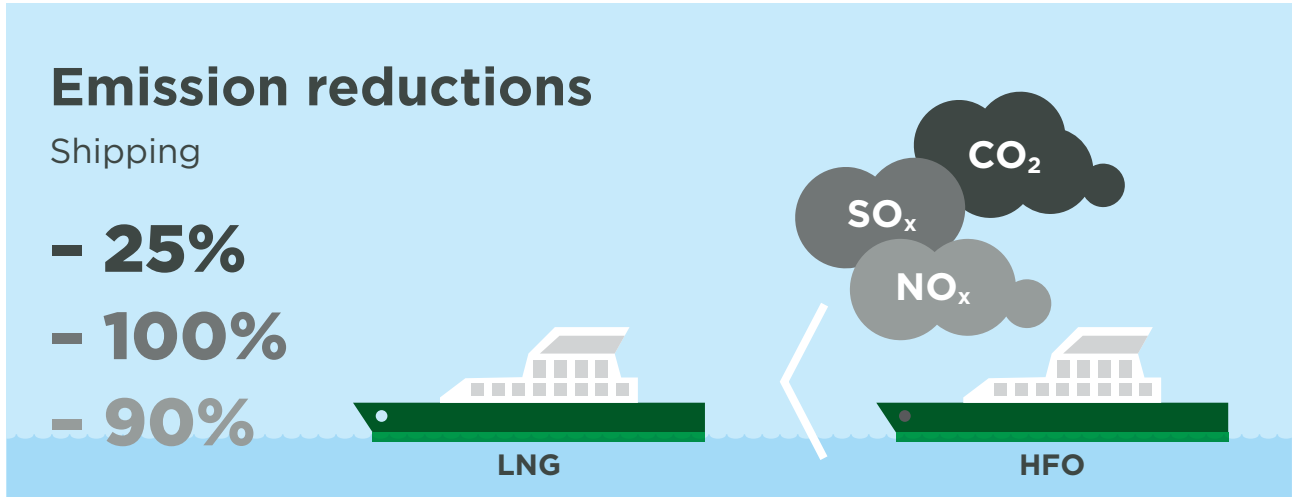
A case study illustrates some of the advantages of KC LNG's solutions, and the bunkering solution we have provided for the Danish Samsøe Ferry is a good example. Today, the ferry runs on LNG, and it is fast and easy to bunker while passengers get on/off. An important feature – and one that enhances sustainability – is that the solution not releases methane during bunkering. An advantage that is quite unusual. After bunkering a ship, nitrogen is normally used to purge the hoses free from the remaining natural gas, and that procedure can release methane; a gas that is about 25 times more harmful to the environment than CO₂. KC LNG has developed a solution that empties the LNG hoses without using nitrogen, and it is therefore completely free of harmful emissions. That is the essence of the zero-emission principle.

Continuously, KC LNG is working on developing solutions that respond to the ever-changing, and currently expanding, LNG industry. In addition to the maritime sector, LNG solutions are also relevant to various kinds of heavy industry and long-distance transportation. To create sustainable solutions that work in practice, it is necessary to think beyond what we already know, and a cooperation

with the Danish Technical University and COWI shows that this approach yields results. Together, they have developed a technology that makes it possible to produce LNG (or LBG) locally by connecting liquefaction facilities to either the gas grid or a biogas plant. The sustainable liquid fuel can then be delivered to ships, trucks or local industries.

Putting plastic back into the energy cycle

Today, plastic is one of the most widely used materials in the world. Water bottles, food wrapping and plastic cutlery are just a few examples of the plastic repertoire many people encounter every single day. Only 9% of plastic waste is recycled, and most plastics do not biodegrade. When plastic items from households and industries are no longer used, much of them are simply transported to landfills or incineration plants. Statistics and facts with worrying implications for our environment. One of the ways we can fight plastic waste pollution is by putting the material from e.g. landfills into use again. And at MAKEEN Energy, we strive to take part in this fight through MAKEEN Power and their plastic to oil project.



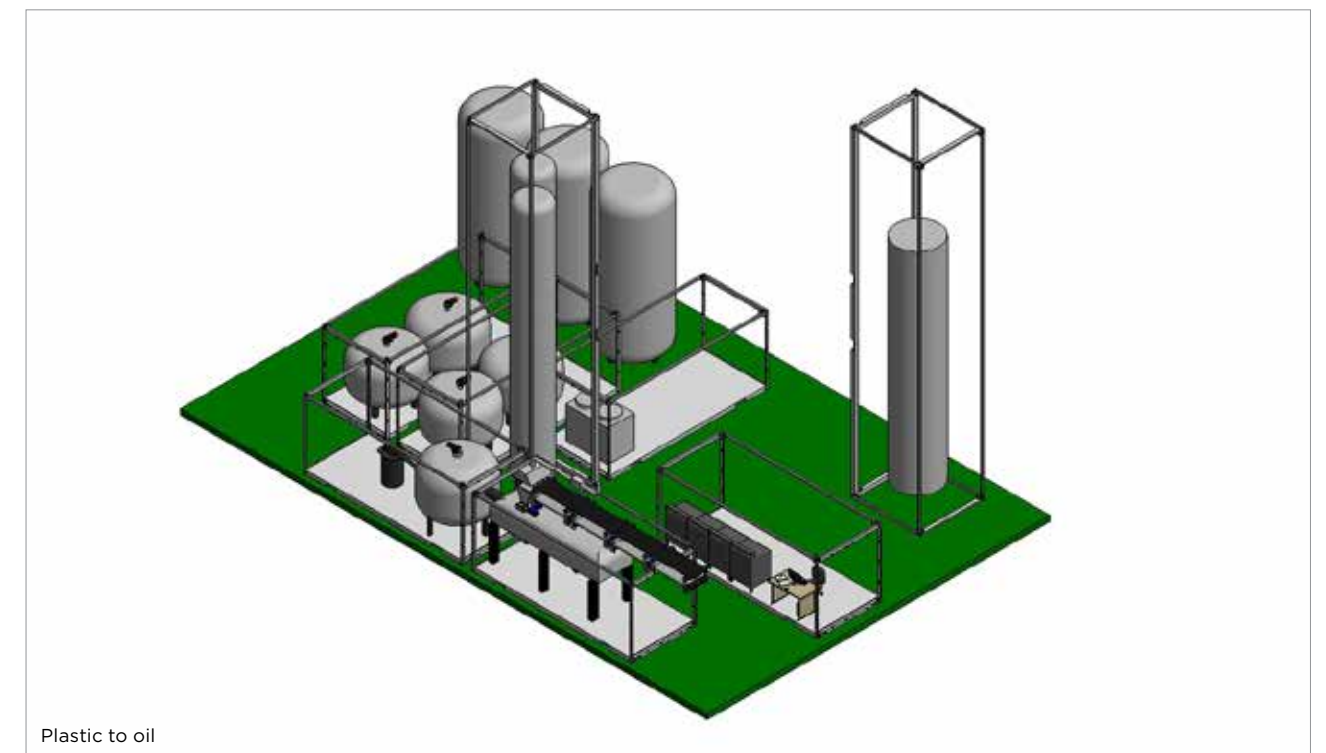


At the time of writing, the plastic to oil project is well underway. In broad outline, it consists of a plant that can convert plastic waste to oil. What makes our solution special is the high quality of the final product: The oil is good enough to be approved for use as e.g. marine fuel. And converting plastic to oil in this way has several environmental advantages.

As the input is plastic waste of any kind, it can help reuse all types of plastic leftovers from households as well as industries. It is not necessary to clean the plastic before putting it into our plant and converting it to oil which again minimises the use of resources.

Moreover, when plastic is converted to oil, it actually becomes a source of energy for the second

time. By reusing the resources instead of pulling new ones (oil) up from the underground, we thus put the plastic back into the energy cycle. It is then called a second generation fuel. Such a fuel does not leave a carbon footprint as it is only possible to emit greenhouse gases to the atmosphere when a fuel is used for the first time.



Responsible energy solutions for people and planet

Photo by Bess Hamiti

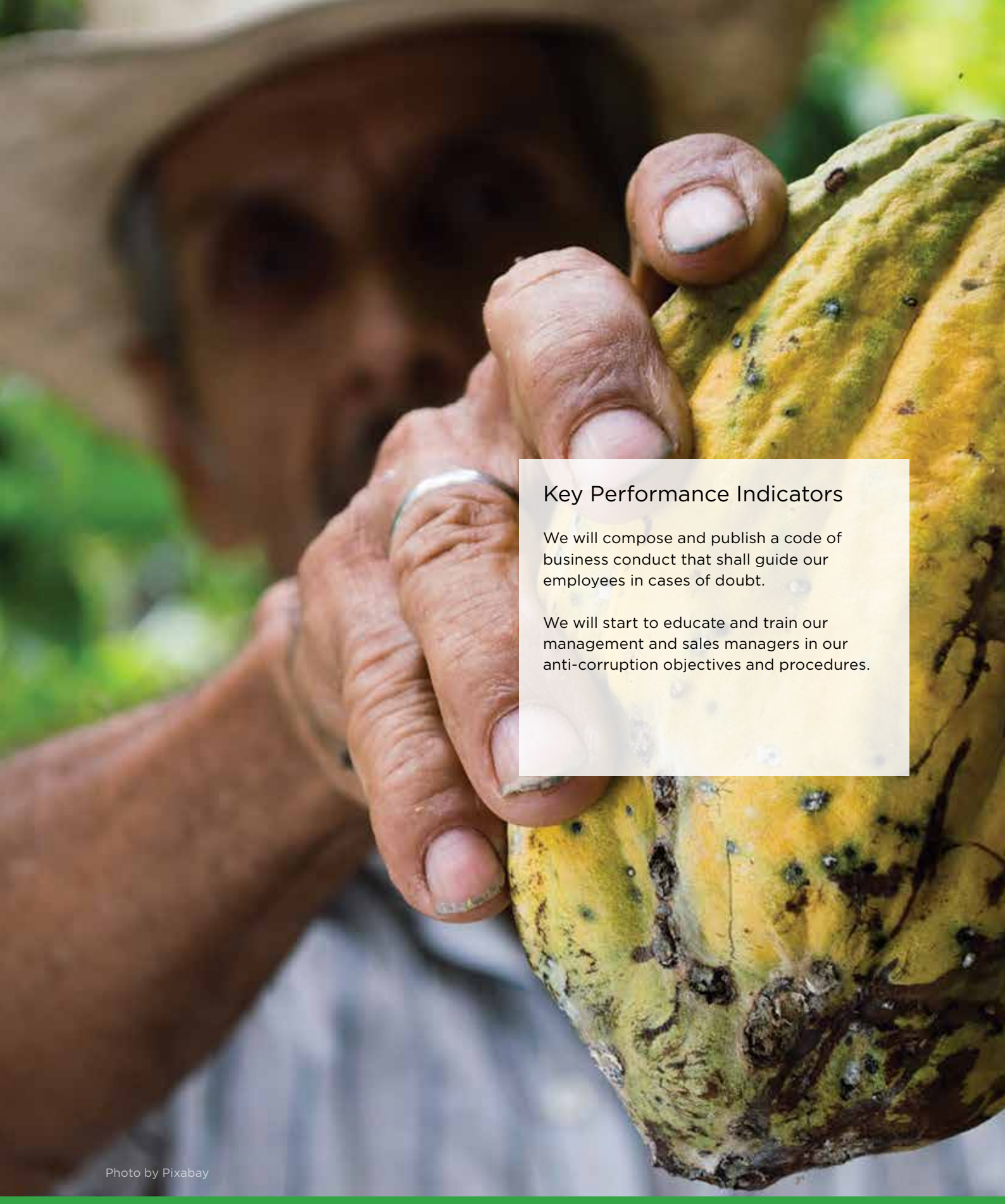


Photo by Pixabay

Key Performance Indicators

We will compose and publish a code of business conduct that shall guide our employees in cases of doubt.

We will start to educate and train our management and sales managers in our anti-corruption objectives and procedures.

Anti-corruption

Strengthening anti-corruption efforts with values and integrity

As a global house of energy, we operate in places and industries that are characterised by a rough competition for business opportunities. This can easily lead to situations with demands for improper payments or other actions that break with our company policies.

There should be no ambiguity or doubt about our dissociation from corruption. MAKEEN Energy is in no way interested in doing business based on improper payments or solving problems with illegal means.

On the contrary, we believe in founding a business on strong values, integrity and high moral standards. Factors that all evolve from within. In the future, it is our objective to be known for our high moral standards and uncompromised integrity, also by people outside our organisation.

To achieve this, we will, among other things, compose and publish a code of business conduct that shall guide our employees in cases and situations where they may be in doubt about what to do. Moreover, we will also start to educate and train our management and sales managers in our anti-corruption objectives and procedures as they are at the front line when we interact with people outside our own organisation.

We take pride in
making energy
available in a safe
and sustainable way

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Labour

Providing the best setting for our employees

Our employees are our most important asset. Without them, MAKEEN Energy would never have reached the point where we are today. We are therefore committed to provide everyone in our organisation with the best setting possible.

As a starting point, we always adhere to local and international requirements regarding working environment - of course combined with any specifications imposed by the individual customer. Moreover, we regularly review our methods, processes and systems to detect and prevent possible risks and to discover opportunities for improvement.

An example of our improvement efforts in 2018 is found on Sri Lanka. Here, our local team was the first company in the country to receive the ISO 45001:2018 certificate (occupational health and safety).

Fundamentally, we pay great attention to our employees' health, safety and wellbeing. Therefore, we also believe that all MAKEEN Energy employees have the freedom of association and the right to collective bargaining. We are confident that this is a contributing factor to the many long careers we can count within our organisation. Over the last years, we have celebrated several anniversaries - 10, 25 and 40 years - and generally speaking, our employees tend to stay with us for many years.

Health and safety policy

At MAKEEN Energy, we strive to provide a healthy and safe working environment for everyone who is

involved in our activities. As an international company, we have employees all over the world, and our health and safety policy applies to everyone within our organisation.

Our global health and safety management system ensures that our safety efforts are aligned across all our locations around the world. The system itself is managed by our Group Quality Committee while the implementation of initiatives and requirements is handled locally by functional management teams. These teams are responsible for involving employees from every corner of the organisation, and this ensures that our efforts are transformed into operational action plans and implemented throughout the organisation.

In case of work-related accidents, it is important that the involved employees report what happened so we can get an overview of possibly hazardous situations and prevent them in the future. We already have a local system in which employees report accidents, but during 2019, we want to create a global reporting system that is more simple and accessible than the current one. The new system will, among other things, include a measure of the LTIFR (lost time injury frequency rate), and it is our goal to reach a level of maximum 2% in 2019. The ultimate goal is, of course, to ensure that our employees can do their jobs without any risks of work-related injuries.

In addition to our health and safety policy, we also focus on providing a good mental working environment through our actions against stress and



Key Performance Indicators

At our headquarters in Denmark, we have implemented efforts to prevent stress and bullying, and during 2019 we want to spread these initiatives throughout the entire

During 2019, we will compose and publish a document that our all suppliers shall sign to verify that they do not use forced or child labour or violate any other human rights.

bullying. Currently, we have implemented efforts that should prevent both cases at our headquarters in Denmark, and during 2019 it is our plan to implement these initiatives throughout the entire organisation.

Fighting forced and child labour

We strongly believe that all children, no matter where they grow up, should be able to be children - with everything this involves. They should have access to education and through that be able to develop both themselves and their skills. And in our opinion, growing up and learning about the many aspects of life is not compatible with being compelled to work in order to provide for parents, siblings or other family members. Forced labour, and child labour in particular, is therefore something we plan to take action against in 2019.

However, we do acknowledge that it can be beneficial for children to combine education and work in some contexts. The difficulties in balancing educational and work-related interests are greater in some places than others, but as a global organisation, we take all corners of the world into account. Everywhere we operate, we want to take responsibility and join the fight against both forced and child labour. Besides ensuring that we use neither of these within our own organisation, we will also compose and publish a document that all our suppliers shall sign to verify that they do not use forced or child labour or violate any other human rights.

Working against discrimination - in a male-dominated industry

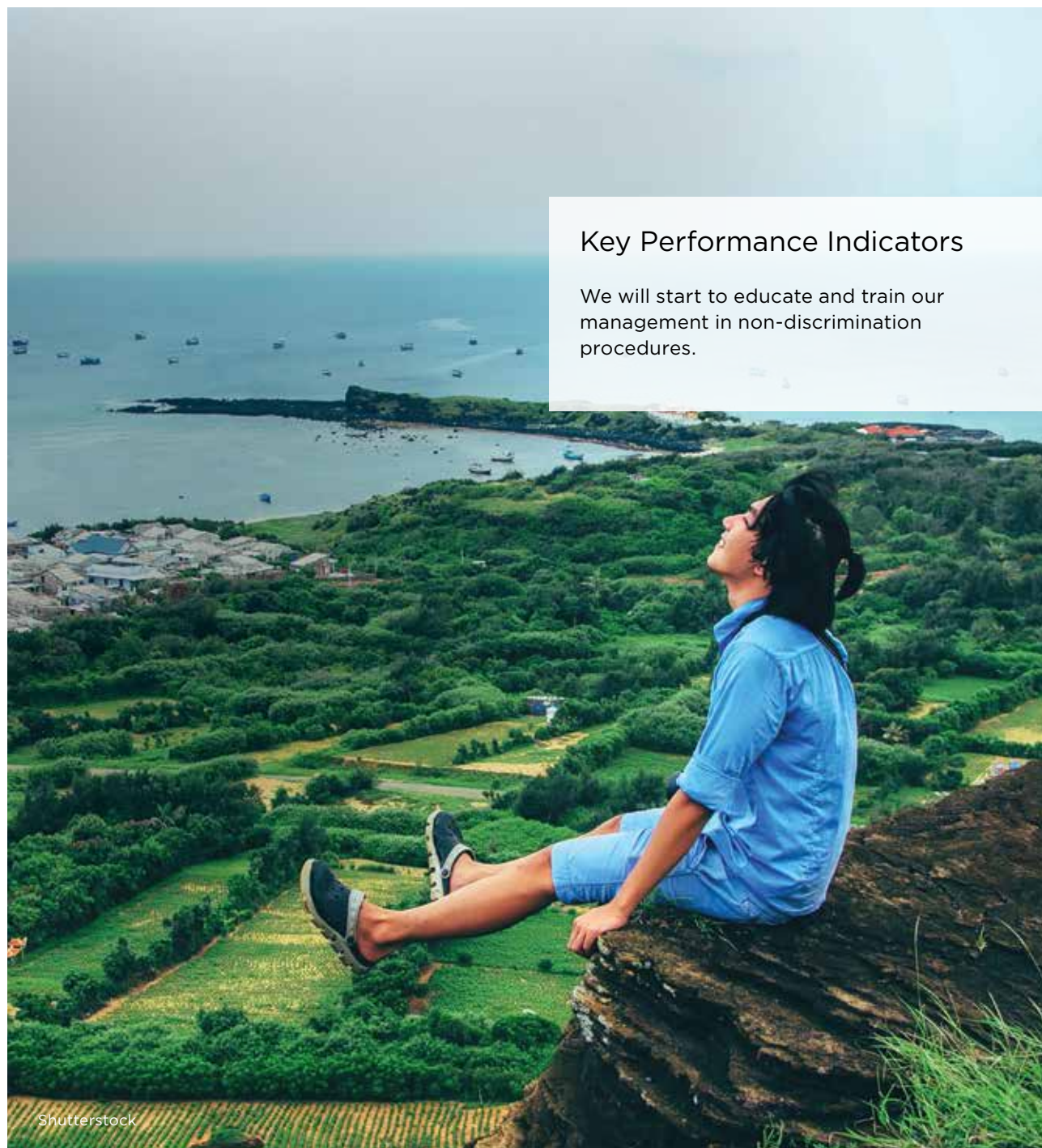
At MAKEEN Energy, we are committed to work against any kind of discrimination - whether it relates to gender, age, ethnicity, religion, disabilities or other factors - and to promote the develop-

ment of a diverse culture that supports differences. Consequently, we embrace the diversity of our employees, and we believe that it helps to create a better and more dynamic working environment.

We are operating in the energy industry, and we are very aware that we are part of a traditionally male-dominated world. We therefore focus on the general gender composition in our organisation and work to promote gender equality, both when we operate inside and outside our company walls.

Internally, our greatest challenge is our dependence on engineers and people with other technical educations and backgrounds. Statistics show that primarily men take these educations, and, naturally, this gender inequality is also reflected in our number of female applicants and employees. According to a McKinsey & Company report, one third of the students who were accepted into STEM (science, technology, engineering and mathematics) educations in Denmark, where our headquarters is located, were females in 2018. A number that has not changed since 2014.¹

¹ McKinsey & Company, Bridging the talent gap in Denmark - Insights from female representation in STEM, 2018, pp 38-39, <https://www.mckinsey.com/-/media/McKinsey/Featured%20Insights/Europe/Bridging%20the%20talent%20gap%20in%20Denmark/Bridging-the-talent-gap-in-Denmark-McKinsey-Full-report.ashx>



Key Performance Indicators

We will start to educate and train our management in non-discrimination procedures.

Labour

What is WINLPG?

Women in LPG (WINLPG) is a campaign dedicated to the support and promotion of women and young talents in the LPG industry, notoriously dominated by men, across the globe.

Externally, we make an effort to show the career possibilities for women in the energy industry. One example is our support to the World LPG Association's (WLPGA) "Women in LPG Global Network" (WINLPG) that works to strengthen the gender balance in the LPG industry. Another example is education and career fairs where we meet young students and potential future employees. Here, we make sure to have both male and female employees to represent our company and in that way show that, despite the traditional gender division, women also have a chance to develop themselves and their careers - as well as the company and industry - in a positive direction.

To accompany and strengthen the above-mentioned efforts, we will start to educate and train our management in non-discrimination procedures. Moreover, we continue focussing on both equal pay and female representation in management since both topics appear somewhat challenging on a general societal level.

Regarding the former, an analysis from the Danish engineering association, IDA, shows a 4.3% pay gap between male and female engineers in Denmark.² We would like to deal with and fight this difference, and we therefore have a policy that clearly states that we pay the same salary for the same work.

Concerning the latter, we have a goal of not only getting more women into our company in general, but also into management positions in particular. Looking at Kosan Crisplant, one of our LPG companies, as an example, we strive to have 20% women in our board of directors in 2022.

² IDA, Kønsbestemt lønforskel? Analyse på baggrund af IDAs lønstatisitk om forskel på privatansatte kvinder og mænds løn, 2015, pp. 5-6, https://ida.dk/media/2431/koensbestemt_loenforskel_incl_anbefalinger_endelig.pdf

Striving for expert
energy solutions
benefits both
people and planet



Photo by Sasin Tipchai



Photo by Archie Binamira

Key Performance Indicators

We will compose and publish a document that all our suppliers shall sign to verify that they do not violate any human rights.

Human rights

Protecting human rights

At MAKEEN Energy, we recognise and respect human rights. And as a global company, we know that we have a responsibility towards the people around us – whether or not they are directly in contact with our business.

In our efforts to support and protect the international human rights, we have set up a CSR Committee in 2018. The committee consists of five people from our organisation, and it focuses on a wide range of CSR issues. Naturally, human rights are part of this spectre. Our CSR Committee is therefore responsible for ensuring that MAKEEN Energy does not contribute to any kind of human rights violations. Among other things, the committee must also ensure that we support and actively incorporate the ten principles of the UN Global Compact into the everyday life throughout our company.

To strengthen our support to human rights, our CSR Committee will in the future also work on incorporating our efforts into our supply chain. To specify, the committee will ensure that we will compose and publish a document that all our suppliers shall sign to verify that they do not violate the international human rights.

Key Performance Indicators

HUMAN RIGHTS	
We will compose and publish a document that all our suppliers shall sign to verify that they do not use forced or child labour or violate any other human rights.	2018 > No action 2019 > Process planned to be started
LABOUR	
At our headquarters in Denmark, we have implemented efforts to prevent stress and bullying, and during 2019 we want to spread these initiatives throughout the entire organisation.	2018 > Only local efforts in Denmark 2019 > Efforts implemented throughout the entire organisation
To ensure a good working environment throughout the company, we work to publish a code of ethics that will help strengthen the working environment and our differences within the company.	2018 > No action 2019 > Code of ethics published
We will create a global reporting system in which employees shall report work-related accidents. Among other things, the system will include a measure of LTIFR (lost time injury frequency rate).	2018 > No action 2019 > New system created and <2% in LTIFR
In the future, we will start conducting external audits to check if suppliers use forced or child labour.	2018 > No action 2019 > Process planned to be started
By 2022, our goal is to have 20% women in the board of directors.	2018 > 0% women in the board of directors 2019 > Process planned to be started
We will start to educate and train our management in non-discrimination procedures.	2018 > No action 2019 > 30% of management have completed training

ENVIRONMENT	
During 2019, we will reduce our headquarters' CO ₂ emissions from heating.	2018 > CO ₂ emissions from heating: 348 tons/year 2019 > CO ₂ emissions from heating: 5 tons/year
ANTI-CORRUPTION	
We will compose and publish a code of business conduct that shall guide our employees in cases of doubt.	2018 > No action 2019 > Code of business conduct published
We will start to analyse all our business activities and collaborations for risks related to corruption.	2018 > No action 2019 > 30% of activities and collaborations analysed
We will start to educate and train our management and sale managers in our anti-corruption objectives and procedures.	2018 > No action 2019 > 25% of management and sales managers have completed training
We will take action in response to incidents of corruption, if any should occur.	2018 > No global system of action 2019 > Action in 100% of the cases
We will start to implement an anti-bribery training for all new employees.	2018 > No action 2019 > 30% of management have completed training

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