



2023

SIDPEC

Sustainability Report



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ABOUT THIS REPORT

Sidi Kerir Petrochemicals Company (SIDPEC) is an Egyptian joint stock company established on 16 November 1997 Under Egyptian investment law. **SIDPEC** is considered the first integral step towards the petrochemical's future in Egypt. We utilize the best available technology and design in order to satisfy the Egyptian environmental regulation and requirement. The trade name of SIDPEC polymers is named "Egyptene" polymer portfolio includes linear low-density polyethylene (LLDPE) and high-density polyethylene (HDPE).

Reporting Period and framework

This report includes **SIDPEC** sustainability activities starting from January 2022 to December 2022 and published in August 2023 on our intra site. This report complements our "Communication on Progress questionnaire 2023" published on the UN Global Compact web site.

Our Last report was published on 31st January 2022 ([see archived reports](#)). We appreciate your comments, if any, and please email us at info@sidpec.com.

Reporting Approach

The preparation of this report and other sustainability reports since 2014 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 UN Global Compact and Sustainable Development Goals (SDGs) as seen in [index A](#) and [index B](#).

As well as we started this year to monitor to what extent that the reporting topics are aligned in accordance with GRI content index (as seen in [index C](#)), and in the next years we shall work to be fully aligned with all detailed GRI disclosures.

**Further information shall be available
on the web site**



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Message To Our Stakeholders



Let me begin by sincerely welcoming you to the 2023 **SIDPEC** Annual Sustainability Report. **SIDPEC** always strives to enhance its developmental role in line with Egypt Vision 2030, considering the principles of “**UN Global Compact**” to meet the basic responsibilities regarding *human rights, labor, environment, and anti-corruption*.

SIDPEC pursues various ways to develop and maximize its revenues and support the national economy. In addition to our production of polyethylene, we imported non-locally produced polymers, which contributed to the continuation of the productivity for many plastic factories and resulted in an increase in profit, which is an affirmation of our economic role in developing national income.

SIDPEC adopted several activities in the field of improving energy efficiency such as: “Air Compressors Replacement” project as well as a “Combined Heat and Power” project, financed by the Egyptian Pollution Abatement Program (EPAP III).

SIDPEC took the initiative to be competent in optimizing the value of organizational knowledge by developing a Knowledge Management System that effectively promotes and enables value-creation through knowledge. **SIDPEC’s** Knowledge Management System complies with ISO 30401:2018 requirements and was officially certified by the end of 2022.

SIDPEC set a target for emission reduction according to the Science Based Target initiative (SBTi) criteria and started taking ambitious climate action with science-based emissions reduction targets.

With a successful and long partnership between **SIDPEC** and UNIDO, we assigned to provide services related to the promotion of the deployment of Energy-efficient Motor Driven Systems and Solar Thermal Applications for the petrochemical sector and plastic industry sector to empower our customers in the field of energy efficiency.

Regarding our role in supporting environmental issues, **SIDPEC** participated in the activities of the Climate Conference COP 27 held in November 2022 in Sharm El-Sheikh and set our sights on the goal of effective participation in an honorable manner. **SIDPEC** attended several side events, in addition to presenting three successful discussion sessions to demonstrate our efforts to add new environmentally friendly polymer products, as well as our strategy for decarbonization and efforts to improve energy efficiency and climate action.

Finally, I would like to extend my thanks to all stakeholders who contributed in supporting our sustainable development initiatives, hoping to continue their commitment and keep up with the rapid progress in all aspects of development.

Eng. Mohamed Ibrahim
Chairman & CEO

Tuesday, 15 August 2023

SIDPEC overview

Sustainability Key Highlights

1,238 M EGP

Net Profit

9.9 kt CO₂

GHG Reduction

2.1 M MAN HOURS

No Injury

14.4 M EGP

Social Contributions

Ethydco Acquisition

SIDPEC started to study the acquisition of the Egyptian Ethylene and Derivatives Co. (Ethydco).

P2P Network

SIDPEC provided energy efficiency systems services for the plastics sector and petrochemical companies.

KMS

SIDPEC developed knowledge management system and got certified with ISO 30401:2018.

SBTi

SIDPEC started its journey with SBTi by setting a target for emission reduction according to SBTi criteria.

COP 27

SIDPEC had an active participation in the 2022 Climate Conference in Sharm El-Sheikh.

CHP Project

SIDPEC cooperated with EPAP III Program to finance one of high capex energy project.

Core Market

SIDPEC produces Polyethylene (high density & linear low-density grades) using Ethylene which is produced by the processing of Ethane/Propane feed. **SIDPEC** utilizes the finest technologies in production which are also environment-friendly and energy saving.

"Egyptene" as the trade name of **SIDPEC** polymers, is one of the finest well-known products in polyethylene industry worldwide as well as the local market.

Such accomplishment is achieved by maintaining strict quality control system as well as effective compliance with Egyptian Environmental Regulations.

Also, **SIDPEC** produces intermediate products such as LPG and Butene-1.

Furthermore, on track of the national development plan, **SIDPEC** participates in maximizing profit for neighboring petrochemicals companies by providing Ethylene used to produce VCM and PVC in the Egyptian Petrochemicals Company, instead of importing.



Film
Applications

High tensile strength
High stiffness
Good extrudability.



Blow / Roto Molding
Applications

Good rigidity
Impact strength
High stiffness



Injection
Applications

Easy processing
High rigidity
Good impact strength

In continuation of what **SIDPEC** pursued in various ways to develop and maximize its revenues and support the local economy, **SIDPEC** invested its human resources, financial and marketing capabilities in adding sales and marketing activities for plastic products through importing non-locally produced polymers, which resulted in an increase annual profit by [101 M EGP](#).

SIDPEC has announced that we are exploring the full acquisition of the Egyptian Ethylene and Derivatives Company (Ethydco). This acquisition shall increase production for both companies, which will be able to cover 50 % of the local market's needs.

2022 United Nations Climate Change Conference – COP27

Under the directives of the Ministry of Petroleum and Mineral Resources, the support of the Egyptian Petrochemicals Holding Company and in response to the invitation of the Federation of Egyptian Industries SIDPEC actively participated in the 2022 Climate Conference in Sharm El Sheikh for its achievements in the field of sustainability and climate action

Main Participation Objectives:

- ❖ Active participation in an honorable manner of the Egyptian petroleum sector companies.
- ❖ Demonstration of our efforts to add new environmentally friendly polymer products of bio-origin, that are non-harmful as well as biodegradable.
- ❖ Presenting our carbon removal strategy, success stories in energy efficiency, reduction greenhouse gases emissions, and obtaining green financing that enhances our reputation and eligibility for obtaining new grants and financing facilities.
- ❖ Obtain financing opportunities for new projects, especially those that can be included within the framework of green financing.
- ❖ Beneficial communication with local, regional, international institutions and people to maximize expertise.

Our achievements can be briefly summarized as:

- ❖ Attendance of side events in participation with his Excellency, the Minister of Petroleum and Mineral Resources.
- ❖ Three successful discussion sessions in the Egyptian business pavilion (one in the blue area, and two in the green area).
- ❖ Several meetings and interviews with bodies, companies, and financial institutions such as: Investment Authority, UNIDO, UNGC Egypt, National Bank of Egypt, African Development Bank, QNB Bank, Egyptian Sugar & Integrated Industries Company, Sadko Company, and Gaia Climate.
- ❖ Participation in various side events.

Presentation of SIDPEC's efforts to add new environmentally friendly polymer products

In addition to our objectives from attending and representing the climate conference, our main target was to present our new strategy in regards to start a study on implementing a project to produce “**Poly Lactic Acid (PLA)**” which is a prominent example of green projects. It is an eco-friendly polymer produced from a biological origin, which biodegrades and does not harm the environment.

This strategy aligns within the light of Egypt's Vision 2030 towards achieving better living environment in Egypt and the directive taken by the Ministry of Petroleum and Mineral Resources to implement said vision, as well as the strategies of the Egyptian Petrochemicals Holding Company (ECHEM) towards clean production which achieves the principles and goals of sustainable development.

The objective of presenting this strategy was to communicate with low-cost financing entities for green projects. **SIDPEC** also aimed to communicate with entities that work with green projects and that are invested in green projects in Egypt and internationally to discover the possible ideas and contributions of these entities in developing a PLA project and improving its economics.

Activities and meetings related to the PLA project:

An interview was held between our Chairman & CEO and the Chairman of the Sugar and Integrated Industries Company, in the presence of representatives from the two companies, to discuss possible ways of cooperation in order to produce polylactic acid and the provision of raw materials. As well as the advantages and disadvantages of available raw materials, transportation, storage conditions, and available technologies. Also, we discussed opportunities for investment and partnership. It was agreed to complete the technical discussions in order to choose the most suitable raw materials for the up-and-coming bioplastic project. It was also agreed to exchange visits and hold meetings to set the optimal framework for achieving cooperation between the two companies.

An interview was held between our Chairman & CEO and the Chairman of SADKCO Company, during the participation in the conference, presenting a model for the lactic acid production unit from molasses, and it is working on conducting research to develop a technology to produce this substance.

This meeting resulted in an agreement between both companies that **SIDPEC** will adopt and provide technical and financial support for the development of the research activities carried out by SADKO Company. If research is successful, it will mainly help in reducing the costs of bioplastic production due to the reliance on local technology and raw materials.

It was agreed that if this matter succeeds, **SIDPEC** can establish a partnership framework, in which SADKO shall provide the technology and implementation for producing lactic acid, while **SIDPEC** shall implement a project for the polymerization of lactic acid in order to produce bioplastics with its expertise and capability to select the most appropriate technology.

Technical discussions we completed by exchanging visits, technical information, and harnessing the technical capabilities of **SIDPEC** to provide technical support and exploiting Sidpec's laboratories if necessary, in order to develop the cooperation framework to include technical aspects in addition to financial support after setting the technical cooperation framework.

An interview was conducted with the representative of Gaia Climate, which provides support for financing green projects, where they stated the ability of obtaining green financing for the PLA project through green bonds due to its compliance with the conditions and requirements. Green bonds mainly focus on green projects and do not require high project profitability. They also suggested the establishment of a separate entity (other than **SIDPEC**) to increase the chances of obtaining green financing for the project.

Due to Gaia Climate's experience in supporting green project financing, communication shall continue after completing the project's economic feasibility study in order to start financing side events and discussion panels related to the PLA project.

Side events and discussion panels related to the PLA project.

SIDPEC organized a side event on November 14, 2022, in the Federation of Egyptian Industries Hall in the blue zone of the conference, where an overview of the polylactic acid project was presented to highlight the importance of the project and similar ones in preserving the environment. The financing of green projects and the financial difficulties facing these projects were also discussed. The event included a discussion session with the participation of financing agencies such as the National Bank of Egypt in the presence of representatives of various Egyptian and international banks, in addition to representatives of the Ministry of Environment.



Presentation of Sidpec's decarbonization strategy and efforts to improve energy efficiency and climate action

Among **SIDPEC**'s other objectives while attending the conference was to present its success stories in energy efficiency since the start of cooperation with the United Nations Industrial Development Organization (UNIDO) in 2013 until obtaining the ISO 50001 Energy Management Systems certification, by going through the annual publication of annual sustainability reports on the UN Global Compact website since 2014, the cooperation with the international consulting company KBC-Yokogawa in 2020, in which we had a roadmap for improving energy efficiency and reducing carbon emissions, as well as including high-investment projects for combined heat and power (CHP) and the replacement of air compressors which was financed by the EPAP III program.

The presentation of Sidpec's efforts regarding climate action had the intent to raise its reputation and demonstrate its worthiness to obtain support and green financing to implement its decarbonization strategy.

Activities and meetings related to energy efficiency and climate action:

Meetings with UNIDO representatives and Chemonics to maximize the benefit from the Peer-to-Peer Network project, which is being implemented with our customers from the plastics sector, as well as with the sister companies of the Egyptian Petrochemicals Holding Company.

Communication channels were opened with representatives of the Commercial International Bank (CIB), as well as the General Manager of APCO and the Chairman of ACIP (our customers) regarding the cooperation and exchange of experiences within the framework of our participation in the commitment towards Science Based Targets initiative (SBTi).

Discussions with representatives of the National Bank of Egypt regarding future aspects of cooperation where NBE presented a new cooperation initiative across supply chains to provide support to customers in plastics sector, as they are small and medium-sized companies that the bank supports through some green financing programs, in order to maximize the desired results of the peer-to-peer network project that is being implemented with UNIDO.

Side events and panel discussions related to energy efficiency and climate action.

SIDPEC organized a side event on November 12, 2022, at the Federation of Egyptian Industries Hall in the green zone of the conference, where an overview of Sidpec's decarbonization strategy was presented considering its commitment to the Science Based Targets initiative (SBTi), as well as the cooperative project with UNIDO in establishing a peer-to-peer network in the plastics and petrochemical industry. A green project model was presented, which has been implemented since 2018 regarding the capture of carbon dioxide emissions and converting them into gas suitable for use in the food industry, which was done with International Air Liquide. The event included a discussion session with the participation of the Program Officer of the UNIDO and energy efficiency and climate department (Ministry of Petroleum).



On November 15, 2022, another event took place at the Federation of Egyptian Industries hall in the green zone of the conference, where an overview of the cooperation with the EPAP III financing program and the roadmap for improving energy efficiency prepared by the global consulting company KBC-Yokogawa were presented in order to highlight on two financed projects that will contribute to achieving the ambitious goals of **SIDPEC** in the field of reducing greenhouse gas emissions. The event included a discussion session with the participation of the

Executive Director of EPAP III and Director of Direktin, a company specialized in maximizing the performance of compressed air systems, as well as the Director of Chemonics, a consulting company in the field of energy efficiency.

Communication with entities and institutions, and participation in various events.

By visiting the booth of the Investment Authority and we discussed the third-generation gas cylinders project, which is being studied in cooperation with the Nigerian company Rungas, possibly establishing the project under the private free zone system.

Representatives of the Commercial International Bank (CIB), regarding the bank's financing activities in the green projects field, explained the possibility of providing free advisory services in saving energy consumption, as well as assistance and support for obtaining low-cost loans from some donors.

Representatives of QNB, regarding the bank's transformational activities in the field of green projects, expressed their desire to provide green financing for the third-generation gas cylinders project.

Visit the pavilion of the African Development Bank, their representatives informed us about the possibility of helping and supporting projects aimed at exporting products to Africa, as well as financing green projects.

The Bio-Innovations Unit of the Japanese company JGC agreed to help obtain detailed information on the possibility of cooperation regarding converting plastic waste into hydrogen.

Other Side events and discussion panels:

“Towards a decarbonized Egyptian Industries” by UNIDO, Egypt.

“The challenge to decarbonize thermal energy across the process industry” by Spirax-Sarco Egypt.

“ESG Risks and Opportunities” by the Arab African International Bank.

“Sustainable Solutions for a better tomorrow” by Korra Energi.



Economic Performance

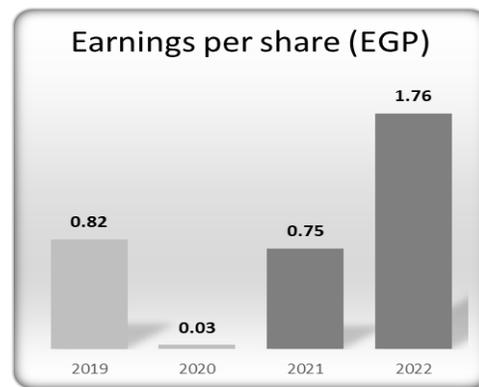
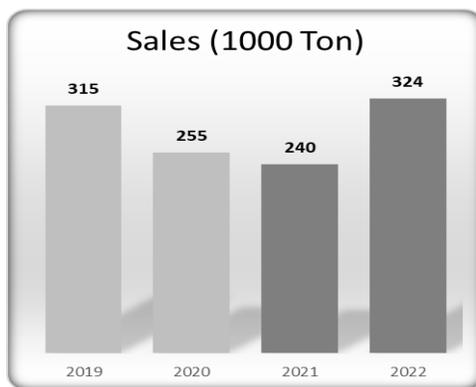
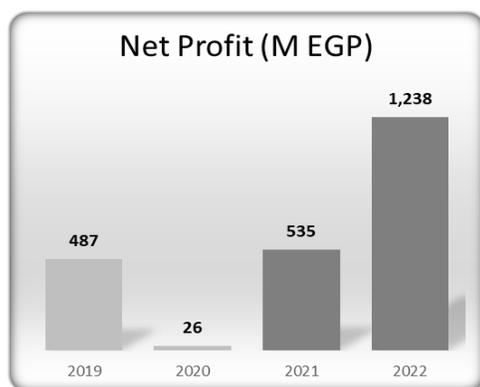
SIDPEC continued its successful journey, developing its activities and strengthening its financial position during the fiscal year 2022.

According to what was done during the year 2021 regarding the amendment of **SIDPEC's** statute to change its purpose, **polyethylene and polypropylene applications were imported** at special prices, which contributed to the continuation of production for many local plastic factories and resulted in an increase in our total profitability by an amount of **101 million EGP**, which is an affirmation that the company plays its economic role in the development of national income.

The production plan was achieved by **116%**, marketing plan was achieved by **122%**, and provide the requirements of Egyptian Petrochemicals Company by 61% of the target.

The Board of Directors agreed to contract with NI Capital to study Sidpec's **acquisition of all ETHYDCO shares** to provide advisory services, studies, technical knowledge, and assistance in the necessary procedures for using the share exchange methodology after evaluating the two companies.

Forbes Middle East collected data from the Egyptian stock Exchange and ranked companies based on their reported sales, assets, and profits for 2022 and market value as of April 30, 2023. **Forbes Middle East** ranked **SIDPEC** (27th) among top 50 Egyptian companies.



ECONOMIC PERFORMANCE DASHBOARD 2022

Sales of Ethylene	Sales of Polyethylene	Sales of LPG	Sales of Naphtha
36 1000 Ton	238 1000 Ton	34 1000 Ton	6 1000 Ton
60% % of Target	122% % of Target	136% % of Target	75% % of Target
Sales of Polyethylene Local Markets	Sales of Polyethylene Foreign Markets	Sales of Ethane	Sales of Butene-1
126 1000 Ton	112 1000 Ton	2,964 Ton	6,651 Ton
108% % of Target	144% % of Target		

STRATEGY

Sidpec's strategic plan is a roadmap for maximizing the utilization of its capabilities, resources, and the main components of its competitive advantage. It is a translation of its vision to maintain its leadership in the petrochemicals field in line with Egypt's vision 2030. The objectives achieved are monitored and the challenges that prevent the achievement are addressed, reviewed annually, amended when needed, and develop the key initiatives, programs, and policies to achieve the intended objectives.

This strategic plan has been modified (issue 5 dated September 2022) to comply with the new challenges and variables, and to express the integrated vision for the complete transformation of the company, which it was exposed to form a change in its financial position in the fourth quarter of 2019 for the first time, as a result of the rapid and successive fluctuations in the business environment and its impact on the cost and availability of raw materials as well as on the demand and selling price of polyethylene products.

Organizational Principles

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 a sustainable and profitable growth.

Our *Vision* is to sustain leadership in the Petrochemicals' Industry in both the international and local markets.

Our *Core Values* are Safety, Business Excellence, Employees Development, Sustainability, and Teamwork.

Context of the Organization

External Issues Assessment

- ❖ *Natural Variables* include natural resources, climatic conditions, and the ecosystem.
- ❖ *Social Variables* include all human-made variables that can affect the activity, whether in the short or long term, and the most important of these variables are political, technological, social, economic, and legal.
- ❖ *Task Variables* include those elements or groups that directly affect, and therefore are affected by, the company such as government agencies, local communities, suppliers, competitors, substitute products, customers, creditors, employees/labor unions, non-profit associations, trade associations.

Internal Issues Assessment

- ❖ *Organizational structure variables* include administrative structure, responsibilities, authorities, and communication between different departments.
- ❖ *Culture variables* include organizational beliefs, expectations, and values.
- ❖ *Resources Variables* include assets, skills, competencies, and knowledge.

Strategic Objectives

In light of results of the determining actual and potential impacts using SWOT analysis tool, **SIDPEC** sets wide-ranging strategic objectives to implement its vision and mission in the long term. Also, Key success factors that can be quantitatively evaluated, through relevant performance indicators, are periodically developed, in addition to implemented methodologies represented in annual to medium-term targets and programs.

Sustaining leadership in the local market, being present in international markets, and increase profits through main two objectives which are: “Maximize value added by increasing production capacity and adding new investments” and “Maintain Asset Integrity and focus on Interested Parties”.

Material Topics Identification

To measure the Sidpec's success in translating its vision and strategy towards its strategic objectives' achievement, the following material topics were identified and prioritized as they are considered as an engine for creating long-term value for our shareholders and stakeholders.

Business Topics	Environmental Topics	Social Topics
<ul style="list-style-type: none">▪ Profitability.▪ Efficiency and effectiveness of the production process.▪ Ethics and anticorruption compliance.▪ Customer value and competitiveness.▪ Digital Security and privacy.▪ Risk management Integration into business processes.▪ Strong management systems.▪ Digital transformation.	<ul style="list-style-type: none">▪ Energy consumption reduction.▪ GHG emissions reduction.▪ SBTi commitment.▪ Renewable energy.▪ Waste management.▪ Water treatment and discharge.▪ Environmentally friendly products.	<ul style="list-style-type: none">▪ Individual productivity.▪ Internal learning.▪ obtain new knowledge.▪ Stakeholders' engagement.▪ Incident and injury rate tracking and reduction.▪ Process safety.▪ Employees' and local community Human Rights.▪ Partnerships for SDGs achievement.

By measuring the performance indicators, the effectiveness of the current initiatives and programs will be analyzed, and the necessary adjustments will be made to face the various challenges and ensure the achievement of our main strategic objectives.

Stakeholders Engagement

SIDPEC implements a systematic approach to listen to, collaborate with, or inform our stakeholders, by identifying, mapping, and prioritizing them to determine the best tactics for effective communication. The identification of stakeholders is based on their influence and dependability and who can affect or can be affected by Sidpec’s activities and services. Sidpec's value chain analysis and their requirements are maintained in the strategic plan.

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.

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

Stakeholder	Engagement Methods (Examples)
Investors and Shareholders	<p>Sources of external Engagement: Financial statements, web site, customer feedback, site visits, Audits, periodical meetings, sustainability report, periodical reports, evaluation assessment, Events, and conferences, SIDPEC policy...etc.</p> <p>Sources of internal Engagement: periodical meetings, Ideas bank, services survey, sustainability awareness & messages, code of conduct, knowledge days Event, energy committees, HSE competitions and HSE committees...etc.</p>
Employees	
Customers	
Suppliers/Venders/Service Providers	
Governments and regulators	
Partners	
Civil Society	

GOVERNANCE

Structure and Composition

According to the last updated highest level governance, our board can be summarized briefly as follows:

- ❖ Total numbers of board members are (13) including one female.
- ❖ One executive member: Chairman & CEO.
- ❖ Shareholders members are (11).

Policies, Responsibilities, and practices

Our policy states clearly its commitment about topics related to apply and develop the different management systems, enriched by a knowledge management culture, and supported by applying the principles of good governance for the purpose of business growing and continuity, as well as the alignment with sustainable development goals and Egypt Vision 2030. Also commit to be a good corporate citizen maintaining high ethical standards, encouraging teamwork, employee engagement and consultation.

SIDPEC accounting control adopted by corporate governance through different committees like Marketing, Energy, customer complain, safety committees, audit committees.... etc., 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.

In addition to the formed committees, we have several structure or general departments related to the sustainable topics such as HSE, Qulaity/energy/Excellence, HR, Marketing, Internal Audit, and Social Responsulitiy. Each department has standalone SWOT analysis and develop the actions required to address with the risks and opportunities, and evaluate the effectiveess of actions taken.

Next Step

We developed an objective regarding of risk management implementation according to guideline of ISO 31000

We have a *code of conduct and Ethics* in place regarding sustainability topics as shown in this report.

General Assembly 2023

SIDPEC's Annual General Assembly which was held at ECHEM's Headquarters, on March 21st, 2023, discussing the results of the fiscal year ending 2022 and was headed by ECHEM's Chairman and CEO Eng. Ibrahim Mekki, and SIDPEC's Chairman and CEO Eng. Mohamed Ibrahim.

Sidpec's Chairman and CEO, Eng. Mohamed Ibrahim, emphasized on the continuation of developing activities, strengthening, and maintaining SIDPEC's financial position during 2022, despite the continued state of stagnation, price fluctuations, and supply and demand, in addition of the increase in US Dollar exchange rate to unprecedented levels during the year because of international conflicts, especially the Russian-Ukrainian war.

Provided support by the Ministry of Petroleum and ECHEM, whose positive effects were fundamentally reflected in our informed marketing and pricing policies, enabled us to achieve a production plan of 116% and 122% of the suggested marketing and sales plan. **A profit achieved of 1,238 EGP, compared to 535 EGP in 2021, with a growth rate of 131%.**



Code of Conduct and Ethics (CoC)

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 to develop their individual potential to the maximum, and thereby contribute to the sustainable success and competitiveness of our enterprise. We provide specific training to the employees as regards 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 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 the 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 about our products. We review our customers' complaints and improve practices in response to them. We offer an adequate and efficient support and advice system for our customers. We always take adequate measures to protect our customers' health, safety, and business.

Community Involvement and development

We consider ourselves 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 in our community health care projects. We support research and development projects in cooperation with governmental institutions and universities.

ENVIRONMENT



9.9 kt CO₂

GHG Reduction

4.8 %

Energy Improvement

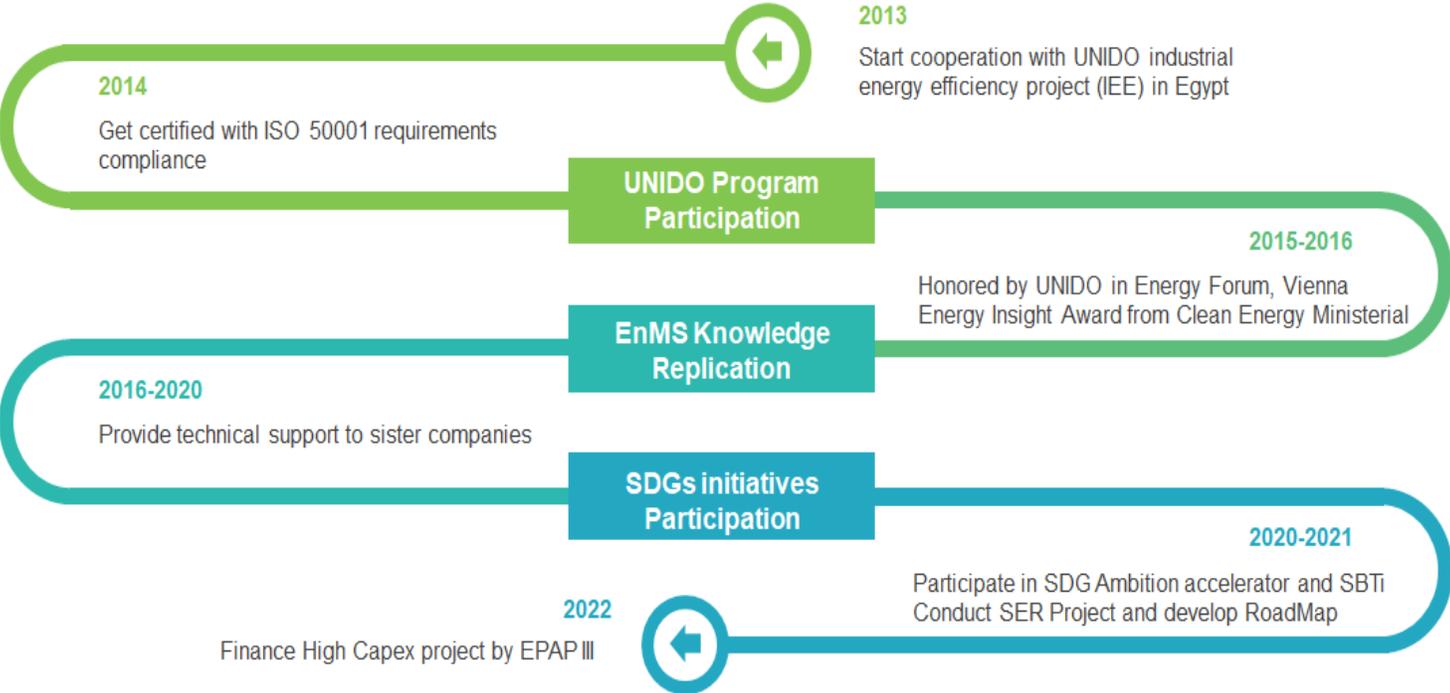
52 1000 m²

Total Green Area

DECARBONIZATION STRATEGY

In order to achieve sustainable development and meet the climate change mitigation goals, **SIDPEC** focuses its efforts significantly on improving its energy efficiency, which is considered one of the most cost-effective ways to expand energy supply and reduce environmental impact. When the UNIDO launched the industrial energy efficiency project (IEE) in Egypt in 2013, **SIDPEC** took the opportunity to get the necessary technical support during the preparation and implementation of its EnMS till being ISO 50001 certified since 2014. Our main keys to success are, for example, top management commitment, dynamic cross functional energy team formation, strong internal communication,...etc.

In our decarbonization strategy, we focused on having an economic value for the company aligned with our responsibility to the planet. We believe in saving the planet for future generations while saving the economies of developing countries in all Continents, especially in Africa, for the present and near future. It is irrational to stop the economic growth of these countries for the sake of paying the bill of pollution caused by developed countries, however we can have the opportunity to save the planet and economic growth as well. Our decarbonization strategy was built on improving energy efficiency to reduce both GHG emissions and operating cost, so that we could protect the environment and increase economic growth at the same time. Energy efficiency improvement in **SIDPEC** is a journey that started in 2013 with our first cooperation with UNIDO and has continued to date with our commitment to SBTi and development of the decarbonization strategy to have an effective impact on climate action.



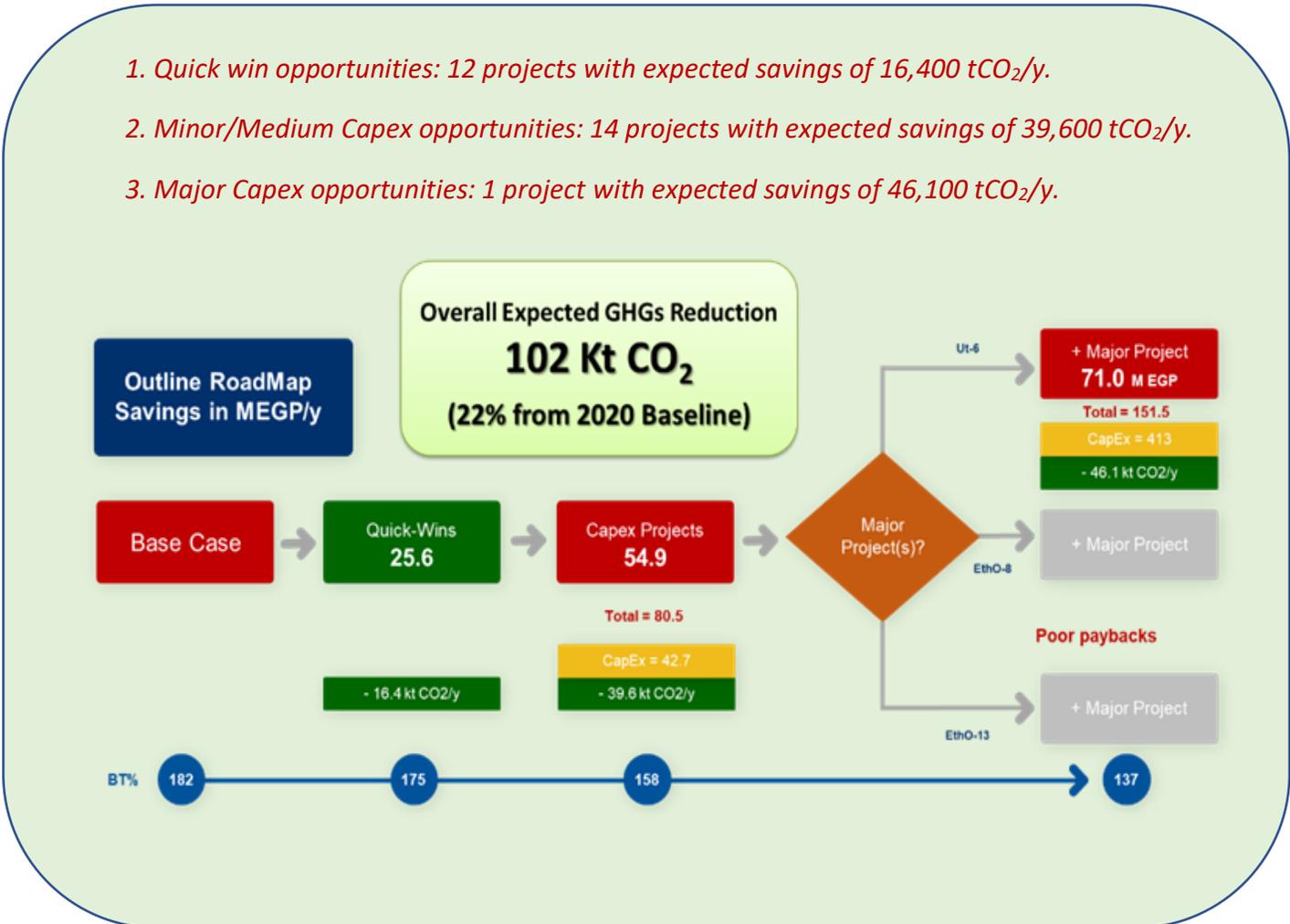
Energy Efficiency and SIDPEC Roadmap

As mentioned before in the last sustainability report 2021, after we have an effective energy management system (EnMS) certified in compliance with ISO 50001, we decided to invest more money and efforts in developing an improvement roadmap based on using more advanced technologies and tools with the support of an International Consultant like KBC-Yokogawa. We believe that any company could follow our steps to set ambitious targets for GHG reduction to integrate with global efforts and for Egyptian companies to be aligned with Egypt’s national Climate Change Strategy 2050.

Strategic Energy Audit and Improvement Roadmap overview

The KBC Road Map can be summarized in the following:

1. Quick win opportunities: 12 projects with expected savings of 16,400 tCO₂/y.
2. Minor/Medium Capex opportunities: 14 projects with expected savings of 39,600 tCO₂/y.
3. Major Capex opportunities: 1 project with expected savings of 46,100 tCO₂/y.

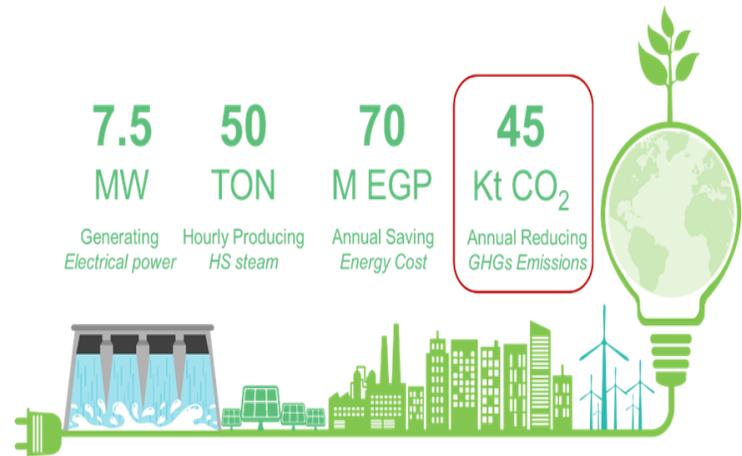


High Investment Projects

These projects will be financed by the [Egyptian Pollution Abatement Program \(EPAP III\)](#), demonstrating the maximization of **SIDPEC** Energy Efficiency Roadmap. EPAP III provides a mix of loans and grants for eligible projects and is supported by €145.4 million in funding from the European Investment Bank (EIB), the French Development Agency (AFD), the KfW Development Bank, the European Union (EU), and the government of Egypt.

Project No. 1: Combined Heat and Power

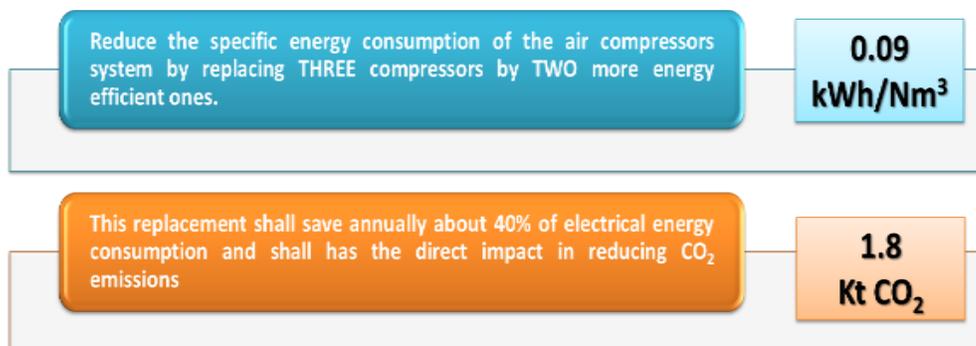
SIDPEC is currently buying electricity from the neighboring Egyptian Petrochemical Plant. By installing the **7.5 MW** gas turbine, about 1/3 of our electricity requirements will be met. The waste heat recovery system will capture the exhaust gases of the gas turbines and auxiliary burners and direct them to a Heat Recovery Steam Generator (HRSG) to produce enough steam to be able to shut down one of the existing boilers. This would enable **SIDPEC** to improve energy efficiency and result in an annual reduction of Greenhouse Gas emissions of greater than 45 ktCO₂e. The total investment cost is estimated to be US\$ 16 million.



Project No. 2: Replacement of Existing Air Compressors

This proposed project, which was initiated by **SIDPEC** team, is related to energy efficiency, and has a direct impact on reducing CO₂ emissions. The purpose of this project is to reduce the specific energy consumption of the air compressors by replacing three compressors with two more energy-efficient ones.

The installation of two new energy-efficient compressors with a capacity of 6,000 Nm³/h that consume 5.5 GWh p.a to replace three old compressors with similar capacity but consume 9.2 GWh p.a, that will result in annual energy savings of 3.7 GWh (40%) and a reduction in GHG emissions of 1,850 tCO₂e/year. The total investment cost is estimated to be US\$ 1.5 million.



Science Based Target initiative (SBTi) Commitment

As it was mentioned in the last sustainability report, **SIDPEC** started its journey with SBTi in 2021 when participating in the UN program, which aims to deep dive into the SBTi concepts and resources as well as understand the common challenges and opportunities that are part of the UN program Climate Ambitions Accelerator.

SIDPEC assigned an internal team responsible for setting a target for emission reduction according to SBTi criteria V:05 to Join the companies leading the way to a zero-carbon economy and start taking ambitious climate action with science-based emissions reduction targets as described below step by step.

Step-1: Commitment

On November 2021, **SIDPEC** registered online on the SBTi web site and submitted a signed commitment letter by its CEO to commit to setting a near-term science-based target.

On February 10, 2022, the commitment letter was accepted by the SBTi team. **SIDPEC** announced the commitment to its interested parties through its internal network and became one of about 4,000 companies taking action around the world.

Our commitment is a near-term target to reduce **17.4 %** over the next 5 years using the absolute contraction method.

Step-2: Develop Target

SIDPEC used the updated criteria (V5.0) to ensure that the target meets all the SBTi criteria, which categorizes our industry as a chemical sector according to SBTi classification.

SIDPEC developed its targets based on an *absolute approach* NOT the Sectoral decarbonization approach, as the chemicals

sector standard is still under development by SBTi. The absolute target depends on an overall reduction in the amount of GHG emitted to the atmosphere in the target year relative to the base year.

The base year was chosen depending on the Strategic energy Review activities and developed RoadMap based on base year 2020, accordingly **SIDPEC** chose the most recent year 2020 to be the base year.

We calculated GHG emissions for scope 1 (direct emissions from the combustion of fuels) and scope 2 (indirect emissions from the generation of purchased electricity) using the absolute emissions contraction method.

SIDPEC developed full scope 3 screening for (15) categories of indirect emissions from value chains in both upstream and downstream using the scope 3 evaluator, and we found that scope 3 emissions account for 42.5 % of total scope 1, 2, and 3 emissions, so a scope 3 target should be set as SBTi Requirements.

Among the three options available to develop a target covering scope 3, **SIDPEC** set the combined target option (a single target for total scope 1, 2, and 3 emissions) according to SBTi criteria (C:20), and we are committing to reduce absolute Scope 1&2&3 GHG emissions by 17.39 % of total emissions by 2027 from a 2020 base year.

Step-3: Submit Target

SIDPEC completed the submission form and submitted it on July 21, 2022, and booked the validation date on January 23, 2023.

Step-4: SBTi Target Validation

SIDPEC started the SBTi Validation Process on January 23, 2023, and we successfully passed the first step of the SBTi validation process (Initial screening). Then we passed to the second step of the SBTi validation process (Desk review). At this step, SBTi assigned a review team for detailed review and sent some inquiries to the **SIDPEC** team.

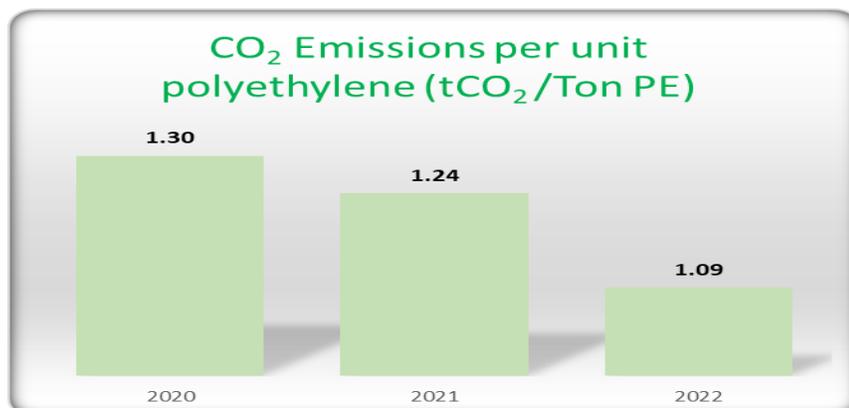
As our base year is 2020 and the target period is 2023-2027, the **first inquiry** issued by the SBTi team is to set the target period directly after the year of the base case, so we recalculated scope 1, scope 2, and scope 3

for 2022 as the base year, updated the submission form, and sent it again to SBTi.

The **second inquiry** was about neglecting the calculation regarding category (10) of scope (Use of sold products), and we illustrated the nature of our petrochemicals industry that every polyethylene grade consumes a different amount of power to transform into the final shape of the product, but the SBTi team mentioned clearly that it is mandatory to calculate this category even if it is rounded figures, so we used some tools to calculate emissions resulting from our main product (Category 10). The final target is to reduce absolute Scope 1&2&3 GHG by emissions 16.53 % of total emissions by 2027 from a 2022 base year.

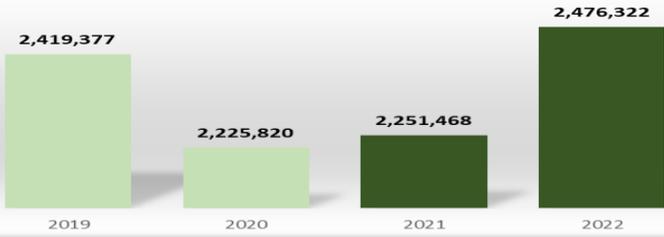
The **third inquiry** that the SBTi team did not accept to set a combined target option although we explained clearly that the highest amount of CO₂ equivalent results from category 1 (Purchased goods), which represents our feedstock consumption, and it is impossible to set a reduction target on it. Accordingly, we expressed that we can't continue to participate in this initiative as by this concept it will not be suitable to any alike company till having a special standard for chemical industry.

Based on the above, **SIDPEC** Calculated CO₂ emissions (Scope 1 and 2) per ton polyethylene produced as follow:

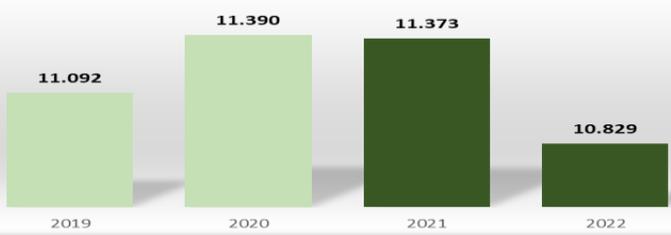


Energy Performance Indicators Highlight

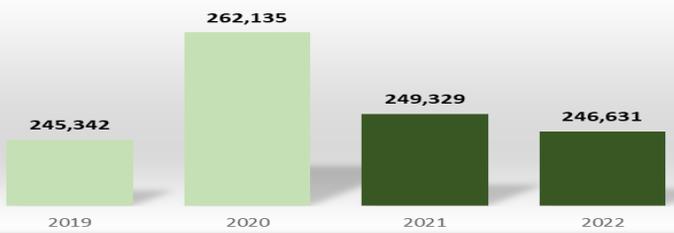
Total Energy Consumption (MWh)



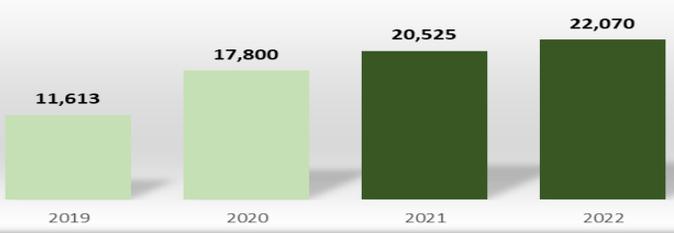
Specific Energy (MWh/Ton Product)



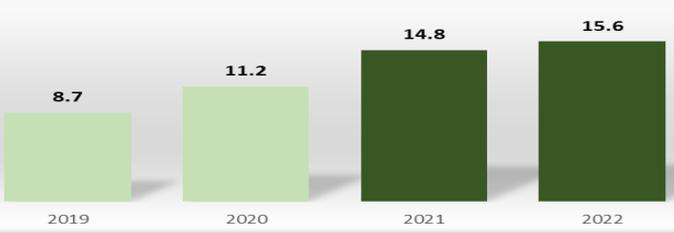
Total Scope 1&2 Emissions (tCO₂)



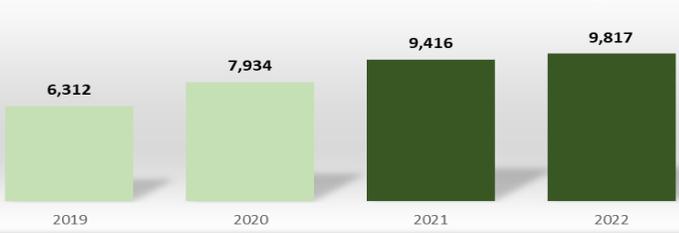
Total Annual Saved Energy (MWh)



Total Annual Saved Energy (M EGP)



Total GHGs Scope 1&2 Reduction (tCO₂)



Annual Energy Saving since 2015

22 **15.6**
1000 MWh **M EGP**

Annual GHGs Reduction since 2015

9.9
1000 tCO₂

Specific Energy improvement

4.8
%

WATER, EFFLUENTS, POLLUTANTS AND WASTE MANAGEMENT

Industrial Water Treatment

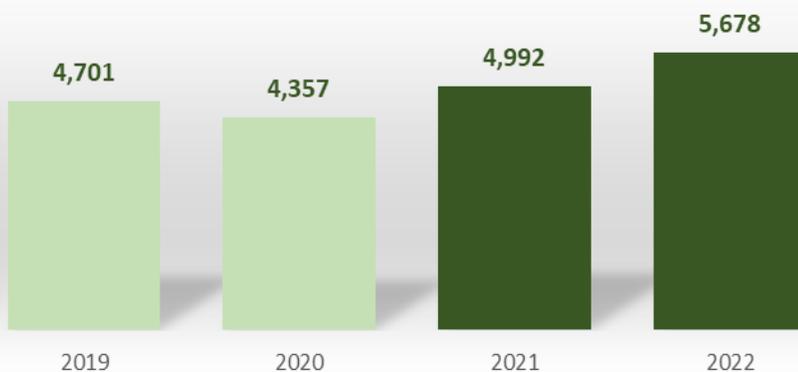
SIDPEC is provided with raw water from the Nubaria Canal (about 2 KM from the site), and annual quantities of water are obtained with permission from the Drinking Water Authority.

Utilities complex was established in 1998 to fulfill the requirement for production sites with process water, cooling water, demineralized water, Instrument & Utility air, and high-pressure steam.

Water treatment units are designed to remove biological contamination, suspended solids, and dissolved salts used recycling technologies.

During the **strategic energy Review project**, and in parallel to energy and process optimization activities, an on-site assessment of the Sidpec's water systems were carried out by KBC and the approach followed by a walkthrough to observe and assess the installed sampling points and meters, conduct 3-way technical exchange sessions with **SIDPEC** and chemical program vendors (Kurita and Nalco), Visit the laboratory section to understand the following analysis process and installed equipment. About (17) opportunities were developed as an output from on-site water systems assessment.

Raw Water Consumption (1000 m³)



Water Consumption

25.0

Cubic Meter/Ton Product

Effluents, Pollutants, and Waste Control

Our waste management procedure describes an approach for controlling different sources of waste resulting from production units or maintenance operations in accordance with HSE management systems and achieving the Sidpec's objectives.

This procedure applies to Industrial drainage of production processes, Fuel combustion products of thermal cracking furnaces, incinerators, and boilers, and Solid waste resulting from production processes and liquid waste treatment processes.

Industrial drainage of production processes Control

Sources of industrial waste pollutants include Petrochemical compounds are produced from the chemical reaction of hydrocarbon materials and chemicals Separation of undesirable materials that affect the quality of the product and affect the different stages of production during the different stages of production. Examples of effluents: oils, acids, alkalis, catalysts, plant, and process water...etc. *Treatment operations* aim to prevent or reduce the toxicity or bulk of waste and result from attempts to prevent or reduce the source of generation. So, there are THREE industrial wastewater treatment units in each site (Ethylene, Polyethylene, and utilities) with different types of treatment either primary, advanced, biological...etc., and one neutralization basin in the utilities complex. Treated wastewater is collected in the final effluent water sump in the utilities complex before disposing externally. Pollutants are measured weekly and monitored according to Egyptian environmental law No. 4/1994 and industrial drainage law No. 48/1982.

Industrial Air Pollutants Control

Most air pollutants are produced from fuel combustion products in equipment that uses fuel to produce thermal energy which are used in the production of steam such as boilers, furnaces for thermal cracking operations, or waste burning operations such as incinerators. Examples of pollutants are nitrogen oxides, sulfur oxides, Carbon monoxide, particulate and hydrocarbons which are measured bi-weekly. *Air pollutants are Controlled* by the selection of good design stack height, ensuring complete combustion, using clean firing fuel and friendly environmental burners, and using gas detectors.

Solid waste resulting from production processes and liquid waste treatment processes control

According to the sources of Solid waste, they are classified into non-dangerous solid waste which is derived from non-production processes or derived from burning or biological treatment such as waste sludge or chemical empty drums and dangerous solid waste which is derived production processes and needs special treatment either internally or externally such as waste of activated carbon and chromium. This classification is according to the decree of the Minster of Petroleum No. 673/1999.

Waste Disposal	
18	% of Hazards
Ton	74%

BIODIVERSITY AND LAND USE

SIDPEC established and maintained a procedure to identify the environmental aspects arising from its activities, assess and control the associated risks and assess the impact of its operations on the environment and ecosystem.

For each aspect the following information has been provided: Sources, Environmental Aspect, Environmental Impact, Risk analysis before existing and additional control measures, Probability or frequency of occurrence, Severity of the aspect, Environmental Risk rating and evaluation.

Although there is no single approach for identifying environmental aspects, the approach selected could for example consider emissions to the air, releases to the water, releases to the land, use of raw materials and natural resources, use of energy, energy emitted, waste and by-products, and physical attributes.

The Environmental Aspects Register will be updated whenever a new and/or significant environmental aspect is identified or an existing one is altered.

Ecosystem Restoration

Our total **green areas** are approximately **52,500 square meters**. During 2022, about 1,100 Ficus trees were planted as part of the initiative to increase the green area. Annuals of different colors were planted around all the green spaces to give them an aesthetic look. Cultivation of 150 fruit trees in different places in the company. Renovation and replacement of ponds adjacent to the company's wall, with a total of 110 ponds, and planting them with flowering shrubs.



Total Green Area
52.5
1000 Square meter

Environmental and Social Impact Assessment (ESIA) of Combined Heat and Power (CHP) Project

SIDPEC assigned a specialized consulting company approved by the EEAA “Environmental & Water Engineering Consultants – EWATEC” to prepare an ESIA study regarding the CHP project that shall be installed inside our utilities complex. The purpose of the study is to ensure that this project will not negatively affect the environment and public health, as well as examine the social, cultural, economic, physical, and biological impacts in the areas that may be affected by the proposed project. Also, this study aims to propose the necessary measures to mitigate the negative impacts, as well as to establish and operate a plan for environmental management and environmental monitoring.

This study includes the following:

- Presentation of a comprehensive environmental assessment of the proposed project in terms of its commitment and compliance with the requirements of Egyptian environmental laws.
- Reducing the negative impacts that may occur because of the installation and operation of this project by applying highly efficient control measures to control all pollutants (gaseous, liquid, solid and hazardous) that may be produced during the operation phase to ensure compliance with the requirements of Egyptian environmental laws.
- Determining and evaluating the positive aspects, social and economic benefits of the proposed project that may result in achieving long-term sustainable development without the occurrence of negative impacts on the environment in the future, while ensuring that the primary objective of the proposed project is achieved (compliance with Egyptian environmental laws and regulations).
- Consequently, some issues were addressed such as determining the basic characteristics of the proposed project location and the air quality in the surrounding area, analyzing of potential sources of pollution during the operation phase, including: air pollutants & gaseous emissions, industrial wastewater effluents, solid and hazardous wastes, as well as pollutants in the workplace environment, and evaluation of the potential environmental, social and economic impacts that may occur during the installation and operation phases.

The study yielded the following results:

- ✓ **The validity of the proposed project location.**
- ✓ **The positive impacts of the proposed project outweigh the negative impacts resulting from it.**
- ✓ **This project will achieve a sustainable economy and reduce carbon emissions.**

COMMUNITY



14.4 M EGP

Social Contributions

274 Students

Summer Training

2.1 M Hours

No injury

OCCUPATIONAL HEALTH AND SAFETY

SIDPEC being a pioneer in the Egyptian petrochemical industry aspires to achieve business excellence and to be at the leading edge of competition in every aspect of its business, through its commitment to apply and develop process safety management and occupational health management system (OH&S) to eliminate hazards, reduce risks, and maintain safe and healthy working conditions that guarantee prevention of work-related incidents, injury, and ill health.

Health and safety system

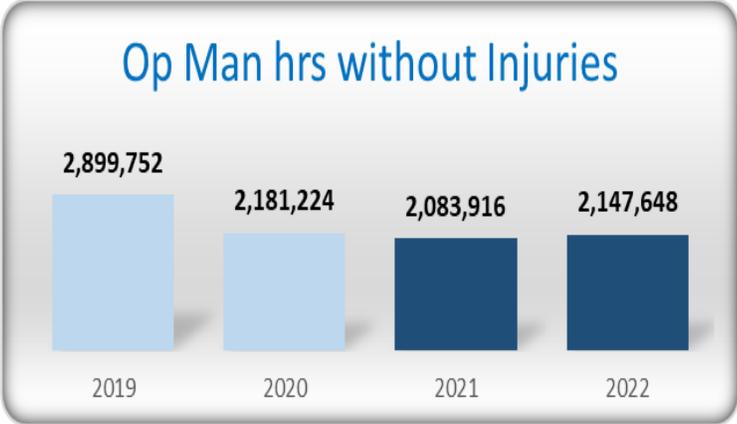
All production processes, machinery and equipment are routinely monitored to ensure that they are safe and in good working order. All responsibilities for health and safety tasks are clearly defined.

SIDPEC has effective health and safety procedures in place as described shortly below for most important ones, which comply with industry, national and international standards.

Hazard identification & Risk assessment is a systematic programs and procedures which identify hazardous activities, the potential hazardous event, and consequences, assess and priorities risks, implement control measures identified by the assessment, and regular monitoring and periodic review.

Our risk assessment process based on five steps: look for and identify the hazards, decide who might be harmed and how, evaluate the risks arising from the hazard and decide whether the existing precautions are adequate or more should be done, record the significant finding, and review the assessment if there is a significant change or evidence that the original assessment was inadequate.

Work incidents considered as one of the major problems that always occur because of either unsafe behavior or unsafe circumstances because of the presence of risks in the work environment, and these risks cause to what is called “work injuries” which are basically divided into two parts, work injuries resulting from incidents and work injuries resulting from occupational diseases.



Our [incident investigation](#) studies aim to ensure the provision of safety for employees through the Investigation recording/incident analysis, determine the direct causes and root causes of the incident, identify weaknesses in the occupational safety and health system that led to incidents, determine required action, and Identify opportunities for continuous improvement.

Medical Care

Our [health risk management](#) starting from Workplace planning to identify environmental risks inside and outside the work environment, health changes for individuals, and risks for new processes, changes and modifications in the factory or operational processes. New locations within the facility or new materials in terms of production or circulation.

We have an effective Health Programs that works on giving health (medical) support in cases of injury or illness, controlling health risks in work areas because of exposure to hazardous materials for facility workers or contractors, control public health risks to individuals or contractors, and issuing periodic health bulletins that raise awareness and perception towards safe behavior and, therefore, good health.

The followed health procedures determine and document the adverse impact of health (occupational disease or injury) related to operational and trading operations and exposure to dangerous chemicals or products, provide periodic disclosure of the impact of the work environment on health and thus confirmation of safe performance compared to expectations, and maintain and review Health records periodically to ensure the usefulness of measures for risk control and health management.

OH&S 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.

HSE Department developed [annual training plan](#) and among the programs that they conducted: Fire Drills and firefighting, risk assessment and EIA, chemicals handling and waste management, process safety management (PSM), emergency plan, Personal Protective Equipment (PPE)...etc., in addition to awareness sessions and safety bulletins.



Participation and consultation

All employees, contractors, visitors, as well as the relevant external parties are involved in the development, reviewing policies and procedures for risk management and HSE through the following as for examples:

Conduct **daily meetings** to discuss operational and maintenance activities.

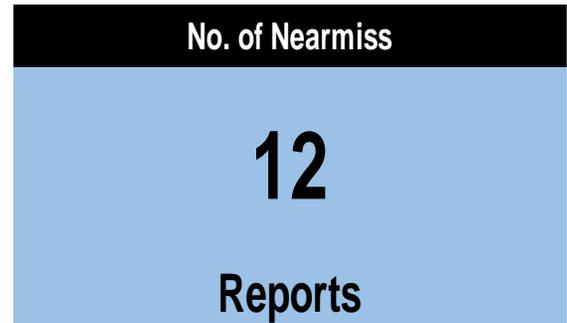
Conduct **monthly meetings** to discuss ideas and suggestions issued to reduce risks and improve the work environment.

All workers can send any inquiries through the intranet “FAQ”.

All workers can issue “Near miss report” regarding all potential risk that can affect the safety conditions.

Representatives from employees can attend “Safety Committee and Subcommittees” and can give advice on issues related to OH&S.

Develop a **questionnaire** regarding the measurement of OH&S performance.



An “HSE awareness campaign” was launched during the 2023 calendar, providing a main topic monthly related to HSE, interspersed with a weekly sub-topic related to the main topic, as well as “Safe Driving Campaign”.

<p>مارس</p>  <p>السلامة مسؤولية الجميع</p>	<p>فبراير</p>  <p>الأمان المغلقة</p>	<p>يناير</p>  <p>الحرائق</p>
<p>يونيو</p>  <p>الخطر الوشيك</p>	<p>مايو</p>  <p>مهمات الوقاية الشخصية</p>	<p>أبريل</p>  <p>مخاطر بيئة العمل</p>
<p>سبتمبر</p>  <p>التحقيق في الحوادث</p>	<p>أغسطس</p>  <p>الإندار</p>	<p>يوليو</p>  <p>تداول الكيماويات</p>
<p>ديسمبر</p>  <p>خطة الطوارئ</p>	<p>نوفمبر</p>  <p>سلامة العمليات</p>	<p>أكتوبر</p>  <p>العمل على الارتفاعات</p>

EMPLOYMENT AND LABOR RIGHTS

Employees' Human Rights

SIDPEC complies with local laws and standards regarding the rights of laborers regarding [working hours, wages, and leave](#). Required working hours are in accordance with local laws 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. Every employee is provided with [paid vacation, sick leave, and maternity leave for every newborn child \(for female employees\)](#). **SIDPEC** does not employ workers who do not comply with [minimum age standards](#) and has a reliable procedure to check the age of young job candidates by birth certificate, and other official forms of identification.

SIDPEC issued [job descriptions](#) as a reference for determining an employee's role toward ordinary tasks as well as continuous improvement in the working place.

We focus on the professional HRM tools & processes related to linking remuneration to performance, seniority and 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.

Employees are encouraged to think big, act boldly and 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 representatives. Reports are investigated and any substantiated incidences of misconduct result in disciplinary action.

SIDPEC takes several procedures and activities related to [female empowerment](#) by the participation in all events and tasks such as conferences, capacity building, UNGC initiatives...etc.

Our [compensation packages](#) are designed to reward and support the needs of employees and their families. To verify that the package is fair and equitable, we conduct annual compensation assessment to ensure our practices are in line with our sales and production plans.

SIDPEC sponsors [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 benefit systems and get their first contribution with their first paycheck, these competitive retirement plans enhance the employee's involvement as well as belonging which increases retention and longer stays within the company.



Training and Education

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.

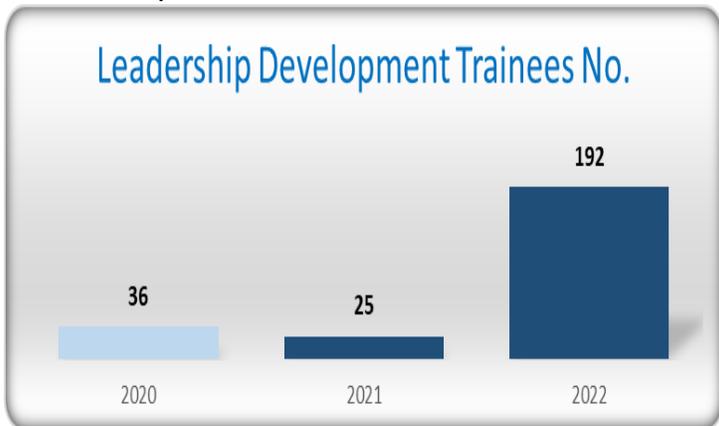
SIDPEC offers employees opportunities to experience different aspects of our business through **short term assignments**, **internal transfers** and **international roles**, these opportunities provide employees with necessary hands-on training to be successful in their careers while creating a more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

SIDPEC invests in **training courses** that provide opportunities for promoting sustainable development as well as several leadership developments programs.

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.

Middle management program Wave II

Within the framework of the interest of the Ministry of Petroleum and Mineral Resources to develop and raise the efficiency of the human element as the cornerstone for the progress of the petroleum sector and to prepare a generation that possesses all the ingredients and expertise to face global challenges and changes. **Eng. Tarek El Molla, Minister of Petroleum and Mineral Resources, honored the cadres of SIDPEC for passing Middle management program Wave II.**



ENGAGEMENT AND COLLABORATION

Deployment of EE MDS and STA Project in EGYPT

In the successful continuation and long partnership between **SIDPEC** and UNIDO and, we assigned to provide services related to the promotion of the **deployment of energy-efficient motor driven systems (EE MDS) and solar thermal Applications (STA)** in the petrochemical sector and companies of plastic industry sectors from our local customers.

The services to be provided throughout the project included delivering training on Energy management system and motors, compressed air, and pumps systems optimization, and Solar Thermal Applications to companies in industrial applications to promote energy efficiency awareness in the whole supply chain demonstrating the applicability of carbon emissions reduction through supply chains. In addition to the provision of technical support for identification of related energy efficiency improvement opportunities, development of feasibility studies, implementation of EnMS in compliance with energy management system international standards for companies either from petrochemicals sector companies or from plastic industry sector companies, based on the demand and the received requests of these companies.

The Project titled “**Peer to Peer Networking to Foster Energy Efficiency in the Petrochemical and Plastic Industries Project (P2P-EEPPP)**”, was launched on 30th of May 2022 in a ceremony attended by representatives from Sidpec’s customers from the plastics industry sector as well as representatives from the UNIDO.

An arrangement was finalized to launch the starting of the project in the petroleum sector on the 8th of February 2023 through inviting more than 14 petroleum companies to a workshop and a kick-off meeting titles as a “Workshop for Networking & Exchanging of Energy Efficiency Experiences in The Petroleum Sector” organized by **SIDPEC** collaboratively with the UNIDO.



Approach and Methodology

SIDPEC divided the services provision into four parts:

- ❖ The First part is the prequalification stage of the nominated companies.
- ❖ The Second part is to provide training service.
- ❖ The Third part is to operationalize a peer-to-peer network to share expertise and spread the acquired knowledge.
- ❖ The fourth part is developing feasibility studies for energy systems optimization (MSO, CASO, PSO) and solar water heating (SWH) through technical expertise and assistance service provision as required.

Progress Activities

Prequalification Assessment

SIDPEC reviewed all its customers of plastic industry manufacturers and shortlisted 20 customers to be nominated to participate in the project either for training only or training and feasibility studies development.

The assessment criteria were set in the form of a designed questionnaire based on our accumulated expertise in EnMS and energy efficiency improvement, so that each customer industrial company had a score based on the assessment results and ranked accordingly. **SIDPEC** conducted site visits focused on the prequalification assessments for the nominated companies. Finally, about (13) companies of the evaluated and ranked list were selected to take part in the project and all its components.

Regarding the petrochemicals company, about (12) companies responded and were willing to attend the training and take part in the project *and all its components*.

Training Provision

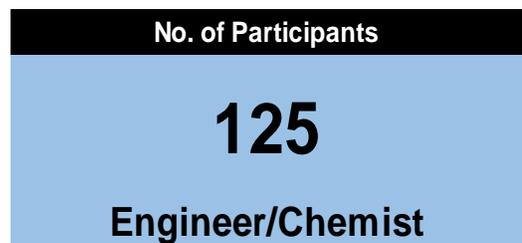
Ten Experts from different disciplines in **SIDPEC** were appointed for conducting the training as instructors, those who have accomplished the UNIDO expert training and act as EnMS, MSO, CASO, and PSO national experts.

Regarding the provision of training and technical support activities related to the thermal energy efficiency and solar water heating applications in industry, a contract Consultancy Service Agreement was signed between **SIDPEC** and “Chemonics Egypt Consultants”.



FIVE rounds of training were delivered for the “Plastics companies’ representatives”, two round sessions for EnMS training attended by (22) trainees from (12) companies, two round sessions for MSO, CASO, PSO training attended by (23) trainees from (13) companies, and one round session for SHW training attended by (12) trainees from (5) companies.

THREE rounds of training were delivered for the “Petrochemicals companies’ representatives”, one round session for EnMS training attended by (22) trainees from (7) companies, one round session for MSO, CASO, PSO training attended by (33) trainees from (10) companies, and one round sessions for SHW training attended by (24) trainees from (8) companies. And special round session for SHW training attended by (20) trainees from **SIDPEC**.



Operationalization of a peer-to-peer networks

SIDPEC is currently supporting the creation of **TWO peer-to-peer networks** which developed and identified to the (34) representatives from the plastic sector and (62) representatives from petroleum sector together with expert team from **SIDPEC**, where training materials and illustrative videos complementary to the material were shared and raising technical questions and sharing of useful sector relevant knowledge was encouraged.

Developing of Feasibility Study and Provision of Technical Expertise and Assistance Services

SIDPEC provided technical expertise to assist companies when requested in developing **feasibility studies** for MSO/CASO/PSO/SWH design, and implementation of EnMS in compliance with the requirements of ISO 50001:2018.

Until now, developing feasibility studies for MSO/CASO/PSO were requested by 5 plastic companies, and studies for design SWH were requested by 4 plastic companies and other 4 petrochemicals companies.



Partnership Week between Egypt and the United Nations

During the Partnership Week between Egypt and the United Nations (UN) in Egypt, her Excellency, **Dr. Rania Al-Mashat, Minister of International Cooperation**, and **Elena Panova, Resident Coordinator of the UN in Egypt**, initiated “using solar panels for heating processes” project in the Egyptian industrial sector.

The program, which is being implemented by the United Nations Industrial Development Organization (UNIDO), in partnership with the Ministry of Trade and Industry, the Environmental Affairs Agency and the Federation of Egyptian Industries, targets enhancing the local manufacturing environment and expanding the scope of solar energy systems in industrial heating operations, through Egypt’s Industrial Motors Energy Efficiency Project (IMEEP), with a grant of US\$3 million.



World Environment Day 2023

Her Excellency, **Dr. Yasmine Fouad, Minister of Environment**, inspected our environmental projects in the presence of our representatives and leaders of the Ministry of Environment, within the framework of Egypt's celebrations of World Environment Day 2023, entitled "Supporting Environmental Investment" under the patronage of the his Excellency, **Dr. Mustafa Madbooly, the Prime Minister of Egypt**.

During the tour, **Dr. Yasmine Fouad** expressed her appreciation towards our efforts to provide the best energy-saving and environmentally friendly production technologies which are effectively compatible with Egyptian environmental laws.



Change Catalyst Team

As mentioned in the last sustainability report, a change catalyst committee had been formed at the end of 2021 who is mainly composed of young cadres to play an effective role to form a communication channel with our workers to present the ongoing improvement and development initiatives in general and the initiatives related to sustainable development goals.

Three task forces were completed regarding activities of knowledge management system implementation, activities towards SBTi commitment, and activates regarding process simulation software.

The next task force was assigned regarding activities of risk management implementation according to guideline of ISO 31000

SIDPEC Ideas Bank (SIB)

As mentioned in the previous sustainability reports, **SIDPEC** established SIB in 2015, a new way of communication between its people which can unleash the creative and innovative energies of all employees, collecting their ideas and proposals that contribute to the employment of our resources to achieve the best results for our performance.

Coinciding with the celebration of World Environment Day 2023, **SIDPEC** launched an initiative to urge its employees to share ideas about “Preserving the Environment” in the areas of climate action, reducing greenhouse gas emissions, and reducing the impact of single-use plastic.

This initiative was well received, which led to the starting of the workers' participation in developing their ideas and suggestions regarding preserving the environment.



Public Hearing Session – CHP Project

The public hearing session of ESIA study was held to clarify and discuss some facts for the participants in the session about the nature of the proposed project and its environmental impacts.

About **(100) participants** attended the session, who were representatives of various agencies & authorities, civil society, NGOs, professors and specialized researchers, neighboring Industrial Companies, and press and media, in addition to Sidpec's Chairman & CEO, Chairman assistants, top management, as well as the project team.

In this session, different presentations were submitted regarding proposed project description, environmental impacts, mitigation measures & environmental monitoring plans of the proposed project, in addition to general discussion between attendees.



Knowledge Management System (KMS)

SIDPEC took the initiative to be competent in optimizing the value of organizational knowledge by developing a knowledge management system that effectively promotes and enables value-creation through knowledge.

In this regard, **SIDPEC** strives to cultivate a culture that values organizational knowledge, believing that knowledge is an intangible core asset for it. Hence, **SIDPEC** believes that establishing this KMS is a crucial step throughout its journey of improvement and sustainable development. It believes that knowledge allows effective decisions to be made, supports the efficiency of processes, and contributes to their enhancement, creates resilience and adaptability, creates competitive advantage. Knowledge management is a means of unlocking this potential value of knowledge.

As part of Change Catalyst Team, **SIDPEC** formed KMS team to be responsible for establishing and maintaining the system. *It also determines knowledge management coordinators for different departments in the organization to:*

- ❖ Be fully aware of the requirements of ISO 30401 standard.
- ❖ Share awareness with employees in their departments.
- ❖ Coordinate the requirements within their departments e.g., ensuring the effective application of the knowledge management system, following up the objectives of the knowledge management system, and monitoring KPI's.
- ❖ Perform their roles in the knowledge management process that include identifying knowledge and confidentiality, representing, combining, and retaining knowledge in addition to handling invalid/outdated knowledge.

SIDPEC has determined the scope of KMS to include knowledge domains, which have the greatest value to **SIDPEC** and its interested parties, and on which KMS is applied.

We Conducted a “poll” for some employees, which includes some axes for the initial measurement of the organization’s culture, to find out the strengths and weaknesses related to the company’s knowledge management culture.

We organized a **knowledge management competition** for all employees of the company while encouraging them to participate by providing material and moral incentives considering the company's keenness to learn, spread and invest knowledge and measure the company's knowledge management culture within a framework that guarantees a balance between the circulation of knowledge and its protection.



SIDPEC is organizing “Knowledge Day Event” periodically, and during last period, we organized three days as follow:

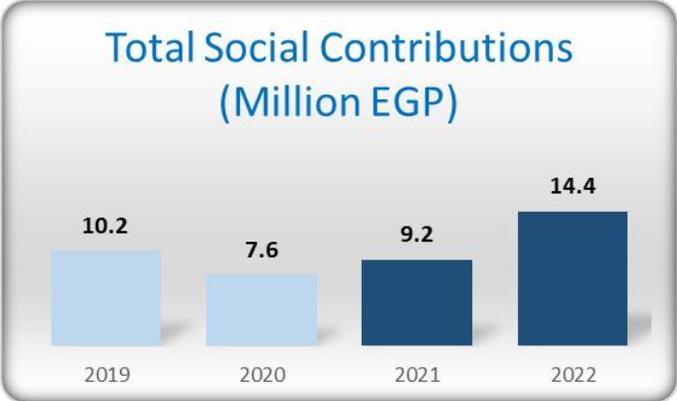
- ❖ First knowledge Day: Honoring the participants in the KM competition and raising awareness about the knowledge management system.
- ❖ Second knowledge Day: celebrating for getting certified of ISO 30401:2018.
- ❖ **Third knowledge Day: conducting “Stress Management” lecture by Fekrkhan.**



LOCAL COMMUNITIES DEVELOPMENT

SIDPEC is not only working towards business growth, but also works in parallel to uplift society as a whole, by carefully evaluating the impact of its actions and activities on the community and its environment, as well as helping all its partnerships to establish social goals, follow sustainable development goals, and focus on long-term growth.

Our activities related to the development of local communities shall be mentioned below.



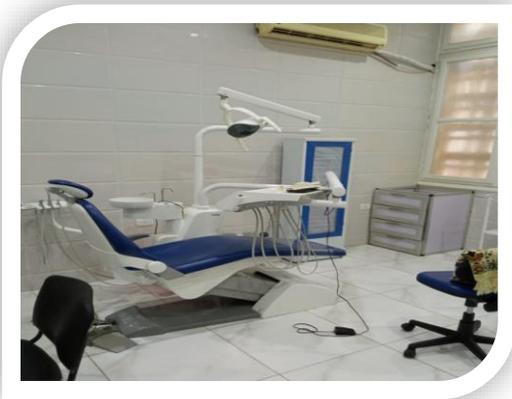
Social Services

- ❖ **Homes Renovation and Furnishing** for (29) homes in “surrounding regions”.
- ❖ **Food Distribution:** Foodstuffs have been distributed to regional residents.
- ❖ **Orphan Day Celebration:** holds an annual celebration for orphans which includes entertainment, clothe provision and distribution and awards for outstanding children.
- ❖ **Warm Winter Campaign:** approximately (1,100) blankets have been distributed among region residents.
- ❖ **Holy Quran Competition:** organization of an annual competition in the surrounding region, in addition to social seminars to enhance social behavior and women’s rights awareness and empowerment.
- ❖ **Pave the entrance road of “Abu Simbel village”** with length of (ONE) kilometer.
- ❖ **Blind Support:** we were the official sponsor of the Goalball Championship for the Blind.



Medical Services

- ❖ We sponsored (40) medical operations and medical examinations for “people in need” in the “surrounding region”.
- ❖ Donation of medical devices to “Governmental & University Hospitals”
- ❖ Donation to “57357 Hospital” in order to buy a Radio therapy device.
- ❖ Donation to “Children Cancer Hospital”, celebrate Children Birthdays.
- ❖ Donation to the “Faculty of Dentistry”.
- ❖ Provision of financial support to the “Therapeutic Institution” to prepare an intensive care unit for premature babies.
- ❖ Donation to “Ayadi Elmostakbal Cancer Hospital” to buy radio therapy devices.



Medical Services
3.8
M EGP

Education & Training

- ❖ Scientific Research Support: Supporting the 4th Students Scientific Conference (Faculty of Science – Suez University).
- ❖ Contribution to Global Environment Day (hosted by Arab Academy for Science and Technology and Maritime Transport).
- ❖ Host Egyptian universities such as Engineering and Technology Department of the Arab Academy for Science and Technology and Maritime Transport
- ❖ Annual summer training of under- and postgraduate students of various universities.



Summer Training
274
Student

Indices



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



Index A

UN Global Compact (UNGC) Principals Alignment

UNGC Principles	Section Alignment
Principle 1 (Human Rights): Businesses should support and respect the protection of internationally proclaimed human rights	Occupational Health and Safety Engagement and Collaboration Local Communities Development
Principle 2 (Human Rights): Make sure that they are not complicit in human rights abuses	Employment and Labor Rights
Principle 3 (Labor): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Employment and Labor Rights
Principle 4 (Labor): The elimination of all forms of forced and compulsory labor.	Employment and Labor Rights
Principle 5 (Labor): The effective abolition of child labor.	Employment and Labor Rights
Principle 6 (Labor): The elimination of discrimination in respect of employment and occupation.	Employment and Labor Rights
Principle 7 (Environment): Businesses should support a precautionary approach to environmental challenges.	Water, Effluents, Pollutants, and Waste management
Principle 8 (Environment): Undertake initiatives to promote greater environmental responsibility.	Science Based Target initiative (SBTi) commitment Biodiversity and Land Use
Principle 9 (Environment): Encourage the development and diffusion of environmentally friendly technologies.	Energy Efficiency and SIDPEC Roadmap
Principle 10 (Anti-corruption): Businesses should work against corruption in all its forms, including extortion and bribery.	Governance (Policies, Responsibilities, and practices) Code of Conduct and Ethics

Index B

UN Sustainable Development Goals (SDGs) Alignment

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01 No Poverty Local Communities Development	10 Reduced Inequalities Employment and Labor Rights Engagement and Collaboration
02 Zero Hunger Local Communities Development	11 Sustainable Cities and Communities Strategy Decarbonization Strategy
03 Good Health and Well-being Local Communities Development Occupational health and safety Decarbonization Strategy Water, Effluents, Pollutants, and Waste management	12 Responsible Consumption and Production Industrial Water Treatment Energy Efficiency and SIDPEC Roadmap
04 Quality Education Local Communities Development Training and Education	13 Climate Action Energy Efficiency and SIDPEC Roadmap Science Based Target initiative (SBTi) commitment
05 Gender Equality Employees' Human Rights	14 Life Below Water Water, Effluents, Pollutants, and Waste management
06 Clean Water and Sanitation Water, Effluents, Pollutants, and Waste management Biodiversity and Land use	15 Life on Land Water, Effluents, Pollutants, and Waste management
07 Affordable and Clean Energy Energy Efficiency and SIDPEC Roadmap Science Based Target initiative (SBTi) commitment	16 Peace and Justice Strong Institutions Governance
08 Decent Work and Economic Growth Core Market Economic Performance Employment and Labor Rights	17 Partnerships for the Goals Deployment of EE MDS and STA Project in EGYPT 2023 UN Climate Change Conference - COP 27
09 Industry, Innovation, and Infrastructure Core Market Economic Performance	

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Global Reporting Initiative (GRI) Content Index

Statement of use

SIDPEC has reported the information cited in this GRI content index for the period **January 2022 – December 2022** with reference to the GRI Standards.

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	Stakeholders Engagement	15
	Structure and Composition	16
	Policies, Responsibilities, and practices	16
	General Assembly 2023	17
	Code of Conduct and Ethics	18
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Topic Standards		
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GRI 202: Market Presence	Economic Performance	12
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GRI 203: Indirect Economic Impacts	Core Market	06
	2023 UN Climate Change Conference - COP 27	07
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GRI 204: Procurement Practices	Financial Statement 2022	www.sidpec.com
	General Assembly 2023 - MoM	www.sidpec.com
GRI 205: Anti-corruption	Governance	www.sidpec.com
	Financial Statement 2022 General Assembly 2023 - MoM	www.sidpec.com
GRI 206: Anti-competitive Behavior	Code of Conduct and Ethics	18
GRI 207: Tax	Financial Statement 2022	www.sidpec.com
GRI 301: Materials	Products	www.sidpec.com

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Index D

KPIs Summary

KPI	Unit	2019	2020	2021	2022
Economic Performance					
Products	1000 Ton	536	444	468	540
Sales	1000 Ton	315	255	240	324
Revenues	Million EGP	4,961	3,467	5,134	8,658
Net Profit	Million EGP	487	26	535	1,238
Earnings per share	EGP	0.82	0.03	0.75	1.76
Environment					
Imported Electricity Consumption	MWh	193,745	185,418	181,378	185,532
Produced Fuel Gas Consumption	MWh	693,754	799,406	746,831	722,269
Imported Fuel Gas Consumption	MWh	1,531,879	1,240,997	1,323,259	1,568,521
Total Energy Consumption	MWh	2,419,377	2,225,820	2,251,468	2,476,322
Specific Energy Consumption	MWh/Ton	11.092	11.390	11.373	10.829
Scope 1 Emissions	tCO ₂	140,002	161,323	150,714	145,757
Scope 2 Emissions	tCO ₂	105,339	100,812	98,615	100,874
Scope 3 Emissions	tCO ₂	NA	227,700	160,130	312,825
Total Scope 1&2 Emissions	tCO ₂	245,342	262,135	249,329	246,631
Total Scope 1&2&3 Emissions	tCO ₂	NA	489,835	509,459	559,456
CO ₂ emissions (Scope 1&2)/unit Product	tCO ₂ / Ton PE	NA	1.30	1.24	1.09
Imported Electricity Improvement (*)	%	0.60	0.56	1.56	0.14
Annual Saved Imported Electricity	MWh	11,613	12,702	15,427	15,686
Annual Saved Imported Electricity	M EGP	8.7	10.0	13.6	13.9
Annual GHG Scope 2 Reduction	tCO ₂	6,312	6,904	8,386	8,527
Imported Fuel Gas Improvement (*)	%	0.00	0.81	0.00	0.16
Annual Saved Imported Fuel Gas	MWh	0	5,098	5,098	6,384
Annual Saved Imported Fuel Gas	M EGP	0	1.25	1.25	1.7
Annual GHG Scope 1 Reduction	tCO ₂	0	1,030	1,030	1,290
Total Annual Saved Energy	MWh	11,613	17,800	20,525	22,070
Total Annual Saved Energy	M EGP	8.7	11.2	14.8	15.6
Total Annual GHG Scope 1&2 Reduction	tCO ₂	6,312	7,934	9,416	9,817
Raw Water Consumption	1000 M ³	4,701	4,357	4,992	5,678
Community					
Skilled Work force	Employee	1,105	1,098	1,091	1,079
Training Leadership development	Employee	NA	36	25	192
HSE trainees	Employee	545	179	334	1038
Operating man hours without Injuries	Man Hour	2,899,752	2,181,224	2,083,916	2,147,648
Summer training	Student	328	0	131	274
Total Social Contributions	M EGP	10.2	7.6	9.2	14.4

(*) Electricity and Fuel Gas improvement % compared to the corresponding Energy Base Year.



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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.