



2021

Sustainability Report

Sidi Kerir Petrochemicals Co.

www.sidpec.com



**Towards
Economic PRODUCTION**

About this Report

This report includes SIDPEC sustainability activities starting from [November 2020 to December 2021](#). This report is published on the UN Global Compact web site in January 2022.

The preparation of this report depends on our level of commitment to the **ten principles** through four pillars of **UN Global compact**. All disclosures mentioned in this report illustrate the alignment with Sustainable Development Goals (SDGs).

Last report mentioned activities during second half of 2019 and 2020 was published on 4th November 2020 ([see archived reports](#)). We appreciate your comments, if any, and please email us at info@sidpec.com.



01

SIDPEC

Profile

SIDPEC aligned with Egypt Vision 2030 by stating its strategic objectives to The Sustainable Development Strategy - Egypt Vision 2030; NEW EGYPT will be a competitive, balanced, and diversified economy based on innovation, knowledge, justice, and social integration. It will invest the genius of our location and people to achieve sustainable development and improve the quality life of Egyptians.



02

Workforce

Development

SIDPEC deliver, and continuously improve services as payroll, recruitment, pensions, and benefits. We track, monitor, and manage service performance to ensure that it's delivered with the required quality and at the optimum cost. Medical benefits, and health insurance, are among the most valuable of employee benefits options that our team excels in handling while providing significant support for employees and their families through a rich portfolio of high-quality health care providers.



03

Environmental

Sustainability

SIDPEC integrate environment management into day-to-day business operations through minimizing gas emission, water effluences, and solid wastes, achieving the responsible use of natural resources, purchasing, and using high energy efficiency products and services and supporting design to for energy performance improvement.



04

Social

Responsibility

SIDPEC believes that its social responsibility is continual commitment towards improving the quality's life of local community where we live and work. Educational Investment is highly rewarding as the educated person can be able to share knowledge in his surroundings, making it more productive. It also contributes to improving the moral system of societies and enhances the concept of social justice.



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SIDPEC

PROFILE

Part 1

IN THIS SECTION:

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- Key Highlights 2021
- SDG Ambition Journey
- Strategy and Citizens
- Core Markets
- Governance
- Financial Summary
- Ethics and Integrity



Eng. Mohamed Ibrahim
Chairman & CEO

Chairman's Message

In the light of our commitment to the ten principles of “UN Global Compact” in the areas of human rights, labor, the environment and anti-corruption, and to align with the sustainable development goals and Egypt's Vision 2030, **SIDPEC** has participated in the “SDG Ambition Accelerator” initiative as one of only two Egyptian companies among more than 600 participating companies around the world in the first round of the initiative. As SIDPEC is focusing on climate action by reducing GHG emissions, it was a good opportunity to participate in another initiative of “Climate Ambition”. These initiatives contributed to identifying the mechanism of linking the sustainable development goals and the goals of business processes within **SIDPEC**.

Strategic Highlights

SIDPEC successfully overcome challenges, achieve production and marketing plans, while maintaining positive financial statements after taking strategic decisions to investigate new areas for business continuity, the most important among which were the amendments to some articles of the company's mandate to include importing gases, establishing and owning an electrical power plant, selling, marketing and importing various types of polymers. The company decided to contribute to the Red Sea National Refining and Petrochemical Company with 5% of the capital to enhance its financial position and to demonstrate our responsibility in shaping the new future of Egypt.

SIDPEC has completed the necessary procedures to achieve digital transformation by implementing the Enterprise Resource Planning (ERP) system, preparing performance dashboards, and taking clear actions to implement the Process Safety Management (PSM) to change the culture within the organization so that development becomes one of the main tasks of all employees.

Environmental Highlights

Among the important decisions that were taken to reduce costs and reduce gas emissions, **KBC-Yokogawa** was contracted as one of the consulting companies specialized in energy efficiency improvement and process optimization, to conduct a “**Strategic Energy Review**” (SER) which resulted in developing a roadmap by identifying many opportunities for improvement with a financial return of more than 170 million EGP annually. Some of the quick-win opportunities have been already implemented and resulted in a reduction of energy consumption in line with our strategic objectives of maximizing profitability.

Community Highlights

SIDPEC has provided training programs of the highest levels to train employees on software and specialized programs from international experts, such as process simulation software submitted by KBC, and programs for Pump System Optimization (PSO), Motors System Optimization (MSO), and Compressed Air System Optimization (CASO) submitted by UNIDO, in addition to Soft skills development program by ESLSCA University. **SIDPEC** has followed the knowledge management methodology to maximize the investments from these training programs and transferred them to others by forming a “**Change Catalyst Team**” whose tasks are to support communication and change through the organization.

SIDPEC conducted a campaign for COVID-19 vaccination, to vaccinate all employees, their families, and all contract workers at Sidpec's headquarters under the authority of the Ministry of Health, which resulted in the vaccination of around **3,000** people during 2021.

In the context of taking actions towards our interested parties and supporting scientific research, **SIDPEC** has participated in many scientific conferences providing the necessary technical and financial support. **SIDPEC** has also played its social role in the development of the surrounding community by continuing to provide medical treatment protocols, donations, and contributions through partnerships with several governmental institutions and bodies.

Looking Ahead

SIDPEC intends to explore ways to manufacture environmentally friendly products such as polylactic acid, which has a positive impact on the environment, maximizes our profitability, and fulfills the requirements of local and global markets.

SIDPEC intends to reduce GHG emissions in line with climate science based on the related global initiatives and the included opportunities in **SIDPEC** energy efficiency roadmap.

With these achievements in a year full of challenges, I can only thank all employees, stakeholders and all partners of success who provided a model of which we are proud, with our hopes to continue our success as a one of the important industrial edifices influencing the flourishing of the national economy.

I am pleased to invite all our partners to review the contents of our sustainability report and the details of our progress, and look forward to your feedback, comments, and suggestions to enhance our communication regarding our progress.

January 30, 2022

Key Highlights 2021

SDG Ambition

SIDPEC as a leading UN Global Compact participating company joined to one of the Global Compact's initiative called "**SDG Ambition**". This is an accelerator initiative that aims to set ambitious corporate targets and accelerate integration of the 17 Sustainable Development Goals (SDGs) into our core business

SER Project

SIDPEC has appointed **KBC** to conduct a **Strategic Energy Review (SER)** project to deliver best practices of energy performance for identifying and evaluating opportunities for improvement, using best technology and tools.

USAID Scholars

SIDPEC conducted an "**Internship Program**" to support (FIVE) undergraduate scholarships of Ain Shams University to attain training regarding their qualification "Energy and Renewable Energy engineering" at **SIDPEC** site during summer holidays.

Climate Ambition

SIDPEC joined to "**Climate ambitions accelerator**" supporting to set the ambitious climate action targets through participating in the unified **Science Based Target initiative (SBTi)** which provides a clearly defined path to reduce emissions in line with the Paris Agreement goals.

Change Catalyst Team

SIDPEC formed "**Change Catalyst**" Committee composed of invested young cadres to play a supportive role communication and active participation of workers in improvement, development and maximizing performance.

COVID-19 Vaccination

SIDPEC has facilitated vaccination procedures against the Corona virus by inviting a health center to come to the company's headquarters to vaccinate all employees, their families, and contract workers.



A Yokogawa Company



SDG Ambition Journey

At the end of 2020, UNGC invited SIDPEC as a leading UN Global Compact participating company to join to one of Global Compact initiative called “**SDG Ambition Accelerator**”. This is an accelerator initiative that aims to challenge and support participating companies of the UN Global Compact by setting ambitious corporate targets and accelerating integration of the 17 Sustainable Development Goals (SDGs) into core business management. SDG Ambition enables companies to move beyond incremental progress and step-up transformative change. This is a UN Global Compact joint initiative with Accenture, SAP and 3M that challenges companies to set ambitious goals and provides support to business leaders to enhance sustainability integration through business systems.

Sign-up 2020

SIDPEC filled the required application to participate in this program and nominated TWO senior representatives to actively participate in the program on behalf of the company and ONE champion who has a direct line of communication with the CEO. This participation includes attending SDG Ambition workshops/events and coordinating with colleagues across the organization to advance SDG Ambition objectives.

This is a 6-month journey of online learning modules and material regarding the transformative role business systems can play in shaping next-generation sustainability ambitions, as well as interactive sessions across companies to share ideas and insights to collaboratively inform each other's strategies.

Our representatives were guided to think critically about Sidpec's value chain and where action should be prioritized to deliver the **EGYPT 2030** Agenda. The program gives an overview of how to integrate sustainability goals across business units through enabling technologies and the opportunity to set revised or new sustainability goals in line with the SDG Ambition Benchmarks.

The role of SDG Ambition Program

SDG Ambition aims to challenge and support participating companies of the **UNGC** by setting ambitious corporate targets and accelerating integration of the 17 SDGs into core business management. SDG Ambition enables companies to move beyond incremental progress and step-up transformative change, building business resilience, and enabling long-term growth.

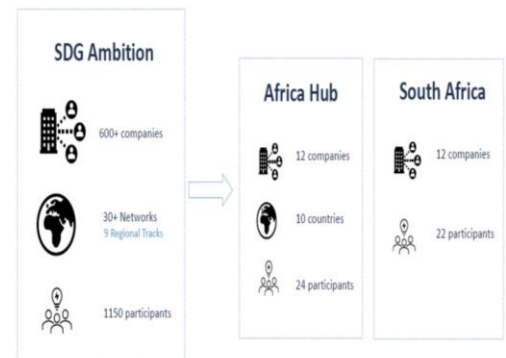
SDG Ambition will empower participating companies to develop and implement innovative business strategies that significantly increase their positive impact on the SDGs, assess current



performance, identify risk areas, discover new opportunities across business units and functions and take ambitious business action towards achieving the SDGs.

Activities of SDG Ambition Program

Kick-Off Pod: The program launches on 22nd of Jan. 2021 and works with a diverse group of companies within the South Africa + Africa Hub track. **SIDPEC** was one of only two Egyptian companies to participate in this program through the Africa Hub. The objective of this pod is to get to know other peers, familiarize with virtual engagement tools, begin working collaboratively to address the world's most pressing challenges and to familiarize with the Accelerator Platform content.



On-boarding Activities: including two on-demand sessions and their takeaway activities, these sessions are about “Introduction to SDG Ambition and the Accelerator”, “How to Understand and Take action on the Global Goals”, as well as one workshop virtual session and fulfillment of Onboarding Survey.

Module-1 Activities: include four on-demand sessions and their takeaway activities, these sessions are about “Welcome to SDG Ambition”, “Understanding Ambitious Goal-Setting”, “Principled Prioritization”, “Participant Release and Confidentiality Agreement”, and two virtual sessions about “Aligning with SDG Ambition Benchmarks”, “Module 1 Reflections”.

Module-2 Activities: include three on-demand sessions and their takeaway activities, these sessions are about “Industry Perspectives on SDG Ambition”, “Building the Business Case for SDG Ambition”, “How to Set Goals Aligned with the SDG Ambition Benchmarks”, three virtual sessions about “SDG Ambition Vision for 2030 Workshop”, “SDG Ambition Approach Workshop: Pathways, Actions, and Subgoals”, “Module 2 Reflection” and fulfillment of mid-point Survey.

Module-3 Activities: include three on-demand sessions and their takeaway activities, these sessions are about “Why Integration is Critical in the Context of SDG Ambition”, “Balancing Human + Machine: Designing Systems for SDG Ambition”, “Crafting Your Pitch 'Canvas' - South Africa & Africa Hub”, five virtual sessions about “SDG Ambition Approach”, “Designed Intelligence & Systems Design Workshop”, “Integration Pitch Session”, “Integration Journey”, “Parting Reflection” and fulfillment of a final Survey.



SDG AMBITION APPROACH – SIDPEC			
Phase 1: Fill out the worksheet below and either 1) upload it to the End of Program Deliverables - Submission Portal on the Platform, or 2) email it to your Local Network.			
RAISING AMBITION			
Reduce energy consumption by 10% from Energy Roadmap by the end of 2025.			
Conduct Bring a current understanding of the current energy situation in your organization.	Integrate Perform energy audit (integration with other data or higher company level metrics).	Review Review energy data and compare it to the target.	Report Report on the energy audit findings to the relevant stakeholders.
Performance Identify energy efficiency opportunities and implement them.	Performance Identify energy efficiency opportunities and implement them.	Performance Identify energy efficiency opportunities and implement them.	Performance Identify energy efficiency opportunities and implement them.
Energy Efficiency Improvement Identify energy efficiency opportunities and implement them.	Energy Efficiency Improvement Identify energy efficiency opportunities and implement them.	Energy Efficiency Improvement Identify energy efficiency opportunities and implement them.	Energy Efficiency Improvement Identify energy efficiency opportunities and implement them.
Fundamental Energy consumption per unit of production/quantity of goods/services produced.	Fundamental Annual electricity consumption per unit.	Fundamental Annual electricity consumption per unit.	Fundamental Annual electricity consumption per unit.
Aspirational Variable effect on energy consumption by 2025.	Aspirational Variable effect on energy consumption by 2025.	Aspirational Variable effect on energy consumption by 2025.	Aspirational Variable effect on energy consumption by 2025.
Integration & Reporting Integrate energy efficiency into the business strategy and report on it.	Integration & Reporting Integrate energy efficiency into the business strategy and report on it.	Integration & Reporting Integrate energy efficiency into the business strategy and report on it.	Integration & Reporting Integrate energy efficiency into the business strategy and report on it.
SYSTEM OPPORTUNITY KDD1: How might we...	SYSTEM OPPORTUNITY KDD2: How might we...	SYSTEM OPPORTUNITY KDD3: How might we...	SYSTEM OPPORTUNITY KDD3: How might we...
BUSINESS INTEGRATION How might we...	BUSINESS INTEGRATION How might we...	BUSINESS INTEGRATION How might we...	BUSINESS INTEGRATION How might we...

SDG Ambition deliverables: by the end of the program on 7th June 2021, we submit our end of program deliverables on the Platform. These deliverables include Next Steps: 3, 6, 9 Months and SDG Ambition Approach worksheets.

Benefits of SDG Program

This program is performed through several on-demand sessions and their takeaway activities, and the virtual live workshop sessions are conducted by different ways; one of them is by paired representatives, other one is by peers to peers, while the last one is by general plenary. These methodologies allow us to share our knowledge, experiences, and thoughts with others.

Lessons learned are about the strategically prioritized actions that will accelerate our contribution to the 2030 Agenda, set targets aligned with absolute benchmarks, design new systems integrating the SDGs, and building a business case and for buy-in.

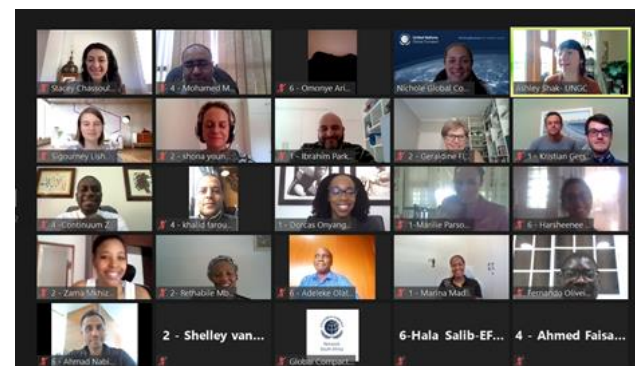
Our Practical Application of SDG Ambition

Sidpec's action starts during the program, our priority is “*climate change*”, and we select the SDG benchmark “*Science-based emissions reduction in line with a 1.5°C pathway*”. During takeaway activities and live workshop sessions, Sidpec's representatives work on this prioritized benchmark till end of program deliverables.

Our main KDDS are how we may accelerate, complete, and sustain initiatives that affect energy efficiency, how we may perform an overall energy review using software or tools towards digital twins, and how we may form Catalysts for Change. These KDDS are to achieve our main goal “Reduce energy consumption by 10% from Energy Baseline by the end of 2025 and its subgoals energy efficiency improvement, and yield maximization”. The main action that shall be mentioned in this report is to bring a specified consultant to provide a technical solution in energy efficiency using a systematic approach through a project named “*Strategic Energy Review- SER*”, and other actions that might be helpful is to join to other initiatives regarding Climate change.

SDG AMBITION ACCELERATOR

NEXT STEPS - SIDPEC	3 MONTHS	6 MONTHS	9 MONTHS
<p>In your pairs, use this roadmap canvas to identify the key actions that you need to take and the next 2-3 months to achieve your SDG Ambition Benchmark.</p> <p>CONSIDER</p> <ul style="list-style-type: none"> Actions Owners Timeline Resources Blockers Enablers <p>Please fill out the worksheet below and either upload it to the end of program Deliverables - Submission Portal on the Platform, or email it to your Local Network.</p> <p>Deliverables - Submission Portal on the Platform, or email it to your Local Network.</p> <p>Deliverables - Submission Portal on the Platform, or email it to your Local Network.</p> <p>Deliverables - Submission Portal on the Platform, or email it to your Local Network.</p>	<p>Define stage:</p> <ul style="list-style-type: none"> Technical Data collection and discussion Energy performance benchmarking Site-wide Utility Model development Conduct a training on "Energy Simulation Software" <p>Discover stage:</p> <ul style="list-style-type: none"> Development of Energy Performance Gap Closure Plan Identification of opportunities <p>Deliver stage:</p> <ul style="list-style-type: none"> Defined baseline Set target for site and process units Site-wide utility model Gap analysis, targets and identification Initial list of opportunities Top management support and commitment Key persons who affect on the significant energy units (CEUs) for optimization, maintenance, etc. Quality/energy team Training on the provided training programs 	<p>Develop stage:</p> <ul style="list-style-type: none"> Technical opportunities development Head map development Conduct "National energy efficiency" training Implement "Quick wins" opportunities <p>Deliver stage:</p> <ul style="list-style-type: none"> Design scenario to be implemented for each location Conduct periodical internal auditing Monitor KPIs in real time <p>Sustain stage:</p> <ul style="list-style-type: none"> Achieved energy objectives Reduction in GHGs emissions Digitalized energy and sustainability management Top management support and commitment Persons who are responsible initiatives Quality/energy team Training on the provided training programs 	<p>Deliver stage:</p> <ul style="list-style-type: none"> Develop energy targets and action plan Focus on some opportunities/changes that affect the implementation of opportunities and establish the process <p>Sustain stage:</p> <ul style="list-style-type: none"> Achieved energy objectives Reduction in GHGs emissions Digitalized energy and sustainability management Top management support and commitment Persons who are responsible initiatives Quality/energy team Training on the provided training programs





SIDPEC complies with management systems such as ISO 9001, 14001, 45001, 50001, certificates of reach and food approval

Strategy and Citizens

Towards Egypt's Vision 2030

SIDPEC keens to continue to lead the petrochemical industry in Egypt, and to continue as a leading example among the Egyptian industrial fortresses, in an era in which the Egypt and the world are striving to achieve unprecedented success during the past years to achieve the 17th sustainable development goals by 2030. This strategic plan has been modified to comply with the new challenges and variables, with the hope of making a fundamental change later to reflects the integrated vision for the complete transformation of the company through the change in its financial position in the fourth quarter of 2019 for the first time, and crossing it not just for the financial solvency that it was characterized by in the past, but for new horizons and achievements that raise our capabilities and our national duty towards keeping pace with economic reform in Egypt.

Mission and Vision

Our Mission is to produce and market high quality petrochemical products within an integrated business system established on the highest standards of ethics & integrity, efficient staff, and best updated technologies to achieve sustainable and profitable growth. Our Vision is to sustain leadership in the Petrochemicals' Industry in both the international and local markets.

Core Values

Excellence, Staff development, Justice and Integrity, Team spirit, Sustainability, and safety.

Strategic Objectives

In light of the results of SWOT analysis, **SIDPEC** sets broad strategic objectives to implement the company's vision and mission in the long term. Key success factors are also developed that can be quantitatively evaluated, through relevant performance indicators, periodically, in addition to the implementation methodologies represented in annual to medium-term targets and programs.

Sustaining leadership in the local market, being present in international markets in order to penetrate the global market and increase profits through main two objectives which are: Maximize value added by increasing production capacity and adding new products and achieve Asset Integrity and focus on Interested Parties.

Materiality Analysis

During 2020 and 2021, **SIDPEC** faced new challenges shown below that affected on maintaining its leadership and achieve its goals aligned with [Egypt's Vision 2030](#). **SIDPEC** has placed list of priorities to overcome these challenges through adopting systems, methodologies and programs concerned with sustainability, raising efficiency and good resource management.

The negative impact of successive waves of COVID-19 pandemic on the global and national economy and the expectations of a second wave and its repercussions on supply chains.

Increasing the global trend towards a green economy, reducing industries that pollute the environment, and the new campaigns to combat plastic pollution.

The emergence of new competitors with the expansion of the marketing shares of competitors in the local market and the expected surplus of products in the Egyptian market.

Losses appeared for the first time in the last quarter of 2019 as a result of the decline in the price of the product and the increase in production globally.

SIDPEC took several actions to address the above challenges such as:



Stakeholders Engagement

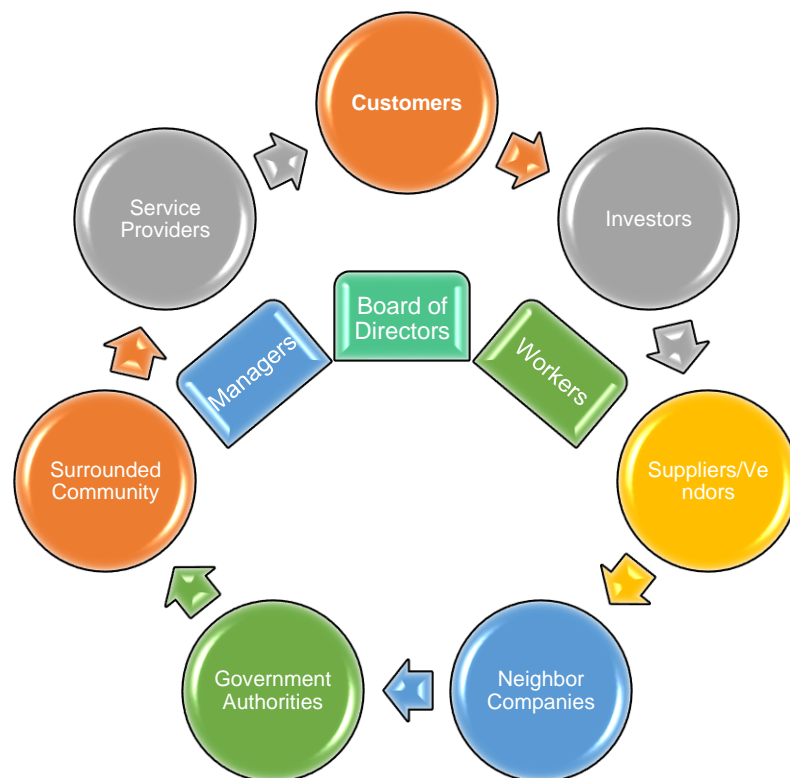
SIDPEC implements a systematic approach in order to listen to, collaborate with, or inform our stakeholders. This approach includes identifying, mapping and prioritizing stakeholders to determine the best tactics for effective communication. **SIDPEC** identifies and selects stakeholders based on their influence and dependability and who can affect or can be affected by the Sidpec's activities and services. **SIDPEC** regularly engages in dialogue with stakeholders to keep up to date with stakeholders' expectations and report the key topics and concerns that have been raised to its stakeholders.

Engagement Methods and Sources

There are different levels of stakeholder engagement with different tools to engage that we use such as partnership, participation, consultation, and communications.

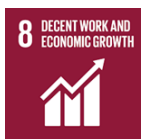
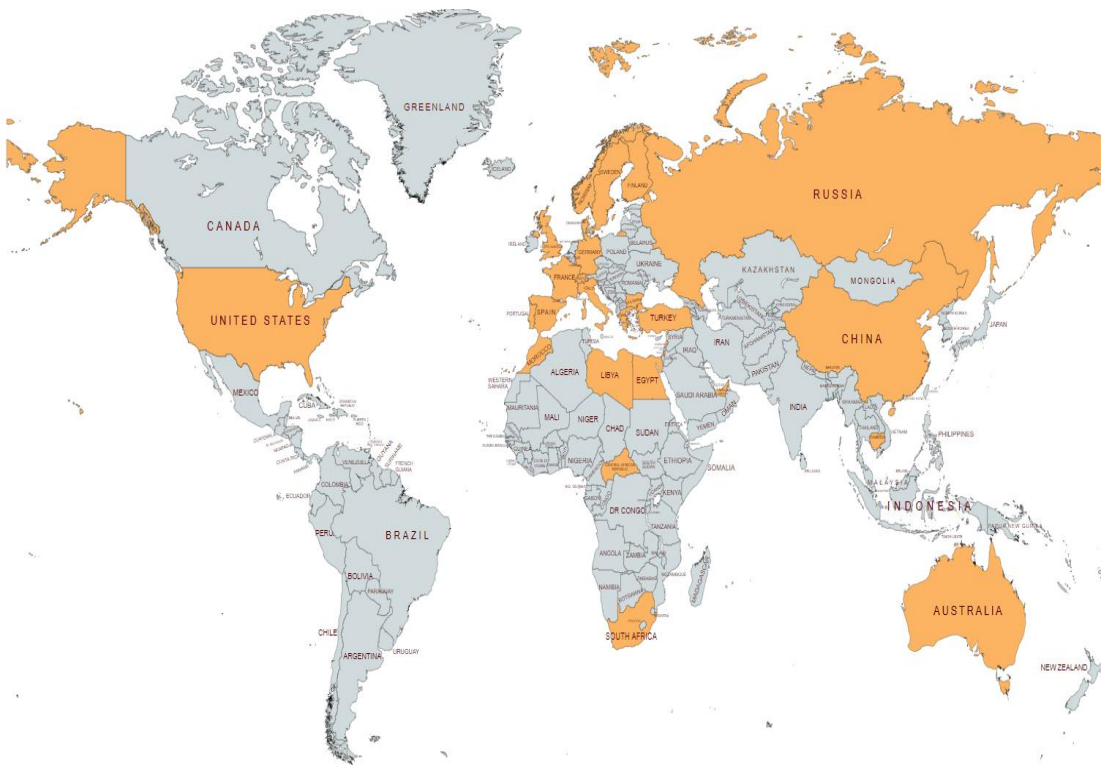
Sources of external Engagement: Financial statements, web site, customer feedback, sustainability report and **SIDPEC** policy. Sources of internal Engagement: Ideas bank, services survey, sustainability awareness & messages, code of conduct, HSE competitions and HSE committees.

Internal Stakeholders and External Stakeholders



International 25

SIDPEC polymers trade name is Egyptene®, and it is one of the best well-known products in polyethylene industry worldwide as well as the local market.



Roto Molding

Governance

Transparency & Accountability

SIDPEC keens to implement a systematic approach of rules, practices, and processes by which a firm is directed and controlled, involving balancing the interests of a company's many stakeholders, such as shareholders, customers, suppliers, the government, and the community.

Our governance provides the framework for attaining our objectives, it includes several procedures from action plans and internal controls to performance measurement and disclosure.

SIDPEC accounting control adopted by corporate governance by different committees like Marketing, EnMS, customer complain, safety committees.... etc., audit committees which evaluate the levels of governance applied in our business organization. Quarter Reporting of External auditors on their impartial technical opinion on the veracity and fairness of the prepared financial statements, general Assembly held annually and our existence in stock market.

General Assembly 2020

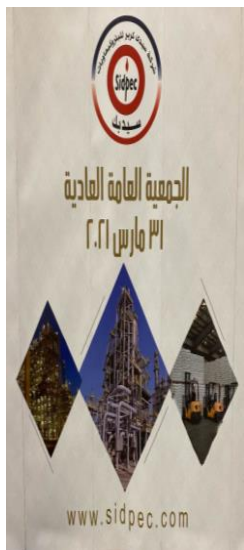
SIDPEC keens to implement a systematic approach of rules, practices, and processes by which a firm is directed and controlled, involving balancing the interests of a company's many stakeholders, such as shareholders, customers, suppliers, the government, and the community

General Assembly conducted at ECHEM Headquarters, on March 31st, 2020, discussing the results of the fiscal year ending 2020. The assembly was headed by **ECHEM Chairman and CEO Chem. Saad Helal**, and **Sidpec's Chairman and CEO Eng. Mohamed Ibrahim** in attendance of the **Egyptian Minister of Petroleum Eng. Tarek El-Molla**.



"During the year 2020, we were able to overcome the challenges, achieve the company's production and marketing plans, maintain our positive financial statements, and work in 2021 to return the company's financial statements to what we have been accustomed to since the beginning of production in 2000 after we made strategic decisions to provide new data for business continuity."

—Eng. Mohamed Ibrahim, Chairman & CEO



Financial Performance

Actions address to Challenges

Net profit @ Dec 2021
(535 M EGP) compared
@ Dec 2020 (26 M EGP)

In continuation of the unprecedented challenges that the world is witnessing for the second year in a row, and as **SIDPEC** is within the global system, the company's management faced these challenges with a balanced condemnation that led to the stability of financial performance and the reduction of the effects of these challenges to the minimum level. The procedures taken during 2021 included the following:



Adopting the appropriate marketing and price policies that enabled the company to achieve the marketing and sales plan by 102% of the target during the fiscal year 2020.



Study to compensate for the shortage of feed gases by importing ethane gas.



Through Extraordinary General Assembly, a decision taken to **increase the issued capital from 1,050 billion EGP to 1,260 billion EGP, an increase of 210 million EGP resulting in adding amendments to the company's statute by changing its purpose** and a trial shipment of polypropylene was imported to be packaged and sold.



Suspension of the propylene and polypropylene projects to re-study the economic feasibility and until the markets improve and the necessary liquidity becomes available, with a contribution of 5% of the capital in the Red Sea Complex for Refining and Petrochemical as a temporary alternative.

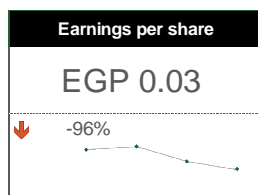
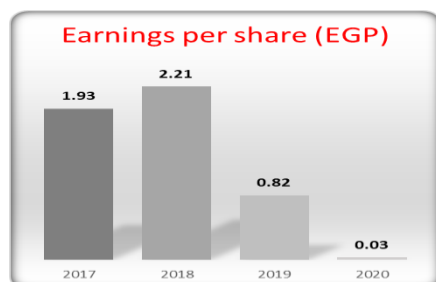
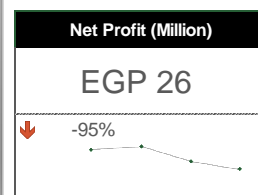
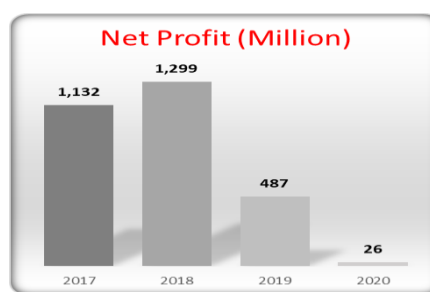
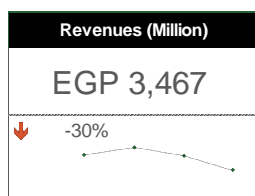
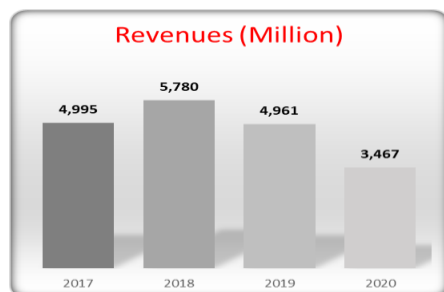
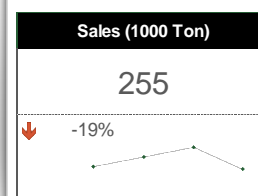
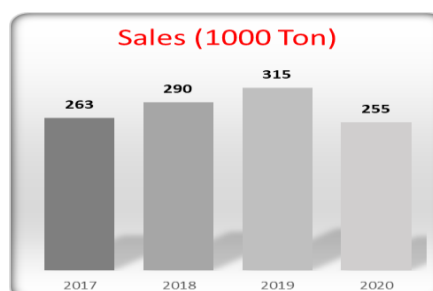
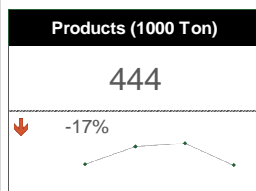
Hiring a consulting company in the field of improving energy efficiency and maximizing production processes to conduct a strategic energy review.



Highlights 2020

Sales for Ethylene 16 1000 Ton % of Target 40%	Sales for Polyethylene 205 1000 Ton % of Target 102%	Sales for LPG 24 1000 Ton % of Target 53%	Sales for Naphtha 6 1000 Ton % of Target 120%
Sales for Polyethylene Local Markets 117 1000 Ton % of Target 98%	Sales for Polyethylene Foreign Markets 88 1000 Ton % of Target 110%	Sales for Ethane 157 Ton	Sales for Butene-1 3,852 Ton

KPIs during last 4 years (growth rate in 2020)



Ethics and Integrity

Code of Conduct (COC)



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION

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.

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.

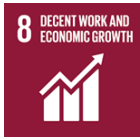
Human Rights

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.



Labor Practice

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.



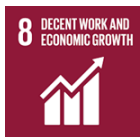
The Environment

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.



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.



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.



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.

WORKFORCE DEVELOPMENT

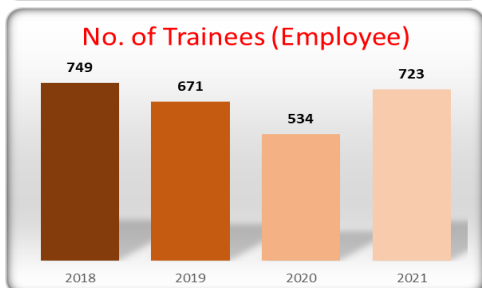
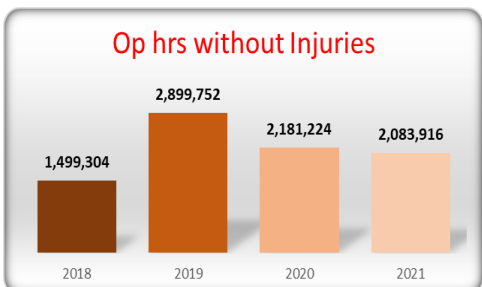
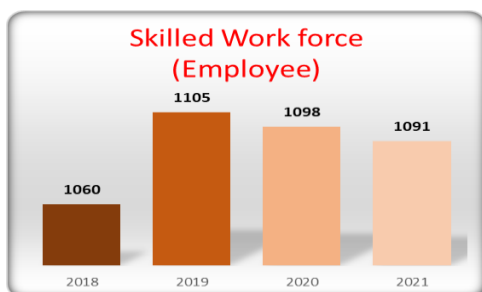
Part 2

IN THIS SECTION:

- Key Performance Indicators
- HSE Systems (EHSS)
- Medical Care
- Human Rights
- Human Development
- Engagement and Collaboration
- Inclusion and Diversity

Key Performance Indicators

Workforces at end of 2021 1,091 Employees	Total No. of Trainees in 2021 723 Employees	COVID-19 Vaccination 967 Employees
Working Without any injuries in 2021 2.0 M Hours	No. of Trainees on HSE in 2021 334 Employees	Medical Examination in 2021 850 Employees

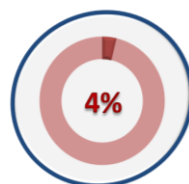


7.5
Million Hours

**CUMMULATIVE OP. HRS.
WITHOUT INJURIES
ACHIEVED**

2,485
Workers & families

**COVID-19
VACCINATION
NUMBER**



**INTERNAL MOBILITY
PERFORMED**



**TRAINING SURVEY
EVALUATION**

HSE Systems (EHSS)

Safety Precautions

SIDPEC keeps to improve working conditions, providing an appropriate and safe work environment, adopting occupational health and safety behaviors, providing a safe work environment that has positive results at the level of the facility, employees, and community level.

Sidpec's policy considers the motivation for implementing HSE systems, including commitment towards provide safe and healthy working conditions to prevent occupational injuries and diseases, eliminating risks, continuous improvement, and employee participation. In addition to provide a framework for setting goals, complying with legal requirements. **SIDPEC** adopts a culture change to implement this policy based on persuasion and motivation to continuously improve HSE systems by raising preventive awareness, defining responsibilities, and working in a team spirit.

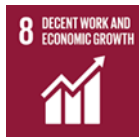
The *environmental impact assessment (EIA)* process is a legal requirement to be implemented in the future planning stages to contribute to making the appropriate decision. According to environmental requirements, **SIDPEC** established continuous monitoring for wastewater discharged to the aquatic environment by installing sensors that are connected to the national network for continuous monitoring. The national network belongs to the Egyptian Environmental Affairs Agency (EEAA) and aims to ensure consideration of standards.

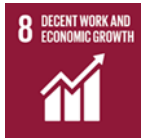
There is also a *health risk management system* which identifying the risks of the health environment, whether for new changes to operations or new locations within the facility.

According to Labor and Environmental Law, a measurement of *noise* is made on all production sites on a quarterly basis to calculate the average exposure of workers to noise in these sites. If sound intensity exceeds the permissible limits for exposure, workers are obligated to wear the necessary PPE and adhere to the exposure time in accordance with the law as well as take the necessary measures to control the source causing the increase in noise.

The *radioactive sources* are monitored by identifying these sources and recording the doses obtained by the workers after each radiation survey, the condition of the measuring devices and protective equipment against radiation dangers.

SIDPEC proceeds to implement *Process Safety Management (PSM)* and perform *re-HAPOZ study* for all production sites.





8 DECENT WORK AND ECONOMIC GROWTH



HUMAN RIGHTS

HUMAN RIGHTS

Principle 01



8 DECENT WORK AND ECONOMIC GROWTH



HUMAN RIGHTS

HUMAN RIGHTS

Principle 01

Effective Training

Training is an important element for the purpose of qualifying workers to carry out the tasks assigned to them safely and effectively, and to make them aware of their responsibilities towards HSE. The identification, evaluation and periodic updating of training needs are taken into consideration, and training programs are provided for the risks associated with various works.

Important training programs include *Fire Drills* training to raise the efficiency of firefighting personnel in emergency cases, *dealing with risks*, *chemicals handling and waste management* especially hazardous ones, *process safety management (PSM)* awareness, *emergency plan*, *Personal Protective Equipment (PPE)* and providing periodic safety bulletins.

Employee Involvement

SIDPEC established a *Safety Committee and Subcommittees* in which workers' representatives can attend and give advice on issues related to health and safety.

All workers can issue "*Near miss report*" regarding all potential risk that can affect the safety conditions in which these risks are investigated and the suitable actions to be considered to eliminate the risk.

Sidpec's CEO encourages all managers and labors to take regular *walk throughs* through the sites to follow up the safety procedures and highlights the need to continue to adhere to safety regulations and provide a safe work environment.



≈ 1.2k

Medical
Examined
People



≈ 3k

Vaccinated
People



Health Care

Our Approach

SIDPEC works to provide health and medical support to workers in case of injury or illness, as well as controlling health risks in work areas due to exposure to dangerous substances and controlling public health risks with the issuance of periodic health bulletins that raise general awareness and awareness towards safe behavior and thus good health. Health procedures include identifying the negative impact of occupational diseases or injuries related to operations, periodic inspection to ensure the impact of the work environment on health.

Medical Services

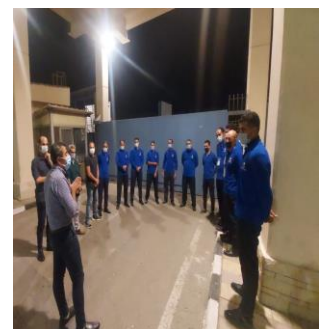
In continuation to the Sidpec's habit of providing the best periodic medical care and continuous improvement in the service provided to them and their families, **SIDPEC** periodically evaluates the *health contracting bodies* such as hospitals, clinics, laboratories, and pharmacies and takes the suitable procedures to updates what is necessary.

In the interest of **SIDPEC** to the health and safety of workers and to spread *health awareness* in order to preserve human wealth, **SIDPEC** organizes a number of *health days*, especially for workers with chronic diseases by inviting a number of different health authorities to do a free health examination and medical analyzes for workers.

COVID-19 Vaccination

SIDPEC has organized several *seminars and lectures* on an ongoing basis to raise awareness of the importance of vaccination against the Corona virus, and the importance of continuing to adhere to the precautionary measures inside and outside the company.

SIDPEC has facilitated *vaccination procedures* against the Corona virus by inviting a health center to come to the company's headquarters to vaccinate all employees, their families, and contractor's workers.



Human Rights

Fair Treatment

We focus on the *professional HRM tools & processes* related to Linking remuneration to performance & seniority & a degree of equitable distribution of variable pay tied to our business annual results and how remuneration is applied addressing balance between male-female pay ratios.

SIDPEC issued *job descriptions* considering as a job reference for determining employee's role toward ordinary tasks as well as continuous improvement in the working place.

Employees are encouraged to think big, act boldly & work collaboratively across boundaries. We hold one another accountable to act with integrity. Our employees are encouraged to report any issues of *potential misconduct* they may contact leadership or HR rep. Reports are investigated & any substantiated incidences of misconduct result in disciplinary action.

Our *compensation packages* are designed to reward & support the needs of employees & their families. To verify that; package is fair & equitable we conduct annual compensation assessment to ensure our practices are in line with selling and production plan.

Retirement benefits

SIDPEC sponsored retirement savings plans, which are useful for both employees and employer, as they present benefits like savings directly. Employees are automatically enrolled in different *retirement benefits systems* and get their first contribution with their first paycheck, these competitive retirement plans enhance employee's involvement and belonging also increases retention and longer stays within the company

Hours, Wages and Leave

SIDPEC complies with local laws and standards regarding the rights of labors regarding working *hours, wages, and leave*. Required working hours is in accordance with the law depending on either daily or shift basis (40-48 per week) considering overtime when needed. Suitable wages for normal living are provided and paid regularly. Each labor is provided with paid vacation, sick leave, and maternity leave per child for female employees. **SIDPEC** does not employ workers not compliant with minimum age standards and has a reliable procedure to check the age of young job candidates by birth certificate, other official forms of identification.



Principle 03
Principle 04
Principle 05
Principle 06

Human Development

Skill building & Leadership development

HR function plays a pivotal role in achieving success in a sustainability driven concept in **SIDPEC** through developing managers & key users who can deal with both present & future sustainability challenges facing the company.

SIDPEC adopts a career development policy by assisting employees to focus on their skills & abilities to establish a career plan through Identify personal abilities and interest, Encouraging & embracing employees in obtaining *professional diplomas and academic degrees*, Identifying future staffing needs, Assess training program, Develop Career developing programs and Provide training.

SIDPEC offers employees opportunities to experience different aspects of our business through short term *assignments, internal transfers and international roles*, these opportunities provide employees with necessary hands-on training to be successful in their careers while creating a more skilled workforce to help the company achieve its mission.

Talent Development

SIDPEC invests in training courses that provide opportunities for promoting sustainable development as well as several leadership developments programs. Among these programs, **SIDPEC** encouraged employees to participate in the *capacity building program* for process safety management and asset integrity within a *project Modernization and development of the petroleum sector*. In addition, **SIDPEC** encouraged employees to register to attend the Business Essential Certificate program organized by *ESLSCA University*, one of the universities specialized in the field of business administration.

Post Graduate studies

Within the framework of the Sidpec's support for the development of the human element and to support ways of learning and scientific research, **SIDPEC** has granted financial support to employees registered in *graduate studies programs* in various scientific bodies.



Engagement and Collaboration

Change Catalyst Team

In light of the repercussions of the Corona virus, one of the most important activities that **SIDPEC** has paid special attention to starting from October 2020 is the “*Strategic Energy Review*” *SER* project conducted by **KBC**, and more than **(70)** workers participated in this project, represented by members of the Supreme Energy Committee, the Executive Energy Committee, SER Project Committee and its technical teams, This participation had a positive impact and good impressions from **KBC** towards the presence of indicators for the success of the project.

Among the gains of this project is the discovery of young cadres who received training programs during the project, and in the context of seeking to change the culture in the company and motivate workers to achieve ambitious goals through continuous improvement, and in order to maximize the investments made in building these young cadres, “*Change Catalyst*” Committee was formed who is mainly composed of these young cadres to play a supportive role for communication and active participation of workers in improvement, development and maximizing performance. The tasks of this committee include the following:



Form a communication channel with factory workers to present the ongoing improvement and development initiatives in general and the initiatives related to sustainable development goals.

Issue the studies and documents necessary to implement some of the ideas of continuous improvement, determining their performance indicators, participating in relevant workshops, and setting up some continuous improvement activities.

Strive to provide a supportive work environment for change, and to create the general atmosphere for culture change by creating means to support communication and active participation of all workers in improvement initiatives.

Form a team that activates the use of process simulation software, with the provision of some training programs based on the exchange of experiences and knowledge management.

Knowledge Management System (KMS)

Knowledge Management is the first and most important task Force assigned to change catalysts team. The objective of this task force is to issue an effective *Knowledge Management Manual (KMM)*, develop an action plan according to the delivered Manual for the rest of 2021 and determine a Long-term Plan for KM within **SIDPEC**.

The main target of preparing Knowledge Management Manual is to have a real personalized framework to apply Knowledge Management in **SIDPEC**, it should be a live dynamic document which includes a list of tools that will be used in developing Knowledge Management. This document will propose an innovative approach to realize Knowledge Management in place and how it would evolve, and it would help in establishment of knowledge management system (KMS) based on *ISO 30401 requirements*.

The work plan developed by KM team includes the followings:

Issue Knowledge Management Manual (KMM): determine barriers in terms of KM, prepare Gap analysis based on ISO-30401, determine KMM contents considering the scientific background, explore tools, ideas and innovations, issue, and review KMM.

2021 Action Plan: KMM draft outcomes, involvement of change catalyst team, communicate with other disciplines, determine required actions and timelines, and evaluate results.

Long-term Plan: Align with **SIDPEC** strategy, develop, and review Long-term Plan.

Among the above work plan, **SIDPEC** had already determined KM domains, barriers, risks, opportunities, issue and KPIs, performed Knowledge management main process and participated in “*ITC-Egypt 2021*” scientific conference. **SIDPEC** is proceeding in the preparation for knowledge events (brown bag), addressing improvement of shift hand-over knowledge flow, reviewing existing KM tools, and developing new tools, issuing Knowledge management manual, implementing action plan and finally preparing for certification based on ISO-30401.



Employees' Contributions

SIDPEC seeks employees, who are enthusiastic about their work and eager to make positive contributions that propel product innovation and improve business operation. We encourage employees to contribute their ideas through many avenues such as [ideas bank](#) where every employee introduces his idea, and regular training surveys for employees to understand how their training needs and evaluation can be better addressed.

SIDPEC keeps to invite the employees to one of the [questionnaires](#) to show their knowledge about the methods of measuring process safety applied in **SIDPEC** for the purpose of improving this system. **SIDPEC** asked its employees to express their opinion based on their technical expertise.

SIDPEC is always looking forward to update and develop the medical contracting system and work to assess the quality of medical services provided to them and their families, so it asked them to give [feedback by fulfilling a questionnaire](#) to measure the performance of the contracting medical and their satisfaction.

SIDPEC Chairman and CEO conducts [periodical meetings with employees](#) representing various departments to express his gratitude for their continuous efforts and dedication towards the company's success, regardless of the ongoing challenges during the global pandemic crisis caused by the spread of the COVID-19, which has had grave impacts on the country. He addressed next events regarding future projects as well as the amendments to various articles of the company statute, to ensure Sidpec's never-ending stride towards success and profitability.



Inclusion and Diversity

Women Empowerment

SIDPEC takes several procedures and activities in the field of *women empowering* and upgrading their role such as:

SIDPEC keeps that female engineer participate in important related conferences and events such as the Women in Energy events at the *EGYPS conference*.

SIDPEC nominated one of the female engineers in the *SDG Pioneer competition* organized by the UN Global Compact Foundation.

SIDPEC keeps on the participation of women in *several job opportunities for distinguished tasks*, such as:

Participate of an engineer in the technical support team for AMOC to obtain the ISO 50001 certificate regarding implementation of the energy management system (25% of the team).

Participate of an engineer in the change catalyst team, which consists of young cadres as a driver of change with opportunities for continuous improvement of performance (10% of the team).

Participate of an engineer in climate change initiative organized by the UN Global Compact, (50% of the team).

SIDPEC keeps on the participation of women in the *distinguished training programs*, PetroSIM and Achieving Optimum Energy Efficiency training courses conducted by **KBC**.



ENVIRONMENTAL SUSTAINABILITY

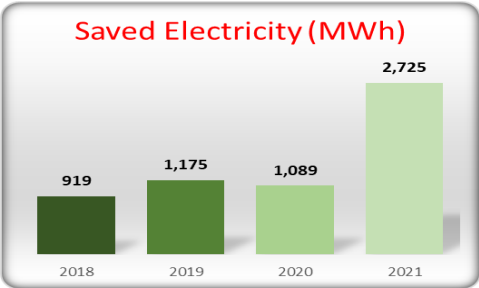
Part 3

IN THIS SECTION:

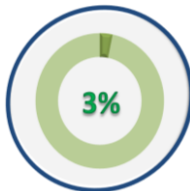
- Key Performance Indicators
- Energy Management
- Climate Change
- Waste Management
- Water Management

Key Performance Indicators

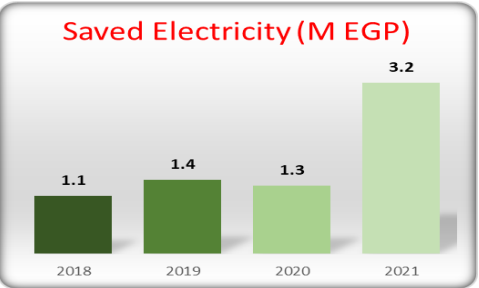
Electricity Saving since 2015	Electricity Saving since 2015	Electricity Saving since 2015
15.5	13.2	8.3
1000 MWh	M EGP	1000 tCO ₂
Energy Awareness since 2015	Treated Waste Water	Disposed Waste
765	0.9	200
Empolyees	M Cubic Meter	Ton



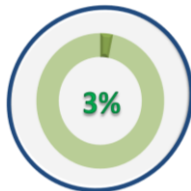
ENERGY OBJECTIVE
ACHIEVED



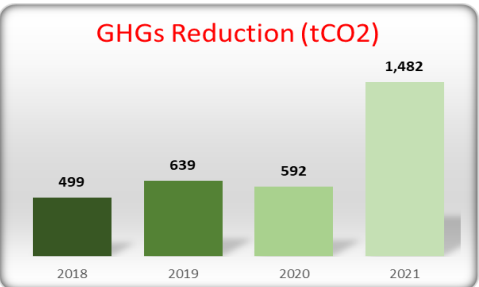
GHG EMISSION
REDUCTION



ENERGY AWARENESS
ACHIEVED



ENERGY COST
REDUCTION



Energy Management

Strategic Energy Review (SER)



Energy efficiency has become one of the priorities that the world cares about at the level of governments and organizations because of its impact on sustainability with its three axes: economic, environmental, and societal. Following the noticeable rise in energy prices, **SIDPEC** has placed improving energy efficiency at the center of its attention, in line with the directions of the MOP to support the sustainable development goals and Egypt's Vision 2030. As well as achieving financial savings through rationalizing spending and reducing costs and supports **Sidpec's** vision of providing an example to maximize production processes and achieve the principle of economic production.

The occurrence of the COVID-19 in 2020 coincided with **Sidpec's** exposure to a clear decline in profits, as it recorded losses in the last quarter of 2019 for the first time since the start of the production, due to the drop in the price of polyethylene products to levels that did not occur before, in addition to the high price of feed gases as well as the lack of availability that allow to operate at maximum design loads, which prompted the top management to take a number of unusual decisions to get out of the existing and potential crises.

Starting Point

SIDPEC has appointed **KBC Process Technology Limited (KBC)** to conduct a *Strategic Energy Review (SER)* using KBC's ENGage program methodology. Phase 1 of the SER on the Discover stage of the program started in October 2020 and completed in January 2021. Meanwhile, phase 2 of the SER started in March 2021 and completed in July 2021. The KBC ENGage program is designed to be compatible with ISO 50001 which defines the structure of a standard Energy Management System (EnMS).

The ENGage product is designed to deliver best practice energy performance by addressing all areas of energy management, integrating organizational and behavioral change, methodologies for identifying and evaluating improvement opportunities, with the technology and tools required to deliver best practice performance. It enables to improve current performance and sustain the benefits long term.



Project's Objectives – *A Step Towards Economic Production*

Although the main objective of the project appears to be directed towards energy review to improve the energy efficiency of our industrial processes, **SIDPEC** has set several goals to expand the scope of the project and obtain results that are consistent with the **Sidpec's** ambition for change, improvement, learning and development, can be summarized as follows:

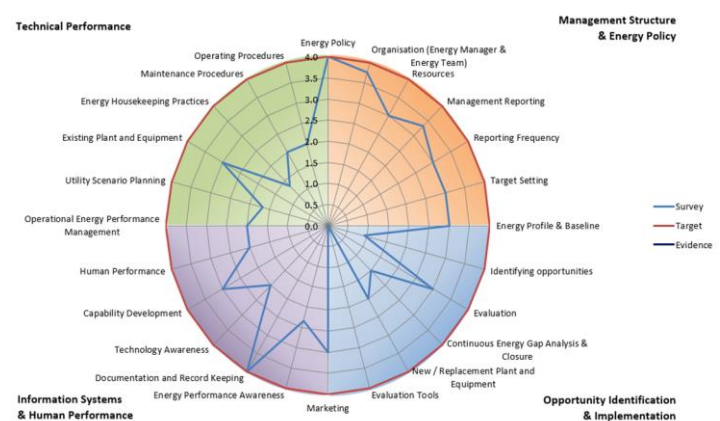
Main Objectives

1. Energy Efficiency Improvement.
2. Improving the performance of production processes - (Process Optimization).
3. Develop a simulation model to be our first step for what is now known as the Digital Twin as one of the effective steps for digital transformation and decision support system (DSS).
4. Preparing special cadres to use the process simulation program with maximizing knowledge management - (Capacity Building).

All of this should be integrated in support of culture change and access to business excellence (Culture Change and Business Excellence).

SIDPEC Energy Maturity Assessment

Throughout the SER engagement with **SIDPEC**, KBC has been continually assessing Sidpec's energy maturity to develop an understanding of its ability to identify, maintain and improve upon energy savings at the site. Sidpec's energy maturity assessment results reveal a good number of areas of excellence, in relation to the energy management structure and energy policy.



SIDPEC Energy Maturity Assessment Results

43

Transmittals
Project Deliverables

71

Meetings
Live/Virtual

39

Trainees
PetroSIM Software

16

Videos
PetroSIM Training
Available in YouTube

Used Methodology

Used methodology consists of five steps that begin with *Define*, then *Discover*, *Develop*, then *Deliver*, and conclude with *Sustain* and abbreviated in the term (4DS), each of them is implemented at three levels: strategic level, organizational level, and technological level. This methodology has been generally adopted, taking into account the following:

- Focus on some components in line with the maturity of the EnMS in **SIDPEC**.
- Divide the project into several phases to comply with the available operational budget items for improvement and development, as well as to achieve a degree of financial savings equal to or greater than the cost.
- Follow the benchmarking according to the method approved by **KBC**, known as *BT Benchmarking*.
- Use *Petro-SIM simulation software* to build a reference model for energy consumption in **SIDPEC** and prepare technical cadres capable of develop, use, and update the utility model to be an effective tool for improvement and development.
- In parallel, some steps of the methodology to be done with the delivery step so that we can achieve some results as early as possible.

Activities and Deliverables – Phase I

The activities were carried out remotely during October 2020 - January 2021 and included the following:

Benchmarking with the best technologies.

Develop a utility model using Petro-SIM software.

Identify opportunities for improvement based on the results of the gap analysis.

Submit a training on the simulation software Utility Modeling.



Eng. Mohamed Ibrahim,
Chairman and CEO

During Remotely KOM

57

Trainees
AOEE

27

Short List
Opportunities

151

Million EGP/Y
Estimated Savings

102

Kt CO₂/Y
Estimated
Emission Reduction

Activities and Deliverables – Phase II “Continued”

some activities were carried out remotely and other ones conducted on-site through three site visits during March 2021 - July 2021 and included the following:

Conduct a comprehensive review of *water treatment units*.

Provide technical support for the implementation of some *Enabler Opportunities*.

Providing three waves of a training program “*Achieving Optimum Energy Efficiency*” – AOEE, honoring the trainees and providing them with training certificates.

Evaluate of the *report of Spirax Sarco*, specialized in the field of steam traps.

Prepare *detailed studies of the most important opportunities* identified in the first phase and provide a *roadmap* for implementing short list of visible opportunities.

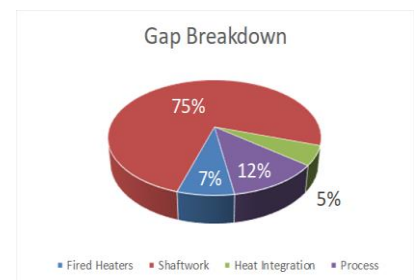


Eng. Mohamed Ibrahim,
Chairman and CEO

During the Close-out Meeting of
1st Site visit

Results and Achievements (Energy RoadMap)

As per the gap analysis KBC has conducted, Sidpec's largest energy gap is the “shaft work” which contributes to 75% of attributed to the design of the site utility system. When the site was designed ~25 years ago, energy prices were very cheap in a way which didn't justify spending capital to build very energy efficient systems. This odd situation has changed now with the prevailing energy prices in Egypt.



In Phase 1, the **SIDPEC** site was calculated to have a **BT Index of 182%** which is **4th quartile** against **KBC's** Best Technology (BT) distribution.

Accepted opportunities assessed for the RoadMap have been split into quick-wins and capital investment projects. The overall projects save EGP **151.5 M/y** with payback of **2.7 years**. The new BT index for **SIDPEC** site re-visited to assess the impact of the opportunities included in the RoadMap and be **137%** which would move the site from the **4th to the 2nd quartile**.



Actual Saving from only
TWO no cost ideas is

10

Million EGP



These achievements resulted in many results:

Implementation of an opportunity to sell hydrocarbon condensates instead of using them as firing fuel, with an annual return of more than five million pounds.

Implementation of other opportunity to maximize the efficiency of the cooling towers, with an annual return of more than seven million pounds.

Reaching 39 trainees who can build the simulation model on their own efficiently (11 were trained directly by KBC experts, and 28 by internal training).

Availability of recordings of training programs for KBC experts on YouTube.

Develop a team of young cadres to support communication and change called "Change Catalyst".

Lessons Learned

The importance of building a process simulation model of production processes is considered as an effective means supported by realistic data in making decisions.

Develop the human element and transfer their knowledge to others (Knowledge Sharing).

Existence of continuous improvement culture led to raise many new ideas or old proposed a long time ago, and there was no will, desire, and confidence to implement them.

Teamwork formation from different departments that allowed the exchange of ideas that resulted in innovative solutions to many of the company's problems with the actual integration of the three sites and the knowledge of each site on the mutual effects between it and the other.

Flexibility in crisis management, as most of the work done remotely in line the conditions imposed by COVID-19 pandemic.



WHAT IS NEXT?

- Be ready for RoadMap implementation.
- Purchase PetroSIM license, connect with real time towards D-EMS.
- Join to Science Based Target initiative (SBTi).
- Proceed in partnership with KBC by Technical Service Agreement (TSA) contact.

Climate Change



Principle 8



8



4



Climate ambitions accelerator is a UN program that aims to support participating companies of the UN Global Compact in setting ambitious climate action targets in order to take place in shaping new business practices and the transform into a low carbon future business. This is done through the participating in the unified *Science Based Target initiative (SBTi)* which provides companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals.

Global Advanced Climate Ambition 2021

SIDPEC filled the required application to participate in this program and nominate *two* representatives to actively participate in the program on behalf of the company and *one* champion who have a direct line of communication to the CEO. This participation includes attending Climate Ambition on-demand sessions and live sessions.

This is a 6-month journey of online learning modules and materials on the transformative role business systems can play in shaping low carbon future, as well as interactive sessions across companies to share ideas and insights to collaboratively inform each other's strategies. The program aims to deep dive in the SBTi concepts and resources, analyze the relationship between the SBT and Net-Zero, as well as understand the common challenges and opportunities.

SBTi Benefits: Lead the Way to a Low-Carbon Future

Reducing GHG emissions in line with climate science is good for the planet and for companies. Science-based target setting makes business sense; it future-proofs growth, saves money, provides resilience against regulation, boosts investor confidence, spurs innovation and competitiveness – while also demonstrating concrete sustainability commitments to increasingly-conscious consumers worldwide.



GHG Protocol standards available at: <http://www.ghgprotocol.org/>

Activities of Climate Ambition Accelerator Program

Kick-Off Pod: The program launches in 26th of Jul. 2021 and working with a diverse group of companies within the advanced global track. **SIDPEC** is the only Egyptian company who participate in this program through advanced global track. The objective of this pod is to get to know other peers, familiarize with virtual engagement tools, begin to work collaboratively to address the world's most pressing challenges and familiarize with the Accelerator Platform content.

Module-1 (FOUNDATIONS): includes learning about basics, methodology and approach of science-based targets (SBT) setting, and introductions to an in-depth discussion about the net-zero concept for advanced stakeholders.

Module-2 (BUSINESS CASE): drives climate change ambition internally and build internal buy-in and engagement for climate action at the management and board level.

Module-3 (IMPLEMENTATION): Learn how to manage greenhouse gas emissions and implement different emission reduction strategies to meet ambitious targets.

Through 9 on-demand sessions and 4 virtual sessions, the Climate Ambition Accelerator aims to equip participants with the knowledge and skills they need to accelerate progress towards setting science-based emissions targets aligned with the 1.5°C pathway.

SCOPE 1 ACTIVITY DATA CAN USUALLY BE COLLECTED IN THE FOLLOWING FORMS AND FROM THESE COMMON SOURCES:



Gallons of gasoline or diesel (Fuel-purchase receipts)



Miles driven (Travel records)



Therms of natural gas (Fuel-use records)



Gallons of heating oil (Fuel-oil receipts)



Kilograms of refrigerant (Vehicle maintenance records, HVAC service provider, HVAC service provider)

SCOPE 2 ACTIVITY DATA CAN USUALLY BE COLLECTED IN THE FOLLOWING FORMS AND FROM THESE COMMON SOURCES:



Kilowatt hours (kWh) of electricity purchased (Electric utility bills)



Kilowatt hours (kWh) of heating purchased (District heating bills)



Ton-hours of cooling purchased (District cooling bills)



Pounds (lbs) of steam purchased (Steam utility bills)

SCOPE 3 ACTIVITY DATA CAN USUALLY BE COLLECTED IN THE FOLLOWING FORMS AND FROM THESE COMMON SOURCES:



Spend data for purchased good and services (Procurement and accounting records)



Distance and mode of travel used by employees for commuting (Employee commuting survey)



Distance travelled by air and rail by employees for business travel (Expense records)

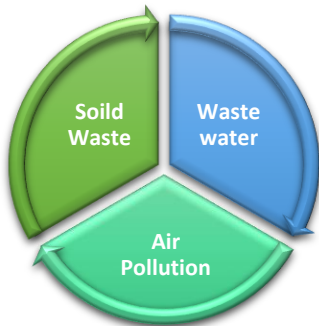


Tonnes of waste by type and disposal method (Service provider records, Site waste audit)

Benefits of Climate Ambition Accelerator Program

- Learn how to set science-based emissions reduction targets to achieve net-zero by 2050.
- Motivate investors, leadership, employees, and shareholders with an emissions reduction plan that sets your organization apart in the market.
- Gain a clear understanding of the Science Based Targets initiative (SBTi) and the net-zero concept, including methodologies, requirements, processes, benefits, and applicability.
- Hear from peers and share insights in-group sessions.
- Take advantage of on-demand learning that enables you to work at your own pace.
- Get access to industry experts and networking opportunities.
- Benefit from local delivery combined with global insights and best practice.

Waste Management



0.9 M M3

Treated WW

200 Ton

Solid Waste

SIDPEC is providing a systematic approach for controlling industrial solid, liquid, and gaseous waste resulting from production units or maintenance operations in accordance with the HSE management systems and achieving the Sidpec's objectives.

Wastewater Control

Wastewater materials determined from all production and maintenance activities and include oils and hydrocarbons, Process water used in the operation, alkalis and acids, fluids used in cooling and heating processes and consumed catalyst materials. **SIDPEC** has THREE industrial wastewater treatment units in each site (Ethylene, Polyethylene, and utilities), and one neutralization basin in utilities complex. Treated wastewater is collected in final effluent water sump in utilities complex before disposed externally. Pollutants measured weekly and monitored according to environmental laws.

Air Pollution Control

Sources of air pollutants in **SIDPEC** include emissions from production equipment points and products of fuel combustion. Most air pollutants are produced from the products of fuel combustion in equipment that uses fuel to produce thermal energy used in the production of steam such as boilers and in cracking processes such as thermal cracking furnaces or in waste burning processes such as incinerators. Combustion gases measured and monitored produced from boilers and furnaces every two weeks.

Solid Waste Control

SIDPEC developed a plan to segregate the dangerous and non-dangerous sources of solid waste. Solid waste is controlled through a certain permit to collect, classify, and disposed externally to specified organization.



Water Management

Raw Water Intake

As mentioned in the previous report, **SIDPEC** is provided with raw water from the Nubaria Canal, and annual quantities of water are obtained with permission from the Drinking Water Authority.

Utilities people issued energy objective aims to reduce the operating hours of raw water intake pumps by about 800 hours per year and they succeed to stop the pump for more than 1,000 hours. This leads to save about **290 MWh** equivalent to **340 thousand EGP** and reduction in GHGs by **158 tCO₂**.

Strategic Energy Review Project Initiatives

Developed roadmap delivered from SER project raised (15) opportunities affected on water consumption like cooling water and demineralized water. Some of them considered as quick wins and other ones need some investment.

One of most important opportunity that does not need any capital cost regarding to cooling water. This opportunity aims to reduce energy consumption by stopping one huge cooling water pump that consumes about 4,400 m³/h of circulated cooling water for about six months (18 M m³ p.a).

Other (14) opportunities are regarding demineralized water consumption shall save about **38 m³/hr (300,000 m³ p.a)**. these opportunities aim to reduce heat uses blowdown, eliminate vents, reduce deaerator pressure reduce and/or recovery condensates, and reduce heat losses.



SOCIAL RESPONSIBILITY

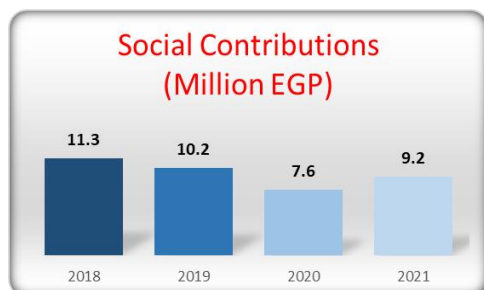
Tab 4

IN THIS SECTION:

- Key Performance Indicators
- Training and Education
- Knowledge Management
- Community Investment

Key Performance Indicators

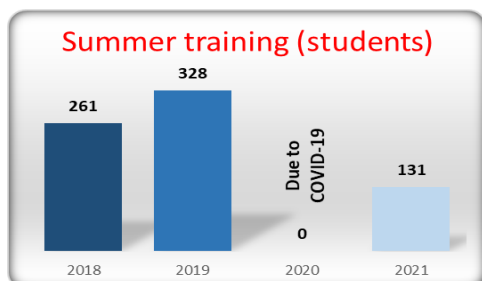
Social Contribution in 2021 9.2 M EGP	Summer Training in 2021 131 Students	Scientific Researches in 2021 275 K EGP
Medical Contribution in 2021 4.0 M EGP	Medical Examination in 2021 350 Contractors	COVID-19 Vaccination 509 Contractors



COST % FROM TOTAL
FOR ONLY **MEDICAL**
CONTRIBUTION



% FROM TOTAL FOR
LARGE SURGICAL
OPERATIONS



60
Students

SCIENTIFIC
SITE VISITS



CONTRACT
WORKERS % FROM
SURROUNDING AREA

8
Hospitals

MEDICAL
CONTRIBUTION
NUMBER

Training and Education



Educational Investment is highly rewarding, as it is specialized in human investment, as the educated person can be able to share knowledge in his surroundings, making it more productive. It also contributes to improving the moral system of societies and enhances the concept of social justice.

USAID Scholars

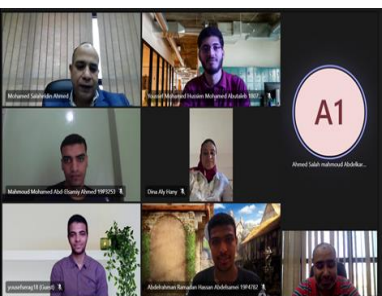
During 2021, **SIDPEC** signed an “*Internship Program Agreement*” with **United States Agency International Development (USAID) Scholars Activity** implemented by **American University in Cairo (AUC)** who is supporting (27) undergraduate scholarships to attain a Bachelor of Science degree in Energy and Renewable Energy Engineering at Ain Shams University.

This agreement is to provide 5-10 students supported by **USAID Scholars Activity** at **SIDPEC** this summer for at least two weeks.

Sidpec's vision is to provide a practical training to these students related to their qualifications, **SIDPEC** decided to train these scholars on the procedures regarding **SBTi**. We selected FIVE of them to provide the training for SIX weeks (including two weeks in Sidpec's site) in addition to THREE students from other universities. On-boarding virtual meeting conducted on first of August 2021 and we assigned some tasks for the students to be submitted before site visit.

During the visit, students learned about Sidpec's production units and **SBTi** criteria. Each student submits a presentation about requirements of **SBTi**, and at what extent **SIDPEC** complies with according to what they learned.

At the end of training, students submit final report including gap analysis and actions and suggestions to be implemented by **SIDPEC** to comply with **SBTi**.





UNIDO National Expert

In the framework of the long-term cooperation journey with **UNIDO** since 2013, practical training regarding *Motor System Optimization (MSO)* Program conducted in **Sidpec's** site for a group of national experts in field of Motors system.

SIDPEC adopted a group of four trainees to complete their training on *Compressed Air system Optimization (CASO)* by developing a case study report on Air Compressors. **SIDPEC** supported these experts for about two months and provided them with the required data, conducted site visit to perform the measurement plan. Finally, they submitted a final report with their observations and recommendations.



Summer Training

As usual every year and the desire of **SIDPEC** to fulfill its obligations towards labors while achieving the maximum possible benefit for our students to complete their theoretical studies and add practical experience, **SIDPEC** conduct summer training program during 2021.

This program organized for a limited number of undergraduate students under the current circumstances that require a commitment to implement precautionary measures to confront the spread of COVID-19.

The program includes awareness sessions about HSE, quality and energy management system. In additions, on job training in site submitted to the students according to their qualification.

Students divided into three groups, each one provided by the training at **SIDPEC** premises for TWO weeks. **SIDPEC** offered this training program for **131** undergraduate students during August and September 2021.



131
Student



Six
Week



HUMAN RIGHTS
Principle 01

Knowledge Sharing

ITC Egypt' 2021 Conference

SIDPEC keens to support and collaborate with all Egyptian sectors, as well as Sidpec's continuous strife towards knowledge sharing of scientific expertise and research activities; **SIDPEC** and the **Air Defense College** discuss the successful and ongoing cooperation with outstanding returns between them, including Sidpec's benefit from participating in the international scientific conference organized by "Air Defense College".

SIDPEC participated as a sponsor in the scientific conference "*International Telecommunication Conference (ITC 2021)*" during 13-15 July 2021.

During industrial Application's session, **SIDPEC** submitted TWO papers presented by THREE of the change catalyst team as one of the assigned task force "**Knowledge Management**" as mentioned previously in this report. The first paper named "*Power Electronic Industrial: Direct Torque Control VSD*", the other paper named "*WI-FI Security: Attacks & Countermeasures*". In addition, **SIDPEC** participated in the exhibition accompanying the conference.

This participation affirmed Sidpec's commitment to achieving communication between the industry and scientific research and provided clear evidence of interest in knowledge management among the various interested parties.



Y Now 2021 Conference



SIDPEC was invited to speak at virtual event “*Y Now 2021: Realizing Autonomous Operations*”, taking place over November 2-4th 2021.

This event combined industrial leaders and digital transformation practitioners in an interactive virtual forum to discuss, and share knowledge about digital transformation opportunities.



SIDPEC submitted a presentation named “*Energy Efficiency Acceleration via an ISO 50001 EnMS Foundation Value Add*”.

The presentation illustrated Sidpec’s journey towards “**improvement**” from 2003 till 2021, implementation of EnMS as a tool for energy efficiency improvement and how overcome barriers faced.

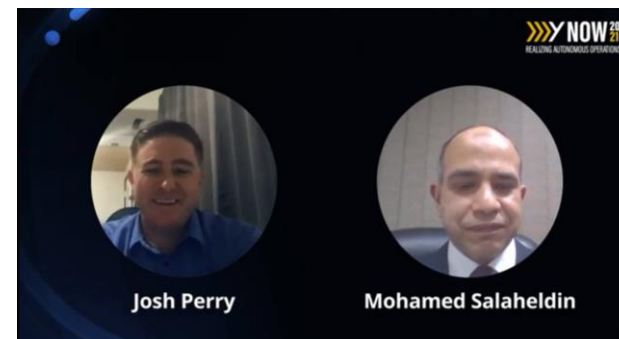
The maturity level of Sidpec’s EnMS was the motivation to find a new approach to enrich the improvement process of energy efficiency.



SIDPEC found that that the systematic approach aligned with ISO 50001 requirements provided by KBC as a proper solution for accelerating the progress of energy efficiency improvement.

SIDPEC shared its journey with **KBC**, to demonstrate 4Ds approach using tools of BT index benchmarking, develop site wide utility modeling using PetroSIM simulation software, determine gap analysis, conduct remote and onsite training, and finally provide RoadMap with a shortlist of quick wins and capital investment opportunities.

SIDPEC disclose its next steps regarding digital twins “*Digitalization D-EMS*” by connecting PetroSIM software with real data to structuring energy data collection, calculation, and visualization.





Principle 08

Upstream Technical Convention Conference

EGYPT Oil & Gas Committee launched its first conference regarding Upstream Conventions in January 2018 aimed to promote best practices and new technologies in the Egyptian upstream oil and gas sector as a part of the Egyptian oil and gas sector modernization program.

SIDPEC invited to attend “4th Upstream Technical Convention” conference, taking place over October 31st - November 2nd, 2021.

During one of workshop related SDGs, SIDPEC demonstrated one of its best practice examples regarding SDG 13 and described how it provides a valued training program to certain numbers of USAID Scholars at SIDPEC premises during summer 2021.

SIDPEC illustrated that this role model is not affecting on SDG No. 13 only but also on SDG No. 4,7,12 and 17, and how we can integrate several numbers of SDGs together in one initiative.



Uniting Business Africa

Among many companies that have participated in SDG Ambition Accelerator Program, SIDPEC has been chosen to speak at “Uniting Business Africa”, held virtually on 2 December 2021 organized by UNGC due to its active participation. SIDPEC participated during the session at “SDG Ambition: Case Studies on Progress”.

SIDPEC demonstrated its efforts to buy-in to benchmark goals and specific barriers in terms of progressing the goals planned within the Accelerator. SIDPEC described With regard to the benchmark and goals set, the effect on where its Business and its 2030 aspirations.



Principle 08



“We found that the participation in the SDG Ambition Accelerator program is a good opportunity to focus more on the actions regarding the SDGs to promote our work in these areas” – Mohamed Salaheldin, Energy Manager at SIDPEC.

Community Investment

SIDPEC believes that its social responsibility is continual commitment towards improving the quality's life of local community where we live and work. Through donating to local charities, sponsoring local events, goods donation, health care and other community investments, we are providing positive social value since 2002.



Education

SIDPEC supports programs and events aimed to develop knowledge, skills and help in academic research for enabling better learning and helping to remove barriers to a quality education.

SIDPEC signed cooperation agreement with zigzag university last year to use an educational program “**Academic Associate CFD (ANSYS)**”. Another activity regarding rehabilitated the main lecture hall in Syndicate Of Scientific Professions – Alexandria. As mentioned in this report, SIDPEC participated and supported **ITC 2021**.



Health

SIDPEC recognizes that health is considered as a human right as well as sustainability relating to the ability for hospitals and healthcare systems to enhance quality of life and improve the well-being of the community.

In 2021, **SIDPEC** spent more than **1.2 million EGP** as financial support for major surgeries and treatments to serve the people at surrounding area. **SIDPEC** Signed a protocol with Alexandria Children's Cancer Hospital as part of the process of equipping an entire floor with modern medical equipment. Rehabilitated the Nephrology unit at Amreya Hospital and established a cardiac catheterization unit at Alexandria University Hospital.



Charity and Civil Society



In accordance with the Presidential initiative to develop rural areas and to raise the status of the surrounding civil community, **SIDPEC** alongside some of the largest charitable institutions, funded and developed a project to renovate **26 houses** in two villages (Karnak and Abu Simbel 1) in the Nahda area through the Orman Association. After successfully renovating the houses and equipping them with new furniture as well as new appliances, Sidpec's Chairman and CEO, *Eng. Mohamed Ibrahim*, handed over the houses to their owners.

SIDPEC aids charities in Amreya and Al-Nahda and the people of the region in kind on religious occasions from factories and farms of the armed forces, at an amount of 3 million pounds.

Women Empowerment

SIDPEC takes several procedures and activities in the field of *women empowering* related to community development programs for women in the surrounding community in general:



SIDPEC supports the single working parents with donations during Ramadan and holidays, in coordination with charities in the surrounding area.



SIDPEC assists some associations in establishing workshops to enable women without income to work and produce and establish a captive entity.

SIDPEC treats women from the surrounding area to relieve them of treatment expenses within the medical protocol adopted by the company for several years.

SIDPEC has helped in the marriage of some orphans in cooperation with the Dar Al Orman Association from 2019 to date.

SIDPEC distribute clothing sets for orphans to lift the burden on widowed mothers.

SIDPEC refurbished some homes in the surrounding villages, including homes for widows, divorcees, and single working parents.









Index A

UN Global Compact Principal Alignment

UN Global Compact Principles	Section Alignment	
Principle 1 (Human Rights): Businesses should support and respect the protection of internationally proclaimed human rights	HSE Systems (EHSS) Health Care Human Rights Human Development Engagement and Collaboration	Inclusion and Diversity Training and Education Knowledge Sharing Community Investment Ethics and Integrity
Principle 2 (Human Rights): Make sure that they are not complicit in human rights abuses	Human Rights Inclusion and Diversity	Ethics and Integrity
Principle 3 (Labor): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Human Rights	Ethics and Integrity
Principle 4 (Labor): The elimination of all forms of forced and compulsory labor.	Human Rights	Ethics and Integrity
Principle 5 (Labor): The effective abolition of child labor.	Human Rights	Ethics and Integrity
Principle 6 (Labor): The elimination of discrimination in respect of employment and occupation.	Human Rights	Ethics and Integrity
Principle 7 (Environment): Businesses should support a precautionary approach to environmental challenges.	HSE Systems (EHSS)	Ethics and Integrity
Principle 8 (Environment): Undertake initiatives to promote greater environmental responsibility.	Energy Management Water Management	Waste Management Ethics and Integrity
Principle 9 (Environment): Encourage the development and diffusion of environmentally friendly technologies.	Climate Change	Ethics and Integrity
Principle 10 (Anti-corruption): Businesses should work against corruption in all its forms, including extortion and bribery.	Governance	Ethics and Integrity

Index B

Sustainable Development Goals (SDGs) Alignment

SGD	Disclosure of Alignment		SGD	Disclosure of Alignment	
	Community Investment			Community Investment	
	HSE Systems (EHSS) Health Care Community Investment			Human Development Training and Education Knowledge Sharing Community Investment	
	Human Rights Inclusion and Diversity Community Investment			Waste Management	
	Ethics and Integrity Energy Management Climate Change	Water Management Training and Education Knowledge Sharing		Core Markets Financial Performance Ethics and Integrity HSE Systems (EHSS) Training and Education	Health Care Human Rights Human Development Engagement and Collaboration
	Core Markets Financial Performance			Ethics and Integrity Human Rights Engagement and Collaboration	Inclusion and Diversity Community Investment
	Financial Performance Energy Management Climate Change	Water Management Training and Education Knowledge Sharing		Core Markets Financial Performance Energy Management Climate Change	Water Management Training and Education Knowledge Sharing
	Ethics and Integrity Energy Management Climate Change Waste Management	Water Management Training and Education Knowledge Sharing		Ethics and Integrity Waste Management	
	Ethics and Integrity Waste Management			Governance Ethics and Integrity	
	Training and Education Knowledge Sharing Community Investment				



2021 Sustainability Report



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Further information shall be available
on the web site



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.