



TCI SANMAR CHEMICALS S.A.E.

Sustainability Report

The Way Forward

2019-20



Report Parameters

The 2019 Sustainability Report is prepared in accordance to the Global Reporting Initiative (GRI) Standards: Core option Reporting. The report has been subjected to third party assurance by Dcarbon-Egypt.

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1/4/2019 to 31/03/2020

Reporting Cycle

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Contents



01. Introduction

Message from the Chairman ...	10	Mapping Our Efforts with Ministry of Trade and Industry	20
Our Journey	12	Visions, Values, Guiding Principles, and Management Philosophy	25
Our Sustainability Highlights ...	14		
Our Sustainable Strategy	16		
Our Business Model	18		



02. The Calibers Creating Our Success

Safe Working Environment	28	Working on Our Shortcomings	32
Employees Satisfaction Principles	29	Establishing TCI Sanmar Training Center	32
Hiring Process	30	Human Resources and COVID-19 ...	33



03. Health and Safety : A Business Priority

Safety is Our True North	36	Progressing Our Safety Performance	40
Creating Safety Throughout Our Workplace	36	Delivering Health Programs to Our Employees	42
Occupational Safety Initiatives and Tools	37		



04. Operational Management

Operational Management at TCI Sanmar	47	Quality: A way to Success	56
Preparation of LCA and EPD for PVC Production Line	49	Our Quality Assurance Lab	57
Local Green Resources	55	Quality Control Tools and Measures	57



05. Our Market Presence

Our Sustainable Corporate Growth	64	Clients Satisfaction	73
Financial Highlights and Ratios ..	67	Our Reliable Supply Chain	77
TCI Sanmar Sales and Marketing	72	Procurement Crises Management ...	80
Marketing During COVID-19	72	Our Suppliers Guidelines	80
		COVID-19 and its Effect on Our Supply Chain	83



06. Our Environmental Commitment

Energy Consumption in Distribution and Energy Intensity	88	Water Footprint	88
		Carbon Footprint	89



07. Corporate Governance

Our Board of Directors	99	Stakeholder Mapping and Identification	102
Committees of the Board	100	Stakeholder Engagement	104
Business Code of Conduct	101	Materiality Assessment	110
Stakeholder Inclusiveness	101	Corporate Compliance	112



08. Our Corporate Social Responsibility Towards Local Community, Egypt, and the Globe

Supporting Egypt's Vision 2030 and the Global Agenda	116	TCI Sanmar-wide COVID-19 Crises Management	124
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09. GRI Standards Content Index 130

10. Assurance Letter 134

Acronyms

Descriptions throughout the Report

Plant	Capacity (TPA)
AEP	Alco Ethylene Plant
BOP	Balance of Payments
BAT	Best Available Technique
CO2	Carbon Dioxide
COVID	Corona Virus Disease
CSR	Corporate Social Responsibility
CSV	Corporate Social Value
EBTIDA	Earnings Before Interest, Taxes, Depreciation, & Amortization
EDC	Ethylene Dichloride
EEAA	Egyptian Environmental Affairs Agency
EPD	Environmental Product Declaration
ESIA	Environmental and Social Impact Assessment
FY	Financial Year
GDP	Gross Domestic Product
GHG	Green House Gas
GJ	Giga Joule
GRI	Global Reporting Initiative
HR	Human Resources
IB	Inclusive Business
ISO	International Standards for Organisation

Plant	Capacity (TPA)
KG	Kilograms
LCA	Life Cycle Assessment
LCIA	Life Cycle Impact Assessment
LCI	Life Cycle Inventory
MT	Metric Tonne
MTI	Ministry of Trade and Industry
NGO	Non-Governmental Organisation
NOx	Nitrogen Oxide
OHSAS	Occupational Health and Safety Assessment Standard
OXY	Oxy Chlorination Unit
PCR	Product Category Rules
PVC	Polyvinyl Chloride
RBI	Reserve Bank of India
SDG	Sustainable Development Goal
SOx	Sulfur Oxide
SRS	Sulfat Removal System
TPA	Tonnes Per Annum
VCI	Value Chain Impact
VCM	Vinyl Chloride Monomer
ZLD	Zero Liquid Discharge

01.

INTRODUCTION

- > Message from the Chairman
- > Our Journey
- > Our Sustainability Highlights
- > Our Sustainable Strategy
- > Our Business Model
- > Mapping Our Efforts with Ministry of Trade and Industry
- > Visions, Values, Guiding Principles, and Management Philosophy



Introduction

Message from the Chairman



Dear Valued Stakeholders,

We are immensely proud to welcome you to our Second Sustainability Report. During the drafting and publishing of this report, the world is living in a period of great uncertainty due to the novel Corona Virus. Multiple countries are living under a lock-down, supply chains are disrupted, people are separated from their families, and there is uncertainty in all aspects of life, yet, due to our commitment to the Sustainable Development Goals, and our mission to contribute to the development of Egypt and to the whole world, we insisted on highlighting our journey of improvement in multiple aspects since last year's report and produced our Second Sustainability Report.

We have been continuously working on improving our progress on the social, economic, and environmental levels. We operate while ensuring that we leave a positive impact on the three pillars. As such, we worked on progressing in the material topics and risks we had marked as high last year. We also worked on decreasing our social,

environmental, and economic risks, and we continue to progress in each of them. Some of the material topics and risks take more time to show positive measurable progress than others, yet, as you read below, this reporting period, we have evidently developed on all levels.

People are our first and most important investment. We ensure that we leave a positive impact on everyone we interact with. Whether it is our employees, our suppliers, members from the local communities surrounding our plant, the Egyptian society, and the world. Our employees are our most asset. We consider them the champions behind our success who help us realize our goals, achieve great targets even if we are met with great barriers. We continuously work on the training and development of our people and ensure that they develop on both personal and professional levels. We have increased and diversified our training programs and increased the number of training hours received by each employee. We have also worked on drawing a career development path for our calibers to ensure they are progressing in a way that benefits them and the company. We created a cross functional team composed of members from all departments across the company to ensure that all teams are connected, that people are not working in silos, and that they all work towards a single goal of operating a sustainable and efficient business which increases their motivation and sense of commitment.

Our positive impacts on the local communities where we operate is highlighted in the CSR section. We have invested in multiple projects in collaboration with numerous NGOs to develop members of the society through caring for their health, education, and developing them to be successful members of the Egyptian society who will lead the country to great successes in all aspects.

On the environmental level, we continued to monitor, assess, analyze, and improve our environmental footprint. We talk about our zero liquid discharge unit with pride as it treats and recycles more than 80% of the water we use, which ensures we have a minimum negative impact on the area where we operate.

Regarding our emissions, we continuously monitor all our gaseous wastes and ensure that they do not harm our employees, the surrounding communities, and the whole globe in any way. Concerning our impact on land, we operate in an area with minimum biodiversity, and we ensure that we do not disrupt life where we carry out our activities. We are committed to keep the quality of air, water, and land safe with no pollutants and zero negative impacts due to our operations. Protecting the environment is embedded in our core values, and every employee in the factory works while having this belief in mind.

On the operational level, we continue to maintain state-of-the-art facilities and use the best and most efficient technology developed worldwide. During the reporting period, we had a full-scale revamp of our factory, we worked on maintaining and improving the efficiency of our machines to make sure that we elongate their lives which makes us more sustainable through consuming less and creating fewer waste.

On the economic level, we continue to face hardships, yet this did not prevent us from investing in multiple areas that improved our social, economic, and environmental footprints. Although we have liabilities, yet we had mega investments throughout the reporting period. We believe that any investments spent on making us a more sustainable business is an asset to the company not a liability.

At the end of the reporting year, we were faced by a tough period of quarantine that has disrupted the operation of our factory and kept our employees isolated inside the premises for more than 14 days. The way we tackled this crisis, the policies and procedures set in place, the actions we have taken during and after the crises, and our fast response to the issue, all show how our strategy has become more responsive, how we have developed our policies and procedures, how we improved our communication channels, how we kept all our stakeholders informed, and how we built on last year's successes.

Producing our yearly Sustainability Report is one of the numerous commitments we have that works towards

Making Egypt and the world a better place for the generations to come.

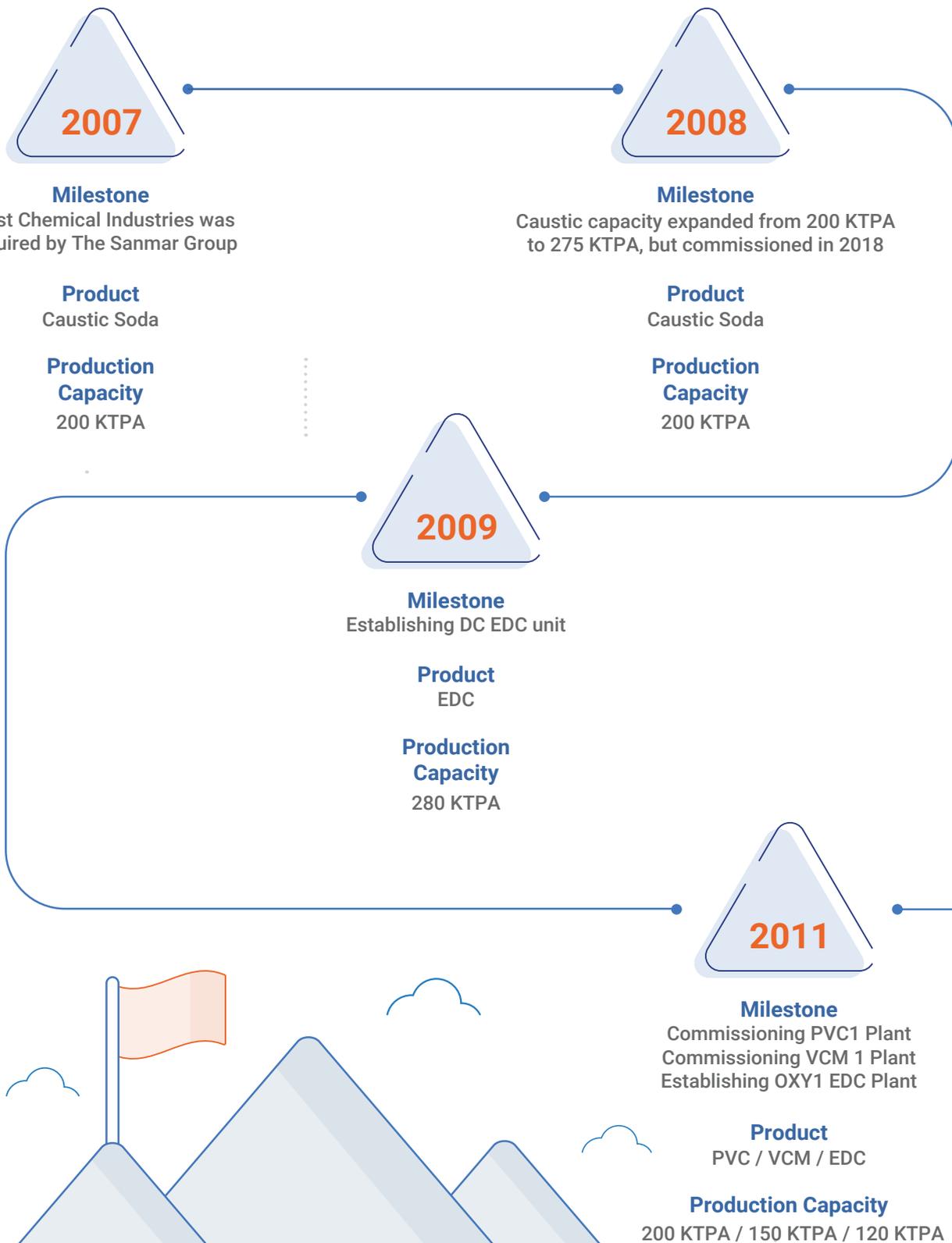
We hope you enjoy reading our journey.

PS Jayaraman

Chairman, TCI Sanmar Chemicals



Our Journey



2013

Milestone
First Salt Washery facility

Product
Salt

Production Capacity
150 KTPA

2014

Milestone
Commissioning Alco-Ethylene Plant
Commissioning VCM 2 Plant
Commissioning OXY2 EDC Plant

Product
Ethylene / VCM / EDC

Production Capacity
60 KTPA / 100 KTPA / 80 KTPA

2018

Milestone
Commissioning PVC2 Plant
Commissioning VCM 3 Plant
Commissioning Calcium Chloride Plant
Commissioning Caustic Expansion Unit

Product
PVC / VCM / CaCl₂ / Caustic

Production Capacity
200 KTPA / 150 KTPA
/ 135 KTPA / 75 KTPA

2019

Milestone
Second Salt Washery Facility

Product
Salt

Production Capacity
300 KTPA

Our Sustainability Highlights

Operational Highlights



Major quantity of the salt needed for chlorine manufacture is supplied by our own salt fields. New Salt washery was commissioned in April 2019.



Our constant development of environment-friendly production processes has reduced the consumption of valuable natural resources.



First plant to produce 60,000 TPA of Green Ethylene from Ethanol in the Middle East North Africa (MENA) region. Space is available for two more similar units in the site. Catalyst renewed after 5 years of life.

Actual Production/ Expanded capacities of

PVC2 Plant is being operated at 125% of its design capacity. The licensor Ineos Vinyl has appreciated the efforts of operation team for surpassing the design capacity in the first year itself.

Caustic Soda & PVC
in 2019/2020
VS 2018/2019

Product	UOM	Quantity	
		2019/2020	2018/2019
Caustic Soda	MT	190,949	180,570
PVC	MT	234,614	196,080
Calcium Chloride	MT	60,027	20,050



Quality Highlights



Zero Customer Quality complain in Year 2020-2019 on our final product (PVC, Caustic Soda)



Earning the Bureau of Indian Standards (BIS) Certificate for Caustic Soda Product



No production loss due the accuracy of analysis or delaying in reporting

Safety Highlights



We had no Reportable Lost Time Injury for any TCI Sanmar employees

Market Share

Besides selling the products in the domestic market, the company also exports almost 60% of its production to several countries, thus bringing valuable foreign

exchange into Egypt. Besides this, the domestic sales also go to substitute imports, thus saving foreign exchange outgo for the country.



Caustic Soda



PVC



Chlorine



CaCl₂

Financial Highlights

TCI Sanmar is mainly specialized in producing PVC and Caustic soda

Caustic Soda	PVC
<p>The production of Caustic Soda increased substantially over the period 2020-2016 to reach</p> <p>190949 MT</p> <p>in 2020, compared to 2016 there was an increase of</p> <p>371%</p> <p>There was an incremental increase in the production of caustic soda during 2020/2019 as the production in 2020 compared to 2019 increased by only</p> <p>3.6%</p>	<p>The production of PVC witnessed a significant drop in 2017 and then increased rapidly to reach</p> <p>234614 MT</p> <p>in 2020, an increase by</p> <p>204%</p> <p>The production of PVC in 2020 relative to 2019 increased by</p> <p>30.8%</p>
<p>Recently, PVC constituted the largest share of TCI Sanmar's production mix with 54% of the total production in 2019 that increased to 60% of the total production in 2020.</p>	<p>PVC Production share ▲ 2019 ▲ 2020</p>

Our Sustainable Strategy

Investing in Our People

	2018/2019	2019/2020
Full Time Employees	353	400
Share of local employees from total employees	90%	90%
Women Representation	1.4%	1.4%
Total Training Hours	189,208	216,544
Total Training Hours per employee	536	536
Work-related Fatalities	0	0
General safety training Hours	8	8
On-job training Hours	176	176
OSHA health & safety training Hours	120	120
Technical Training Hours	208	208
Safety & Induction Training Hours	24	24

Products and Services Response

Market Share	2018/2019	2019/2020
Caustic Soda	20%	20%
PVC	54%	60%
CaCl ₂	20%	55%

Environmental Performance

Material Used by Weight	2018/2019	2019/2020
Limestone Powder Tons	260000	241250
Limestone Granules	100000	792.25
Commercial Salt	280000	326610
Ethanol	55000	60000

Energy Consumption inside the organization

Power Consumption	661 GWh/Y	687 GWh/Y
Natural Gas Consumption	825581224 Nm ³ /Y	121455804 Nm³/Y

Total Water Consumption

CA Plant	1842572	1635417
PVC	1598371	2083230
CACL2	23262	76643
Recycled wastewater	90%	90%
Direct GHG emissions (tons)	149057	245584
Indirect GHG emissions	352311	365930
Reduction in GHG emissions-NOx	168911	135750
Reduction in GHG emissions-SOx	604.59	2114.23
Reduction in GHG emissions-PM	960.83	16.63

Economic Performance

	2018/2019	2019/2020
Total Revenues Mn USD	221.08	258.66
PVC Revenues Mn USD	151	198
Local Revenues Mn USD	67	110
Export Revenues Mn USD	154	149
Gross Profit margin	42.24%	29.75%

Delivering Social Value

	2018/2019	2019/2020
Share of exports of total production	60%	60%

Products Purchased Locally

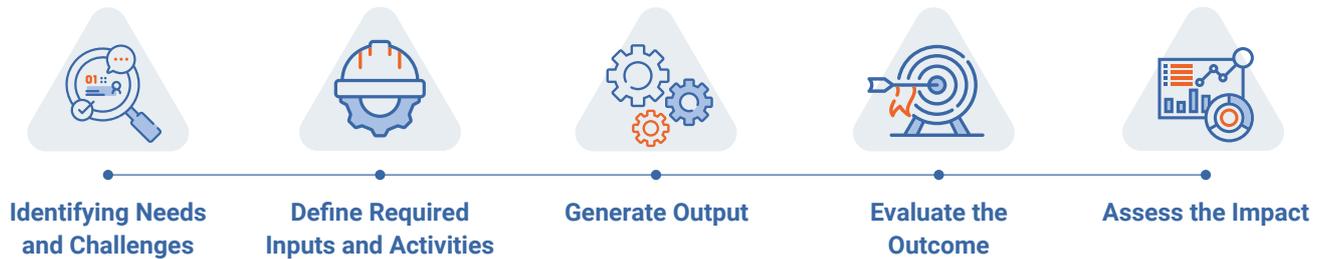
Local Material supplies- Total spending \$M	4.06	1.15
Local Material Supplies-No. of vendors	139	60
Local Raw Materials- Total Spending \$M	48.15	38.15
Local Raw Material-No. of vendors	46	41

Our Business Model

Value Chain Impact (VCI)

In our journey toward embedding sustainability in all our activities, TCI Sanmar is moving towards adopting the Value Chain Impact business model (VCI). The model provides a visual map of how inclusive policies, business goals, and operations contribute to business sustainability. The VCI model allows to understand

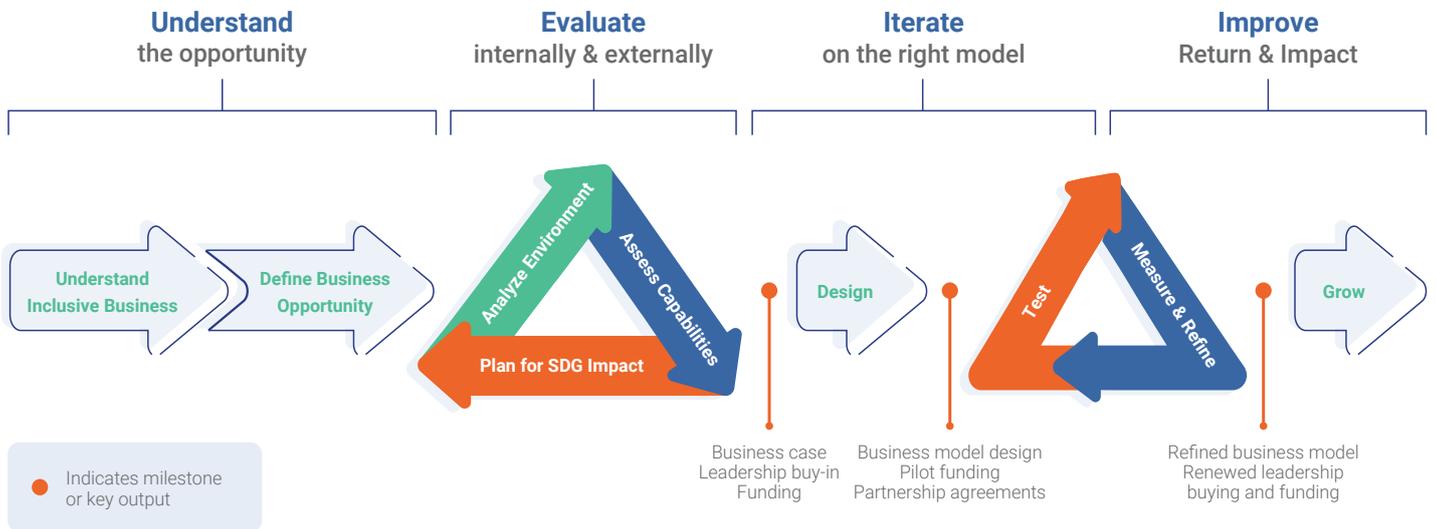
holistically the effects of the inclusive business activities on all stakeholders, by reflecting their voices, which can form the basis of data collection and analysis. In addition, the VCI model helps in maximizing our positive impacts and minimize potentially negative impacts. The model follows five steps as follows:



Inclusive Business Process

TCI Sanmar’s Inclusive Business Process, presented below, represents the keenness to move forward to fully implement a sustainable inclusive business. The detailed considerations for each step of the process,

pertinent to a specific maturity level at TCI Sanmar, is presented based on the maturity diagnostics. The overall Inclusive Business Process and its brief definitions are illustrated below.



Understand Inclusive Business

TCI Sanmar has been moving toward the inclusive business model, to capitalize on the opportunities it offers for the firm and all relevant stakeholders

as shown in our first sustainability report (Refer to: Sanmar Sustainability Report 2019 pages 51,54,65).

➤ Define Business Opportunity

TCI Sanmar defined challenges across the company's value chain that led to addressing some opportunities for the company and the industry (Refer to: Sanmar Sustainability Report 2019 pages 32-35,42-43,61).

➤ Analyze Environment

Our CFT Evaluated the opportunities and assess its potential including the environmental, social, and economic context, and developed the business case. TCI Sanmar in collaboration with the Egyptian Organization for Standards and Quality (EOS) is developing a new standard that will not only help TCI Sanmar, but also will help all peers. Another example is that TCI Sanmar is working toward building its own energy generator that is environment friendly and that will suffice its needs and also provide stability to the national grid in Port-Said governorate.

➤ Assess Capabilities

TCI Sanmar assessed how the business case fit with the company's strategy and evaluated the company's ability to support it financially and operationally. Begin educating senior leadership and aligning internal resources.

➤ Plan for SDG Impact

TCI Sanmar determined how the business case will contribute to advancing its Sustainability, and how the business is best positioned to impact based on external and internal considerations.

➤ Design

Armed with knowledge of the environment, the company's internal capabilities and the expected impact, TCI Sanmar is working toward designing an inclusive business case that effectively meets the needs of the company as well as the target stakeholders.

➤ Test

Throw out the process, TCI Sanmar will continue monitoring and evaluating how the business model will perform in real market conditions without the risk of a more expansive rollout to ensure commercial viability.

➤ Measure & Refine

Develop frameworks to measure financial results and social impact against pre-set targets. Use resulting data wisely to refine the business model.



➤ Grow

When possible, TCI Sanmar will tend to increase scope or scale of the solution in a sustainable manner to increase benefit for both the business and society.

Mapping Our Efforts with Ministry of Trade and Industry

MTI Strategic Vision

Industrial Development is

“The engine of sustainable, inclusive and economic growth in Egypt. It meets local demand and supports export growth to make Egypt an effective player in the International market and able to accommodate the changes in the global economy”.



In line with the National Sustainable Development Agenda, the industrial sector is a corner stone in the Egyptian economy as it accounts for almost 32% on average of the National Gross Domestic Product (GDP). The contribution of the non-oil transformative industries sector is around 13% on average to the GDP².

The Ministry of Trade and Industry its strategy (Fostering Industrial Development and Foreign Trade 2016-2020) setting a strategic vision and future policies towards the development of industrial and trade policies based on two main directives: First, the growth and development of the industrial sector as a key pillar of economic and social development. Second, the pivotal role played as a main driver in supporting Egypt’s export capacities and reducing dependence on imports. Hence, a unified vision was created to develop both the industrial and commercial sectors; one that is characterized by integration, flexibility, and consistency with Egypt’s Vision 2030.

The Strategy incorporates the economic, social, and geographic dimensions. It is structured to serve three main objectives, Economic Diversity, Economic Complexity, and Comprehensive Development. Hence.

1

Governorates that have Economic Diversity

policies will be geared toward industrial deepening and boosting value chain.

2

Governorates that have Economic Complexity

policies will be geared toward diversifying the industrial base and encourage exploring new venues.

3

Governorates that need Comprehensive Development

policies will be geared toward Improve infrastructure, invest in human capital, and focus on industries that has competitive advantage.

¹Source: ministry of planning and industrial development data, الإجمالي المحلي الناتج (mped.gov.eg)

²Source: ministry of planning and industrial development data, الإجمالي المحلي الناتج (mped.gov.eg)

The industries that have the main focus in the strategy to achieve industrial deepening, increase exports, and reduce imports dependencies are:



Engineering Industries



Chemical Industries



Textile Industries



Construction Material Industries



TCI Operation and MTI Strategy

As the largest Indian investor in Egypt, and one of the largest chemical manufacturers, TCI Sanmar is keen on being a responsible company fulfilling its role and duty towards the country where it operates. Stemming from its value chain impact business model, TCI Sanmar is continuously aligning its operations and activities to serve the objectives and pillars of the Ministry of Trade and Industry in Egypt Strategy, and Egypt Sustainable Development Strategy 2030, to ensure the maximum positive impact on Egypt and its citizens.

In its operations, TCI Sanmar is guided by the pillars of this strategy to ensure that it is working towards fulfilling those goals, and that is seen in multiple areas. First, TCI Sanmar pays its taxes on time, therefore, contributing to the economic growth of Egypt. Secondly, TCI Sanmar has more than 400 employees from different governorates, and continues to hire more every year. The percentage of Egyptians account for 90% of total employees, which in line support the

Ministry's goal of creating more job opportunities and improving the standard of living of Egyptians across different areas, and in Port Said in specific. By offering attractive job opportunities, TCI Sanmar ensures that it fulfills the SDG goal of decent work and economic growth, the Ministry's strategy, and Egypt vision 2030 by decreasing the level of unemployment in the country and securing a fixed source of income. The stable source of income allows the employees to seek better education for their children, receive quality healthcare, and multiple other benefits that increases their overall quality of life.

TCI Sanmar's operations and products provide local market needs that decrease import dependency. In addition, TCI Sanmar exports of its PVC product is in line with the Strategy of the Ministry of Industry and Trade objective of increasing national exports. The following table maps TCI Sanmar contributions to Ministry of Trade and Commerce Policies.

Main Strategic Objective	TCI Sanmar's Contribution
① Increasing the industrial growth rate to 8%.	TCI Sanmar is directly contributing to this goal through its current and future projects that involve increasing the production capacity of its plants by building new production units. This capacity increase makes the company ready to fulfill the needs of the local and international market.
② Increasing the contribution of total industrial production share from 18% to 21% in the GDP.	TCI Sanmar contributes to this goal through the continuous increase in its operational efficiency which results in increase of sales volume.
③ Increase the contribution of the private sector and the small, medium, and micro enterprises sector in gross domestic product.	Since TCI Sanmar sells its products to both local and international markets, making it a contributor to meet this objective.
④ Increasing the growth rate of exports to be %10 annually.	TCI Sanmar strategically contributes to this goal though exporting a huge percent of its production to multiple countries around the world.
⑤ Providing 3 million decent and productive job opportunities.	As TCI Sanmar continuously hires new employees and provides them with decent job opportunities and already contributes to decreasing the unemployment rate in Egypt
⑥ Improving institutional performance.	TCI Sanmar has a clear and professionally managed governance strategy in the company that ensures a smooth production process that has supreme positive impacts on all stakeholders.

Industrial Policies

Strengthening local industries to achieve integration between local supply chains as well as the global supply chains by applying complete measurable packages to encourage industrial production activities in promising and prioritized industrial sectors.

TCI Sanmar is one of the largest chemical companies in Egypt. It sells its production to both local and international markets. Its suppliers are a mix of both international and local suppliers. TCI Sanmar is an advocate of local suppliers to provide the company with the main raw materials needed for production such as salt, which is produced by a local salt farm. This approach ensures that company's operations have a direct and indirect positive impact that matches the Ministry's strategy.

Commerce Policies

Using the trade policy tools that comply with industrial development goals through encouraging infant industries, and export development goals promoting the inclusion of Egyptian exports in current export markets moving towards promising markets.

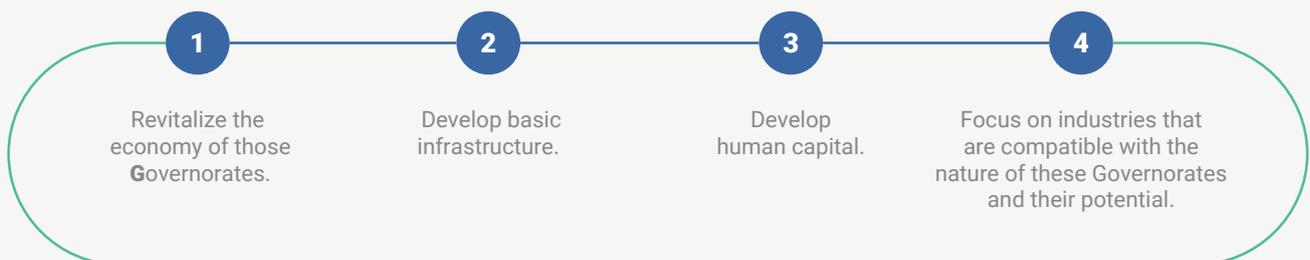
TCI Sanmar exports a considerable percentage of its products to the international market which increases the contribution of Egyptian products in the foreign markets. Furthermore, one of the marketing strategies of TCI Sanmar is to penetrate new markets continually. This approach increases its export's volume and opens new opportunities for exports.

MTI's Comprehensive Development Program

Beside the general pillars of the Ministry of Industry and Trade strategy to improve the industrial sector in Egypt and increase its capacity, certain governorates were chosen to witness a full-scale development program based on the relative economic comparative advantage of each governorate. The Ministry chose those governorates, because they were underserved and lacked the basic infrastructure, to improve the

standard of living of their citizens. Such an endeavor aims at striking a balance between the goals of foreign trade and industrial development and the goals of regional, social, and environmental development. Port Said, where TCI Sanmar plants are located, is one of the governorates chosen for the full-scale development program.

The Ministry stated in its strategy that it will set in place policies to:



Through its activities, TCI Sanmar contributes greatly to realizing this strategy through its operations and corporate social responsibility activities.

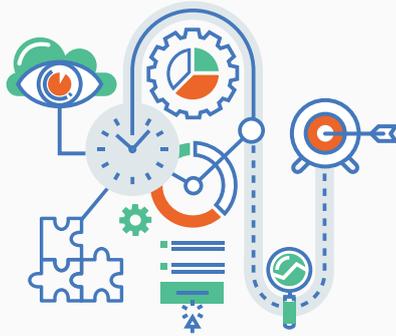
To be able to operate efficiently, TCI Sanmar invested in the infrastructure in the area around its plant. This includes installing and fixing water pipes that deliver the water needed for production, and consequently, this decreased the load on the governorates water supply network. Furthermore, TCI Sanmar has set up the infrastructure needed to illuminate the streets around the company to ensure a safe transfer of raw materials and finished goods to and from the factory. In addition, this initiative has a positive impact on the safety of the citizens living around the plant. Moreover,

the highest percentage of TCI Sanmar's employees are hired from the local community, which decreases unemployment rate in the governorate and raises the standard of living of its citizens. Also, many employees are indirectly employed to fulfill many roles to keep its efficient production process. Those roles include the suppliers, vendors, caterers, electricians, mechanics, maintenance team, among others. Furthermore, TCI Sanmar's CSR activities include trainings, which increases the skills of the local population; healthcare services, which improves the health of the less advantaged, and this enables them to be more engaged in different economic activities. These initiatives and multiple other initiatives match the current strategy of the Ministry to improve the economy of Port Said.



Visions, Values, Guiding Principles, and Management Philosophy

Vision



Combining integrity with excellence to ensure prosperity to all stakeholders on a continuous basis

Industrial Policies



Integrity

Stakeholders Prosperity

Continuity

Excellence

Guiding Principals



- Shareholders: Increase shareholder value by focusing on optimal usage of resources.
- Customers: Professional excellence to meet or exceed customer expectations.
- Employees: Enhance skills, provide opportunities to grow and a safe work environment.
- Society: Be a good corporate citizen and a responsible member of the community.
- Work Ethics: Ensure intellectual honesty in every aspect of work and monitor ethical status of operations continuously.

Management philosophy



TCI Sanmar's management philosophy is based on 100% implementation of all the good ideas, through hundreds of managers, across diverse business groups.

- Ownership and management are two separate entities.
- Businesses fully delegated to professional managing directors.
- Good corporate governance - control and scrutiny by a Group Corporate.

02.

The Calibers Creating Our Success

- Safe Working Environment
- Employees Satisfaction Principles
- Hiring Process
- Working on Our Shortcomings
- Establishing TCI Sanmar Training Center
- Human Resources and COVID-19





The Calibers Creating Our Success

In TCI Sanmar, we believe that our employees are the driving force of our success. We act as a one big family and appreciate all the efforts exerted to increase the value of our company and maintain its position as a market leader in Egypt. We know that without our employees, we could not make it. We see our employees as assets not liabilities that need to be eliminated.

We believe that our company is a big human community built on trust and respect, we see our employees as a family not as money making machines. We treat our employees the same way we treat our customers. We want to retain them and ensure they are satisfied. We work to ensure that their journey at TCI Sanmar is a memorable one that positively impacts them on a professional level where they learn new skills, unleash their potential, make use of their knowledge, have their minds continuously teased to keep it young, and learn new technical skills. We also care about our employees' personal development through enhancing their soft skills and emotional intelligence.

”

People are not hard assets that depreciate in value and can be written off; they are dynamic assets that increase in value with time.



Safe Working Environment

We aim to create a safe working environment where employees feel that their colleagues are their family. We seek to build strong relations between our employees through training and events they attend together outside and inside our facilities which strengthen the bonds between them. We aim that our employees feel as they are part of the big TCI Sanmar family. When you have a family, you will work for its success, share and celebrate this success.

We continuously work to break the silos between the different departments and ensure that our employees engage with each other and with people outside their direct work team as this not only brings better experiences between the employees, but also benefits the company through brainstorming and debates that rise between them and produce novel ideas that have not been discussed before.





A person who feels appreciated will always do more than what is expected.

As was reported last year, and as listed in our material topics, our HR department had some shortcomings concerning training and development of employees and employees' satisfaction. This reporting year, the department worked extensively to ensure that all TCI Sanmar's employees are provided with the needed tools and training to develop both personally and

professionally. We have increased our training budget and added more training programs such as technical trainings, health and safety training to ensure that our employees are aware of the hazards of their job, they know how to deal with machines and equipment in the right way, how to act in case of an emergency, to ensure that their safety is at no risk.

Employees Satisfaction Principles

Building on last year's identified gaps, the HR department had recently modernized its policies and manuals to increase employee satisfaction and reduce the turnover rate. As a first step, the HR organizational chart has been changed, new layers

of management were added, and the number of staff increased to be able to serve employees better. In addition, a new incentive system has been added to motivate employees to work more and reward them when achieving the target or perfecting a task.



Moreover, a strict policy is now in place to ensure that human rights described in all international charters are respected inside the company. TCI Sanmar believes that humans should be treated equally with no discrimination based on color, religion, ethnicity, or gender. Both our male and female employees are paid equally if they carry out the same job, they have the same professional experience and skills, and they perform equally. Child labor is against our company's policies

and we ensure that our supply chain is free from any form of child labor. We have no forced or compulsory labor inside the company and all our employees work based on their free will with no external pressure. We ensure that our company is a safe working place free from any form of verbal, physical, or sexual harassment, and that employees feel safe inside our plant. We ensure that our operations do not infringe upon the rights of indigenous populations.

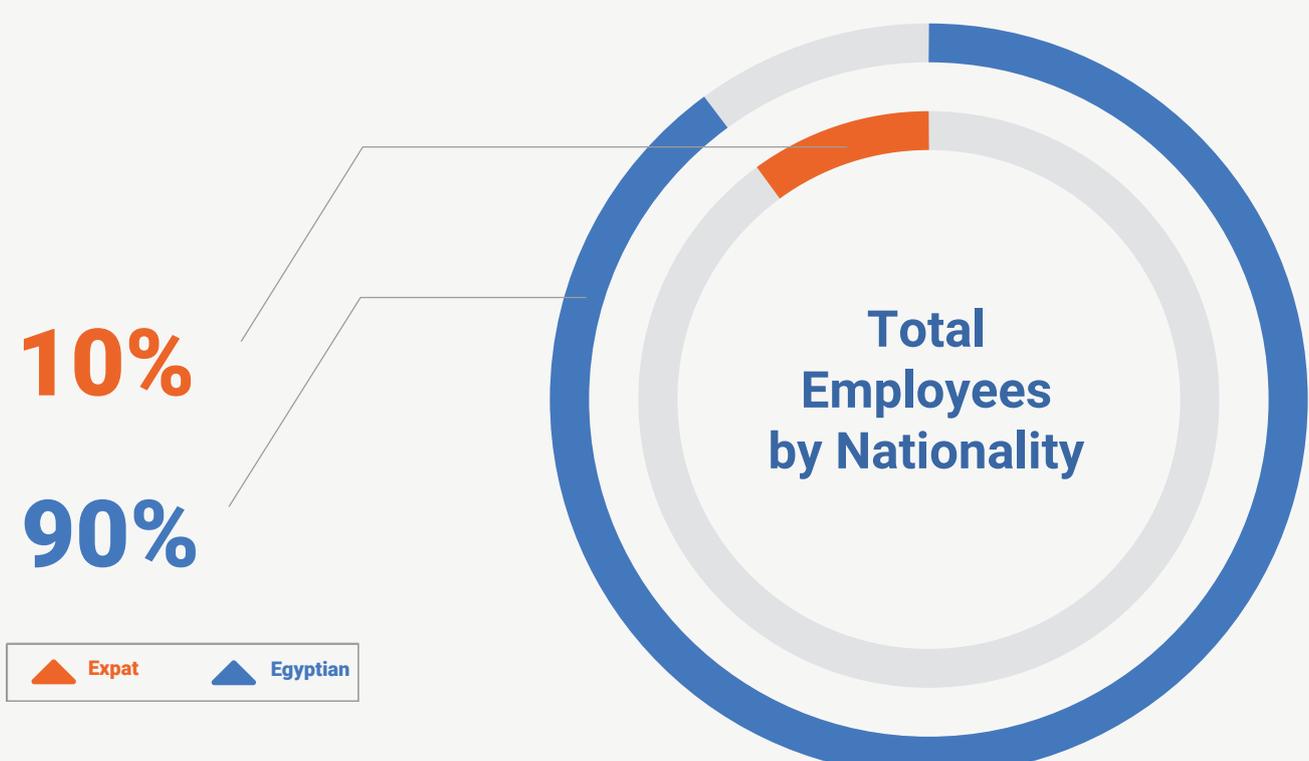
Hiring Process

8 DECENT WORK AND ECONOMIC GROWTH



Promote inclusive and sustainable economic growth, employment and decent work for all

We believe that everyone deserves a decent job to make use of his knowledge and capabilities and ensure a sustainable source of income that meets his needs and secures him a decent life. We have a fair and ethical hiring process where everyone is given a chance to join. Candidates are chosen based on their qualifications and skills, disregarding religion, gender, ethnicity, and social background. Our team is composed of both Egyptians and expats to ensure that we have a diversified team that brings in new ideas and maintains our leading position in the market. Our salaries are above the minimum wage rate set by the government and within the market's average.



Total no. of employees is 404

(364 Egyptians and 36 expats)

About 90% of our employees are Egyptians which contributes to raising the standards of living of the population and strengthening the local economy through paying income taxes and spending cash on local goods and services.

5 GENDER EQUALITY

Achieve gender equality and empower all women and girls



1.4%

98.6%

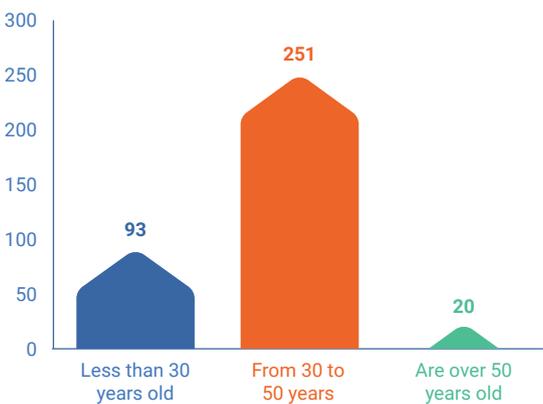


Employees by gender

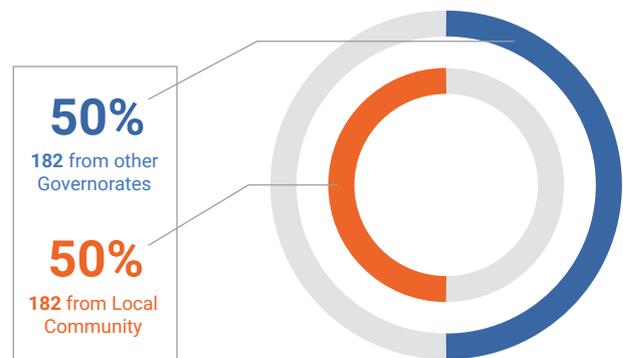
(356 male and 8 females)

Although our hiring policy is strict regarding equal hiring opportunities, we acknowledge that we have a gender imbalance with more male employees and only 8 female employees, and we are currently working on a more gender balanced workplace through hiring more female employees in positions that could fit their schedules and capabilities. Therefore, it is currently embedded in our strategy the need to empower more women and provide them with decent job opportunities.

Number of employees according to age group:



Number of Egyptian employees according to location



Our Shortcomings

Last year, we reported that employee turnover rate at the company was high which caused multiple problems and affected production negatively due to the loss of calibers and the time and effort lost in hiring new employees and training them on TCI Sanmar’s policies and procedures. To overcome this problem, to be able to retain our employees, and decrease the turnover rate, we conducted exit interviews for employees who left the factory so that we retain the other employees and ensure their satisfaction. In comparison with last year, fewer number of employees resigned due to

the new policies and procedures set in place which increased employees’ overall satisfaction and kept them as a part of TCI Sanmar’s family.



Establishing TCI Sanmar Training Center

At TCI Sanmar, we believe that the only thing worse than training employees and having them leave, is not training employees and having them stay. We believe that training is an asset for the company not a liability. With trainings, employees get to know their role better and consume less time in figuring out what needs to be done, and less time, energy, and money is wasted on fixing mistakes that could have been entirely avoided.

Last year, our training programs were limited and needed development to be able to equip employees with the needed skills to excel in their jobs. We have acted on this need and established a Training Center that includes diversified programs that suit all our employees in the different departments. We have also increased the training hours per employee this year as it has been proven that the more hours of training an employee receives, the more he excels in his job and reduces the risk of failure. We have different training programs including technical training programs such

as working at height, work permit system, radiation



Training is an investment in the future of our business.

hazard, and working in confined spaces. We ensure that our employees are updated with the latest operational procedures. Furthermore, all our employees receive health and safety training as the nature of the industry requires that they all know how to act in the case of an emergency to ensure the least damage possible. Furthermore, all our employees receive anti-corruption training to ensure that we maintain an ethical workplace. Although we know how essential it is for our security personnel to receive human rights training, yet we do not provide any as they are outsourced, so they are trained by their company. We continuously revisit our training programs to ensure that our employees are regularly equipped with all the knowledge they need and are updated with the latest trends in the market.

Training Program	Category	Target Group	Hours	TCI
General Safety: <ul style="list-style-type: none"> • Firefighting • Emergency Plan • Chemical Hazard 	Safety	All Employees	8hrs./per employee Annually	Achieved
On the Job Training	Various	New Employees	176 hrs.	Achieved
OSHA	Health & Safety	All Employees	120 hrs. Annually	Achieved
Safety & Induction	Technical Training	New Engineers	24hrs	Achieved

Training Program	Category	Target Group	Hours	TCI
Technical Training: <ul style="list-style-type: none"> • Confined Spaces • Radiation Hazards • Work Permit System • Work at Height 	Technical Training	Technical Staff	208 hrs./employee	Achieved

Human Resources and COVID-19

Our Crises Management Approach

The HR department had a tough test this year due to the novel corona virus pandemic as we lost one of our colleagues. The factory was quarantined and isolated with 143 employees inside. A crisis management team was formulated headed by the HR department in collaboration with other members from different departments to ensure that all employees quarantined inside had all their needs met and that they were physically and psychologically safe.

The HR team created a list of all the living necessities the employees might need during their 14 days quarantine period. This included hygienic and sanitization needs, sleeping mattresses, clothes, 3 meals per day, thermometers to continuously monitor their temperature and multiple other necessities. Not only did the HR team take care of their basic needs for survival, but they also ensured that the employees' mental health was looked after. A WhatsApp group was created for each group of employees, and a member of the HR team was always available for their psychological support. That includes assuring the employees that they are safe inside the factory, updating them with the list of their colleagues who tested positive to be able to track the people who were in contact with them and monitor their health, or communicate the negative results of the tests to assure the group that they are safe. Moreover, the team connected the employees with their families outside and updated them about everything happening as it was a period of doubt and panic when everyone around the world did not know what the next step was, and the team had the duty to assure the quarantined employees that everything was going fine.

After the 14 days quarantine period passed, the HR team collaborated with the Health and Safety department to ensure that all employees were at no risk. This was done through the continuous

monitoring of the employees' temperature throughout the day, continuously checking that all employees abide by the precautions needed and maintain social distancing to decrease the risk. Moreover, employees were divided into working shifts to decrease the number of individuals present inside the factory at any given time. HR team also kept track of all the positive cases, the people they met the few days before they tested positive and segmented them into categories of risk. ([Read on: The COVID-19 section.](#))

Gradually, production returned to the pre-pandemic rate and aside from their new duties during the pandemic, the HR team continued to carry out their original duty of ensuring employees a bright career path, increasing their soft and hard skills, providing them with all the needed training programs, ensuring that employees receive a fair compensation, retain calibers, carry out exit interviews, hire new employees that share the same vision and mission of the company, ensure a healthy working environment with no excessive stress, solve any quarrels that might occur between employees, and ensure that TCI Sanmar always remains a top destination for attracting new calibers.

- Safety performance KPIs have improved through proper training of employees at the entry level as well as refresher courses conducted in-house.
- Employee engagement, capability building activities provide strategic advantage in operating the business and have direct result on financial performance.
- Many employees are provided opportunities to participate in Sustainability improvement, process safety, Hazop and quantitative risk assessment etc.

03.

Health and Safety as a Business Priority

- > Safety is Our True North
- > Creating Safety Throughout Our Workplace
- > Occupational Safety Initiatives and Tools
- > Progressing Our Safety Performance
- > Delivering Health Programs to Our Employees



Health & Safety as a Business Priority

Safety is Our True North

It is vital to recognize that safeguarding our people is equally important to protecting our environment and creating a more sustainable business world. At TCI Sanmar a lot of effort is exerted to ensure that all we do is completed with care, mindfulness and righteousness.

Accordingly, at TCI Sanmar, safety is not only considered to be a priority, but also believed to sit at the heart of the organization's functioning, and thus we have constructed everything else around it. Through acknowledging the risks and dangers of the petrochemical industry as a whole, we have dedicated great attention and efforts to ensure that the health and safety of our employees, our main asset, is essentially classified as a fundamental aspect of TCI Sanmar's operations. Generally, chemical manufacturing entails various complicated and risky processes, hence making safety a constant key topic of conversation across the organization and a vital matter which requires continuous investment and upgrading.



Creating Safety Throughout Our Workplace

To guarantee that all our employees are safe within our facilities, encounter few possible threatening situations and, importantly, carry no risk of harming others beyond our facility zone, we have constructed a Health & Safety Management System.

This system forms a mechanism for which TCI Sanmar expands its protection of people by caring for surrounding communities and the families of employees who are exposed to them.

Notably, the constitution of our Health and Safety Management System has shaped a wide array of our practices in a way which ascertains that TCI Sanmar is attending for aspects beyond just its employees. By paying special attention to the handling and manufacturing of Chlorine Gas and VCM in confined systems, we assure that both our people and our environment are left unharmed. In addition, we make sure to restore our gas detecting systems across our workplace and provide our employees with emergency

management tools for the unfortunate case of an emergency occurring.

The organization takes pride in its Health and Safety Management System especially as, TCI Sanmar has been previously certified ISO 45001 Standard Organization which indicates that all impacts, risks and opportunities have met the international standard requirements and align with global principles.





Process Safety incidents have been brought down to minimum with the enhanced process reliability that is built in the design.



Furthermore, TCI Sanmar has developed an inclusive and well-structured safety system, referred to as the 'Cross-Inspection Groups System'. This system adopts a unique methodology as not only does it entail the involvement of our employees, but it also includes a consistent internal inspection of the safety of all operating plants. For the system to function, each plant appoints a team comprising of 4 members: the plant head as the leader of the group and another three engineers or supervisors. Through a predetermined schedule, every team belonging to each plant is

appointed a monthly visit to another plant, where a rigorous investigation is conducted and a report (with pictures, if applicable) is sent to the area owner. The area owner is then responsible for compiling a single and detailed report, evaluating the safety performance of all plants and sending the comprehensive feedback to the safety department. Finally, the safety department is accountable for observing, inspecting and following-up on any issues and the system altogether. It also presents its performance results at the safety management steering committee meeting.

Occupational Safety Initiatives and Tools

As a well-established business in Egypt, we have devoted lots of time and energy towards building a rich training program which specifically emphasizes on health and safety topics. Through our extensive training program, we continuously provide our employees with well-rounded safety coaching sessions, therefore certifying that all employees are well-informed and prepared to be working at the plants without facing any complications or causing any troubles.

As TCI Sanmar evidently considers safety to be a central component for its functioning, the organization has put together a thorough and demanding safety training system for its employees. On their first day of work, all new employees receive generic induction safety training and subsequently obtain another guiding session tailored to their precise job. The specific work-related trainings vary across a wide spectrum, starting all the way from chemical and electrical hazard training to first aid and hazardous materials training.

Over and above, the health and safety department have dedicated a safety committee to each plant. The committee incorporates representatives from across all the departments at TCI Sanmar, hence assuring that safety actions, responsibilities and recommendations at each plant are assessed and addressed from diverse perspectives.

Additionally, we have collaborated with the Ministry of Manpower in order to issue work accident statistics every 6 months. These statistics include values regarding the number of work accidents, occupational diseases and all other serious incidents. Simultaneously, TCI Sanmar designed its Permit to Work (P.T.W) system; an official written system which permits concerned departments to carry out explicit work, at specific times and places, and sets out the main precautions needed to complete the job safely. We are delighted with the widespread culture of learning and implementing health and safety mechanisms which we have created across our organization.

However, we cannot disregard that it is equally vital to fulfill all legal and statutory requirements related to health and safety. As a result, TCI Sanmar confirms that at a national level it complies with General Administration of Civil Protection, after applying all firefighting precautions according to Egyptian Fire Protection standards & NFPA requirements. Moreover, we comply with the Nuclear & Radiological Regulatory standards and apply all mandatory safety provisions. Also, to maintain its high level of compliance, TCI Sanmar signed several contracts for Firefighting Equipment Maintenance and Nucleonic Radiation Source Supervision.



US\$ 200,000

Invested on enhancing firefighting system for the entire plant

TCI Sanmar is continually attempting to not only simply meet the minimum requirements on a yearly basis but also overachieve and constantly be ahead with its health and safety systems. During this reporting period, we successfully managed to conduct safety sessions

for more than 80% of TCI Sanmar's employees and contractors. We have also proudly taken the initiative to invest about USD 200,000 towards enhancing the firefighting system for the entire plant.



Safety Rules

REDUCE THE SPREAD OF COVID-19

WASH YOUR HANDS



① Wet hands with warm water



② Apply soap



③ Wash for at least 20 seconds



④ Rinse well



⑤ Dry hands with paper towel



⑥ Turn the tap off using paper towel



TCI SANMAR
CHEMICALS S.A.E.



palm and back of each hand



between fingers

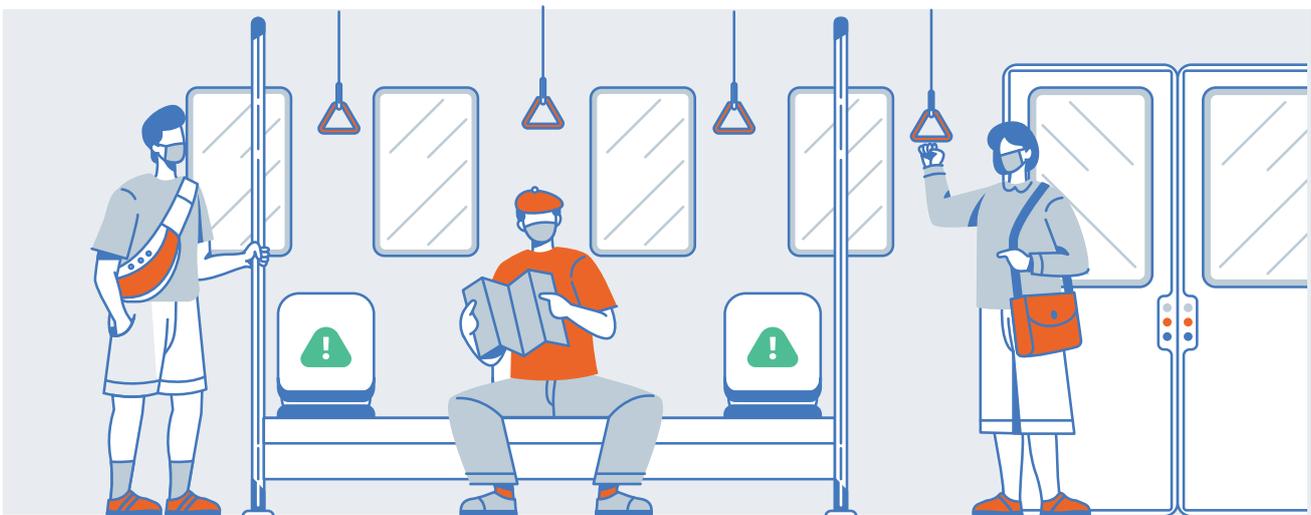


under nails



thumbs

KEEP DISTANCE WITH THE OTHERS DURING TRAVELING





ALLOW FRESH AIR TO ENTER YOUR WORKPLACE FREQUENTLY



WEAR A FACE MASK WHEN YOU ARE AROUND PEOPLE



KEEP YOUR DESK CLEAN WITH DISINFECTANTS FREQUENTLY

Progressing Our Safety Performance



Conducted safety training for more than 80% of TCI Sanmar employees and contractors.



No Reportable Lost Time Injury for any TCI Sanmar employees during the reporting year.

During this reporting period, TCI Sanmar has had zero encounters with health-related work diseases and have not reported any sort of ill health cases. We have also not faced with incidents related to the Alcoholic Ethylene and Vinyl Chloride Monomer Plants. Moreover, we have managed to transit our

Cross-Inspection Groups system into a technique that gets everyone involved and concerned about safety inspections, raising awareness about the significance of safety measures across the business as a whole. Most importantly, we have managed to attain progress within 2019-2020 on three essential issues:

① We raised our OSHA training program for health and safety for all employees to 120 hours annually.

② We had no Reportable Lost Time Injury for any TCI Sanmar employees.

③ We were able to control the spread of Covid-19 inside the plant.

Work Ill Health Indicators during the reporting year

Work Ill Health Indicators during the reporting year		Records
TCI Sanmar employees	The number of fatalities as a result of work-related ill health.	0
	The number of cases of recordable work-related ill health.	1
	The main types of work-related ill health.	0
For workers who are not TCI Sanmar employees	The number of fatalities as a result of work-related ill health.	0
	The number of cases of recordable work-related ill health.	8
	The main types of work-related ill health.	0



CORONA Virus Protection Control Guidelines (DO & DON`T)

✔ DO`S
▶ Keep frequent hand washing in right way.
▶ Keep social distance between employees 1 m. at least.
▶ Better to have food from home rather than restaurant.
▶ Washing the food tools carefully and avoids exchange with others.
▶ Keep your desk clean with disinfectants frequently.
▶ Permit handover /takeover to be put down and pick up, hand gloves to be used at all times.
▶ Full sleeve shirt dress code to be followed strictly.
▶ DCS touch screen to be disinfected before taking charge. No other person to use that DCS screen during that shift.
▶ Employees to disinfect frequently touched items like door knobs, handle, mobiles, laptop drawer knobs.
▶ Always cough and sneeze into a tissue, then throw it away and wash your hands. Use your arm if you don't have a tissue to hand.
▶ Drink plenty of liquids to stay well hydrated.
▶ Disinfect using a diluted household bleach solution, alcohol solutions with at least %70 alcohol.

✘ DON`TS
▶ Stop direct contact and avoid hand shaking.
▶ Avoid touching your eyes, nose or mouth with your hand.
▶ Go to public and crowded places.
▶ Avoid meetings and replace by teleconference.
▶ Avoid touch the surfaces and personnel tools of the others (Desks, offices, Telephones...).
▶ Avoid eating in groups in restaurant and if necessary the distance should be one meter between the chairs as well as increase the dinning time period.
▶ Avoid Visitors, if absolutely necessary, give him new PPE or disinfect before and after use.
▶ Avoid touch the surfaces and personnel tools of the others (Desks, offices, Telephones...).
▶ Avoid eating in groups in restaurant and if necessary the distance should be one meter between the chairs as well as increase the dinning time period.
▶ Take any medications for COVID19- unless it is otherwise called for by specialized doctor.
▶ Share drinking glasses with others, including family members.

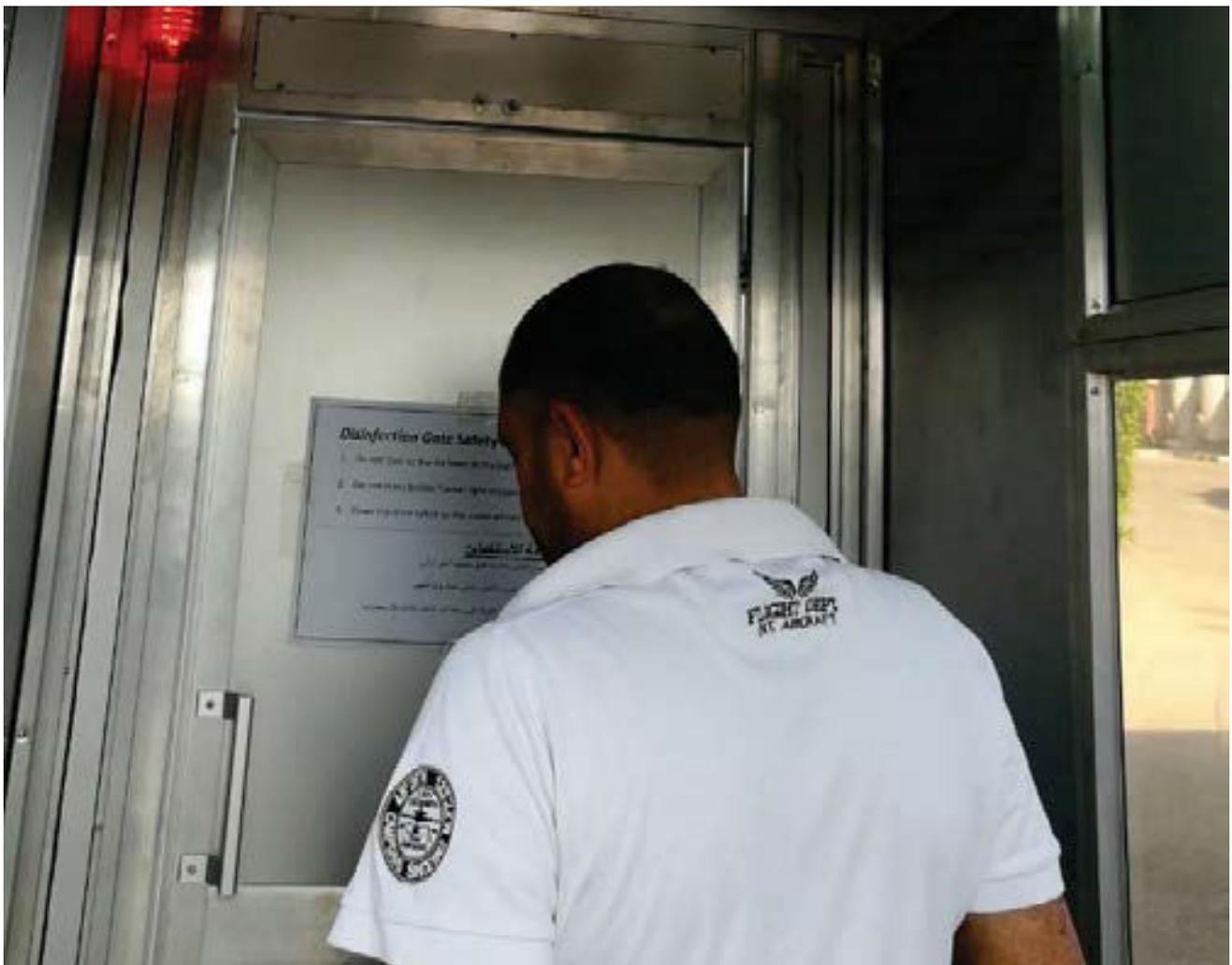
Delivering Health Programs to Our Employees

Aside from our all-inclusive safety programs, we also offer our employees with health programs to monitor their well-being on individual and personal levels. Thus, employees are provided with private medical insurance facilities which are used by them on a case-to-case basis. We have a monthly personnel training program in all our plants, where each employee has the necessary medical check-ups, coaching on the importance of maintaining good health and educational services for the case that an epidemic virus surface.

Notwithstanding, what was only, an evolving issue during the reporting period of this reports, TCI Sanmar released COVID-19 guidelines and instructions

throughout the organisation. It was also distributed them to all employees and contractors independently and set up multiple sessions hosted by the Health Ministry regarding COVID-19 awareness. We also put together a Toolbox Talk concerning COVID-19 awareness before issuing any work permits.

To secure employees' health and wellbeing, we invested in the installation of new disinfection and sterilization gates at all entrances to the organisation. TCI Sanmar also issues a daily report for COVID-19 case follow ups, this includes positive and inspiring COVID-19 cases, suspicion cases and high-risk contact cases.



In addition, we have conducted COVID-19 mock drills at the VCM1 and PVC2 plants for further training and have assigned one COVID-19 manager for every shift at every plant, in order to carefully monitor and audit all COVID-19 guideline and precautionary control within their assigned area.

TCI Sanmar cares for and values its employees beyond simply ensuring that they do not face any injuries and are healthy enough to maintain a physically demanding job.

The organisation has taken measures to assert that the employees are fully aware and knowledgeable about the surfacing virus and fully extended all procedures to protect their people at all costs. TCI Sanmar is not solely fixated on the performance of its operations and sales volumes, but it rather prioritizes its moral and ethical duties, especially towards its stakeholders and foremost its employees. This is illustrated through its all-encompassing COVID-19 protocol which was employed well before the first lock-down took place.



When Corona virus epidemic started and when the Government and the whole community was in a panic mode to prepare to safeguard people from getting infected, we were unfortunate that our employee Mr. Asit Noutiyal, our Marketing Manager, was severely infected, could not fight the deadly virus and succumbed to it.

He was the first case of death reported in Port Said, though he was given the best treatment possible by the medical authorities. It all happened in a flash of

3-4 days and the incident triggered the highest level of awareness and emergency preparedness to the company, the local government and the community at large.

By learning this very expensive lesson, the company immediately started to build the protection barriers for the entire cross section of the population in Port Said industrial area, in addition to applying strict measures to control the spread of the disease, successfully.

04.

Operational Management

- Operational Management at TCI Sanmar
- Preparation of LCA and EPD for PVC Production Line
- Local Green Resources
- Quality: A way to Success
- Our Quality Assurance Lab
- Quality Control Tools and Measures



Operational Management at TCI Sanmar

The company's Board of Directors and top management set policies and improvement programs as well as allocate the necessary required resources and funds to achieve the best performance considering sustainable production. Hence, our production is handled with maximum care about environment,

occupational health & safety of employees, contractors and subcontractors putting into attention the local community development. The focus is on running the operation units with best available technologies for current production units and expansion projects. This approach is aimed to:

01.

Drive implementation of efficiency improvements and cost reduction.

02.

Support additional operational Initiatives (e.g., scrap sales, insurance claim, customs duty refund, reduction in fixed costs).

03.

Achieve commercial excellence via improving PVC sales realization (accelerate trial and approvals for profile/cable applications, increase domestic/direct customer share, improve customer service), and improving PVC quality (Whiteness index, mechanical strength) to improve realization.

04.

Ramp up Chlorine/HCL sales.

05.

Ensure proper material supply with the required quality on time to avoid any production interruption and losses.

06.

Continuously monitor supply needs through the supplier's development plan in coordination with the Cross-Function Team that includes the operations manager and the financial manager. This development plan started two years ago through a robust management development program.



Cost Optimization Methodology

was introduced to make strategic decision between maximizing and minimizing EDC production due to variations in Ethanol price.

Initiatives

Chemical production is a water and electricity intensive industry. Hence, TCI Sanmar set itself to rely on several approaches to reach excellence in operation. Circularity, State-of-the-Art Technologies and Maintenance Management Approaches are our methods to reach excellence. Reducing transportation and improving the local economy by relying on locally sourced raw materials are other Operations Management Approaches enforced by TCI Sanmar Leadership. For example, we have improved the production capacity of our own nearby salt farm and reduced Safi salt. This initiative reduced the distance traveled for transporting this bulk raw material and, consequently, reduced the transportation emission that directly contributes to meeting our environment commitment.

In the PVC warehouse, four of the diesel operated forklifts were replaced with electrically operated ones that minimized the pollution in the working place by eliminating the exhaust fumes generated by the diesel engines.

Packaging improvement was initiated as an internal teamwork with Warehousing, Production and Procurement teams to stack 1500 kgs on a pallet instead of 1250 Kgs that reduced the total usage of pallets by about 20%. Also, Jumbo bags filling capacity was increased to 1250 kgs instead of 1000 kgs and thereby reduced the consumption of Poly Propylene bags by 20%.

Operational Management in TCI Sanmar

Operational efficiency is essential to ensure on-time delivery of products to customers with highest quality and lowest possible costs to maintain customer satisfaction. This makes, Operational efficiency a key material and medium risk topic for TCI Sanmar that was strongly managed. In this reporting year, the overall efficiencies of our Caustic Soda, VCM, PVC plants have improved in terms of power and utilities consumption. Our Caustic Soda Plant has achieved large reduction of Power, Steam and Chemical consumptions by installing the zero gap membranes and constantly applying innovative efforts in the plant operation. With the zero gap design the utilizable area of the membrane is maximized and as a result the energy consumption was lowered significantly. Also, our PVC2 Plant have shown a continues and consistent high production performance. Our PVC productivity per reactor is considered one of the highest in the licensor's plants globally. The emergency power back up system (2.2 * 3 Diesel generators) have demonstrated the crisis management capabilities during grid power interruptions when occurred. Calcium Cooling Towers operation and water treatment systems were revised for improving efficiency, preventing water loss by evaporation

and minimizing drift loss by installing drift eliminators by the cooling tower suppliers. We are now using a higher metallurgy was proposed for corrosive services in Caustic Soda and VCM plant equipment that reduced the failure rate and the VCM1 Plant operational efficiency increased and achieved the highest annual production. Finally, it is worth mentioning that our Chloride Plant operation is consuming the Hydrochloric acid generated in the VCM Plants thereby reducing the need for neutralization using Limestone that resulted in controlling the effluent generation.



Improved Operational Efficiency means more Customers

As a result of our improved operational efficiency, our PVC customer visits in Egypt are being undertaken rigorously and the interactions are beneficial to increase the sales volume within the country. As a result, at least three white pipe manufacturers have switched from imported PVC resin to that of TCI Sanmar after finding its superior performance and cost benefits. PVC Window profile manufacturers have readily accepted to conduct trials with TCI Sanmar product.

Key Specialized Expertise

In TCI Sanmar, we believe in getting things done once and forever. Hence, expert's engagement is an integrated part of our operational strategy. Through a program titled "Project Nile", the business consultancy company Mc Kinsey India formed Cross Functional Teams for all the production units through which a number of initiatives are being conceived and implemented towards productivity improvement, quality enhancement, customer satisfaction, procurement prioritization, cost reduction, reliability improvement etc.

As a result of engaging experts, in the field of VCM Technology, Maintenance, Reliability and General Management, our process troubleshooting was taken to a next level. The reliability of operation was improved dramatically, and process and equipment failures were minimized. The Root Cause Analysis techniques are being applied to critical area deficiencies and recommendations are being tracked for implementation. Specialized maintenance contractors and workshops were identified within the country and modern inspection techniques are being applied to static and rotary equipment.



Preparation of LCA and EPD for PVC Production Line

As part of our continuous efforts toward excellence, TCI Sanmar decided to prepare a Life Cycle Assessment (LCA) and Environmental Product Declaration (EPD) for its PVC product. Environmental issues in Chemicals Production Industry have usually focused on the production plant. Air emissions, water discharges, and waste disposal have attracted the attention of government regulators as well as Chemicals companies. But we at TCI Sanmar, have paid attention to environmental releases, not only because of the external review they bring, but also because releases represent decreased efficiencies and increased costs.

The choice of PVC product is due to the increase in consumption of PVC for many reasons: fair price, ease of process, possibility of vast range of usage and applications, high degree of freedom in design, UV stable, recyclability potential. Also, PVC is assumed to have low primary energy demands and resource consumptions in the production process compared with other plastics.

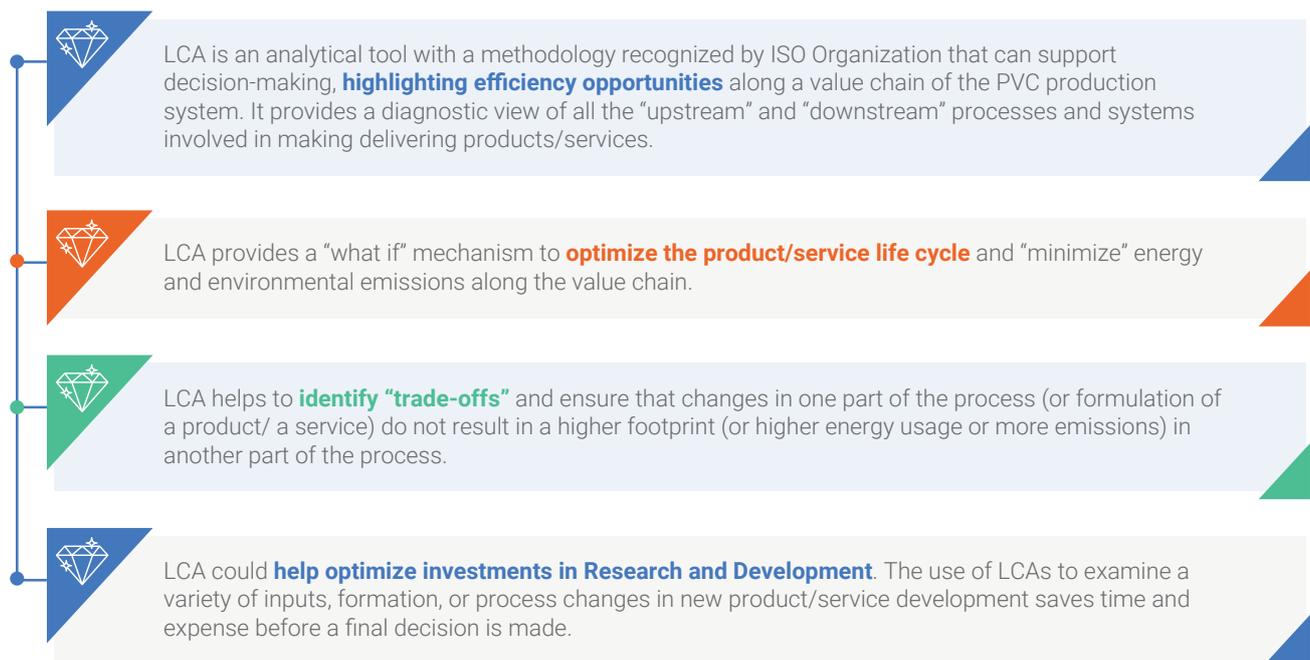
While competing materials focus their sustainability claims on specific phases of product application, PVC's superior sustainability performance can be advantageous in minimizing environmental impact when measured through the entire life cycle. In order to achieve this purpose, TCI Sanmar management decided to carry out the LCA for all the life cycle stages of PVC production processes.

The Life Cycle Assessment study for the PVC Production process aims at identifying its environmental impacts as well as the potential improvements in the process according to ISO 14040 and ISO 14044 Standards.

By interviewing key stakeholders and decision makers in the company, the scope of the study will be identified based on the data availability, calculate the potential environmental impacts of the PVC Production processes and spot the potential improvements in the existing system.

Benefits from Life Cycle Assessment

In addition to market recognition of being a pioneer in applying LCA in Egypt, there are many other benefits of carrying out LCA for PVC Production:





Benchmarking environmental emissions is a great output from an LCA. Whether it is the amount of air emissions that contribute to global warming or GHG emissions, water effluents, amount of solid waste generated after the product is used, or energy usage throughout the product/service life cycle is a key feature of an LCA.



LCA serves as **the basic methodology for Environmental Product Declarations (EPDs)**. An EPD is a declaration that disclosed the life cycle environmental performance of products and services, and is also known as a Type III environmental declaration, or Type III eco label.



LCA provides the **basis for a new generation of environmental foot-printing initiatives** such as Carbon footprint studies, water footprint studies, that focus on a more specific category than the full scope of an LCA.



The LCA Studies can help organizations to reflect about realistic and feasible steps towards PVC production with **clear environmental footprints that support building a sustainable future**, which is the real challenge.



LCA is a practical mean for organizations of all sizes to **quantify the environmental impacts** of their products meet their commitment to sustainable development.

Finally, it is important to mention that one of the major benefits of the LCA studies is to identify the hot spots in the process that have high environmental impact and work on improving them.

Life Cycle Assessment Study Steps

To carry out the life cycle assessment study for the PVC product the following subsequent steps are applied:

① Prepare and Train

The main objective during this phase is to get ready to start the life cycle assessment study by:



Selecting the team who will be involved in the LCA study implementation and coordination with other departments in TCI Sanmar Chemicals S.A.E.



Familiarizing the team with the Life Cycle Assessment and its requirements by providing training on ISO 14040 and ISO 14044 to get them familiarized the method to be followed and the types of data to be collected.

② Goal and Scope Definition

The main objective during this step is to discuss with the interested key management and stakeholders within TCI Sanmar to identify the study Goal and system boundaries.

This phase is the most important part in the LCA study as all the other three phases are building upon it. The items that shall be identified in this stage are as follows:



Scope of the study

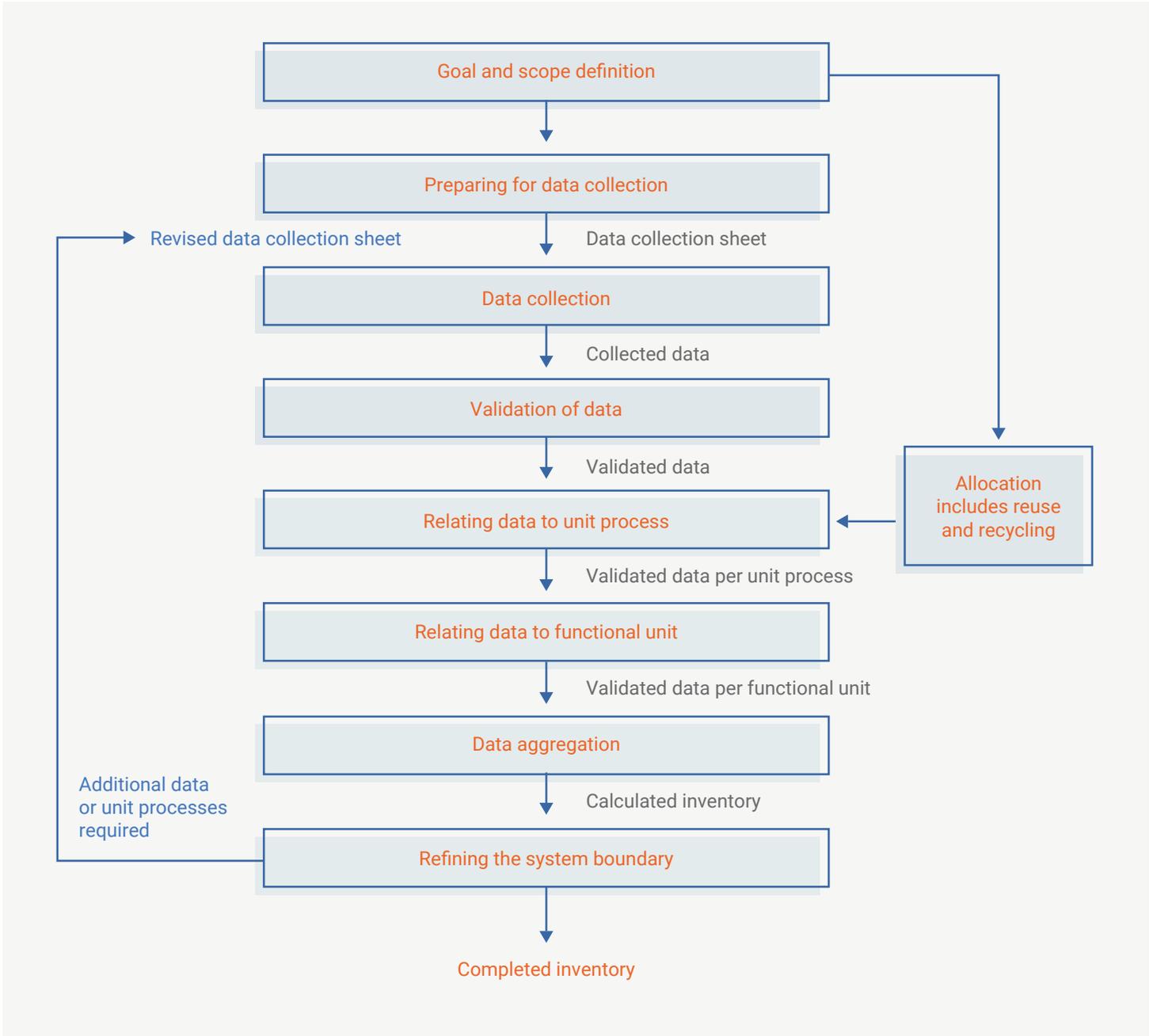
In defining the scope of the PVC Product LCA, the following items shall be considered and clearly described:

The PVC Production processes	The functional unit	Allocation procedures	The interpretation to be used
The functions of the PVC Product	The PVC Production system boundary	The life cycle impact assessment (LCIA) methodology and types of impacts	The data requirements

③ Life Cycle Inventory (LCI)

The LCI is a process of quantifying energy and raw material requirement, atmospheric emissions, waterborne emission, solid wastes, and other releases for the entire life cycle of the PVC product. In the LCI, the material and energy flows are listed.

This step includes data collection and calculation process to quantify related inputs and outputs in the PVC Product system. The life cycle inventory analysis operational steps are outlined in the following figure.



LCI data:



Energy inputs, raw material inputs, ancillary inputs, other physical inputs (i.e., Energy use in facilities, Transportation energy data)

Products, co-products, and waste

Releases to air, water, and soil

Other environmental aspects

④ Life Cycle Impact Assessment (LCIA)

The LCIA aims to examine the PVC Production system from an environmental perspective using Environmental Impact Categories and Indicators connected with the PVC product LCI results.

LCIA is different from other techniques, such as environmental performance evaluation, environmental impact assessment and risk assessment, since it is a relative approach based on a functional unit. The LCIA phase includes:



Selection of impact categories, category indicators and characterization models.



Assignment of the PVC product LCI results to the selected impact categories (classification).



Calculation of category indicator results (characterization).

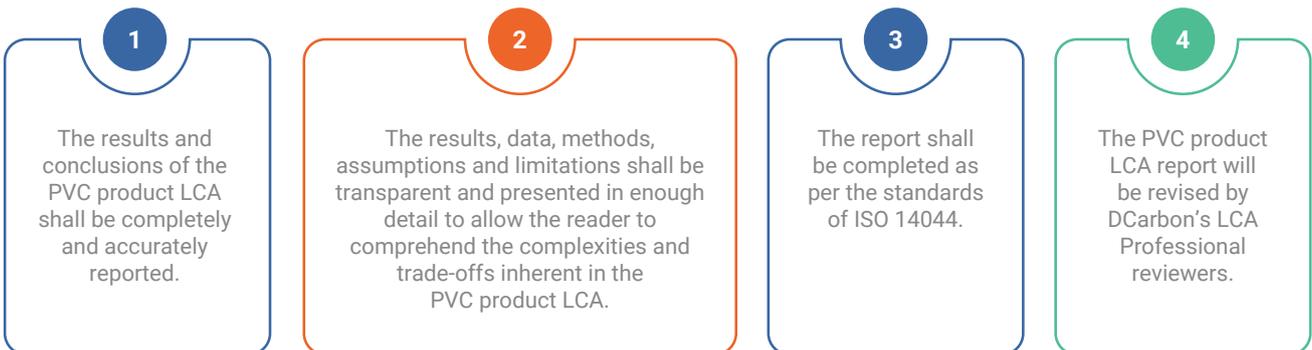
⑤ Life Cycle Interpretation

The main objective in this phase is to be sure that all methods and data used in the study fit the Goal and Scope of the study and identify the potential

improvements in the PVC Production system. The relationship of the interpretation phase to other phases of LCA is shown in the figure below.

⑥ Report and Review

The main objective in this phase is to complete and launch the LCA Study report.



Develop and Publish an Environmental Product Declaration for the PVC Product

The ISO 14025 standard defines environmental product declarations (EPD) or Type III eco-labels as an 'environmental declaration providing quantified

environmental data using predetermined parameters and, where relevant, additional environmental information' (ISO 14025, 2006).



Environmental Product Declaration or EPDs, are independently verified declarations of environmental performance for products during their life cycle.

EPD is an internationally recognized format for creating the environmental performance of a product that TCI Sanmar need, and everything is based on life cycle assessment.

EPD are developed based on specific regulations that

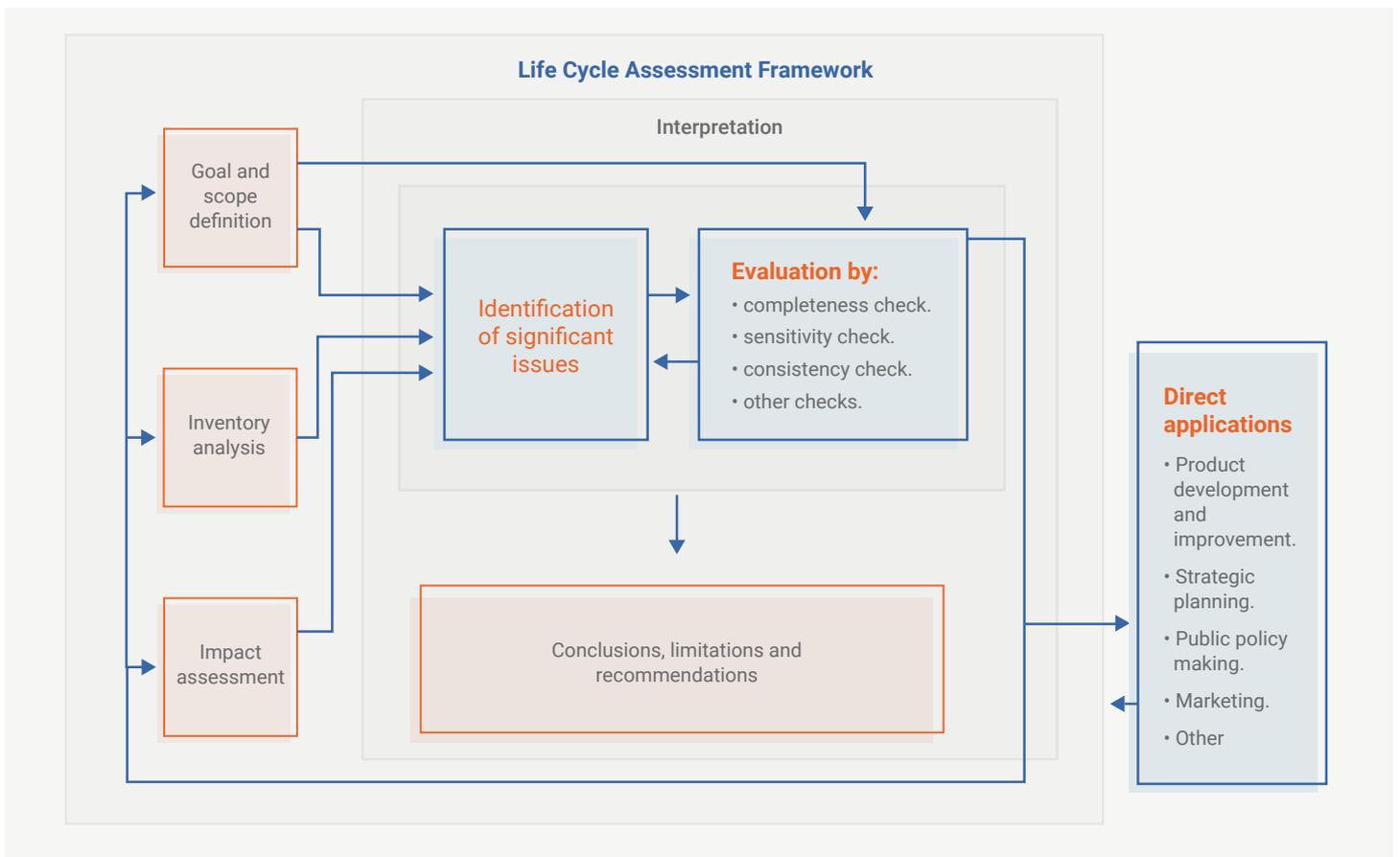
are based on the product category that TCI Sanmar work in. The idea for Product Category Rules (PCRs) is there to help ensure the consistency and ability to compare similar products while calculating the potential impacts of products and materials within the category.

The main goal of EPD, according to an international standard is to create an environmental declaration of products, so that TCI Sanmar can encourage the demand and supply and cause less stress on the environment by providing relevant and verifiable information on ecological aspects of these products with an idea to increase the potent tail for environmental improvement.

Benefits of Developing and Publishing EPD

Publishing an Environmental Product Declaration (EPD) of the PVC product gives TCI Sanmar the opportunity to improve its business while demonstrating the Company's commitment to transparency.

Many manufacturers have already chosen to evaluate the environmental performance of their products. This is the first step towards improvement.



Improve Your Supply Chain Management

The data provided by The EPD gives TCI Sanmar a better understanding of your supply chain, including environmental risks and opportunities. Identify impacts and engage with your upstream suppliers of product ingredients around how they can help.

Implement a Green Marketing Strategy

Communicate your product's environmental performance to stakeholders and talk about your EPD results in your marketing campaigns using verified data.

Support Your Environmental Management Systems

Environmental Product Declaration supports International Standards (ISO 14001) Certification by demonstrating Life Cycle thinking.

Become The Best Supplier On The Market

Clients, especially for exports, earn points in the international rating systems when they use your EPD products.

Benchmark Your Product

Thanks to an EPD, TCI Sanmar can compare and advance your product with competitors.

Gain Competitive Advantage

Publishing an EPD, produces documented and certified proof of the environmental performance of your product over its life cycle. Developers and specifiers worldwide are now looking for EPDs.

Get Visibility On International Markets

When TCI Sanmar publish an EPD under EPD International System, the document is also registered on ECO Platform, the organisation of the European EPD programme operators' website. In this way, your product and its environmental performance are visible to specifiers across the globe.



Local Green Resources

All the Ethanol used in TCI Sanmar's PVC production is Green as it is produced from Molasses. Molasses is a by-product of Cane Sugar production that contains sugars in a readily fermentable form. The presence of these compounds in molasses favor yeast growth and enables it for high ethanol levels of production and decrease the overall environmental impacts compared to fossil-based products. Ethanol is received from the Egyptian Sugar and Integrated Industries Company.

As a cornerstone of its sustainable growth philosophy, TCI Sanmar prides itself of having capacity for using

60000 ton per year of green Ethylene natural Ethanol that forms about

22.8% of its main inputs for producing PVC from green Ethanol, regardless of its higher cost and lower efficiency rate.

Waste to Resource

In TCI Sanmar, we are viewing waste from our production processes as a potential resource. We look for every opportunity to get production of waste re-circulated within our facilities in such a way that it opens economic and environmental benefits to our company and our community. For example, to conserve water and natural gas needed to generate the steam for our plants, we are investing heavily on treating the wastewater generated from our plants and converting it to reusable service water using the ZLD System. To conserve natural gas, we have also invested in building a heat recovery system for incinerating chlorinated hydrocarbons liquid and gaseous organic wastes generated during the processes of Ethylene,

EDC, and VCM production to generate steam using the latest technology in the field. Soon, we are aiming at recycling more wastewater through new investment in a second unit of ZLD with 6500 m³/day capacity.

In our operations, Hydrochloric Acid and Sodium Hypochlorite are produced using the vent streams of Chlorine and Hydrogen generated in the Electrolyzer of Caustic Soda production. In TCI Sanmar, we have an economic initiative, to use Hydrochloric Acid, which is a hazardous material, as an input to produce Calcium Chloride. Calcium Chloride granules are used in several processes such as oil exploration and as a de-icing agent.

World Class Technologies Used

 AsahiKASEI	
Caustic Soda / Chlorine – Membrane Technology	EDC Technology
 SOLVAY Plastics <small>asking more from chemistry®</small>	
VCM Technology - Solvin	VCM / PVC Technology
 SCIENTIFIC DESIGN	 
Alco-EthyleneTechnology	DCS Systems

Quality: A way to Success

High products quality minimize risk, increase profits, decrease customers dissatisfaction, and enhance competitiveness. Therefore, production quality control is taken seriously in TCI Sanmar. As an essential key for success, we are working continuously on improving

our quality control within our manufacturing facilities.

Final product Highlight Trend Chart with Daily Highlight Report to follow efficiency of production process and to control the deviation according to TCI specification by:



Our Quality Assurance Lab

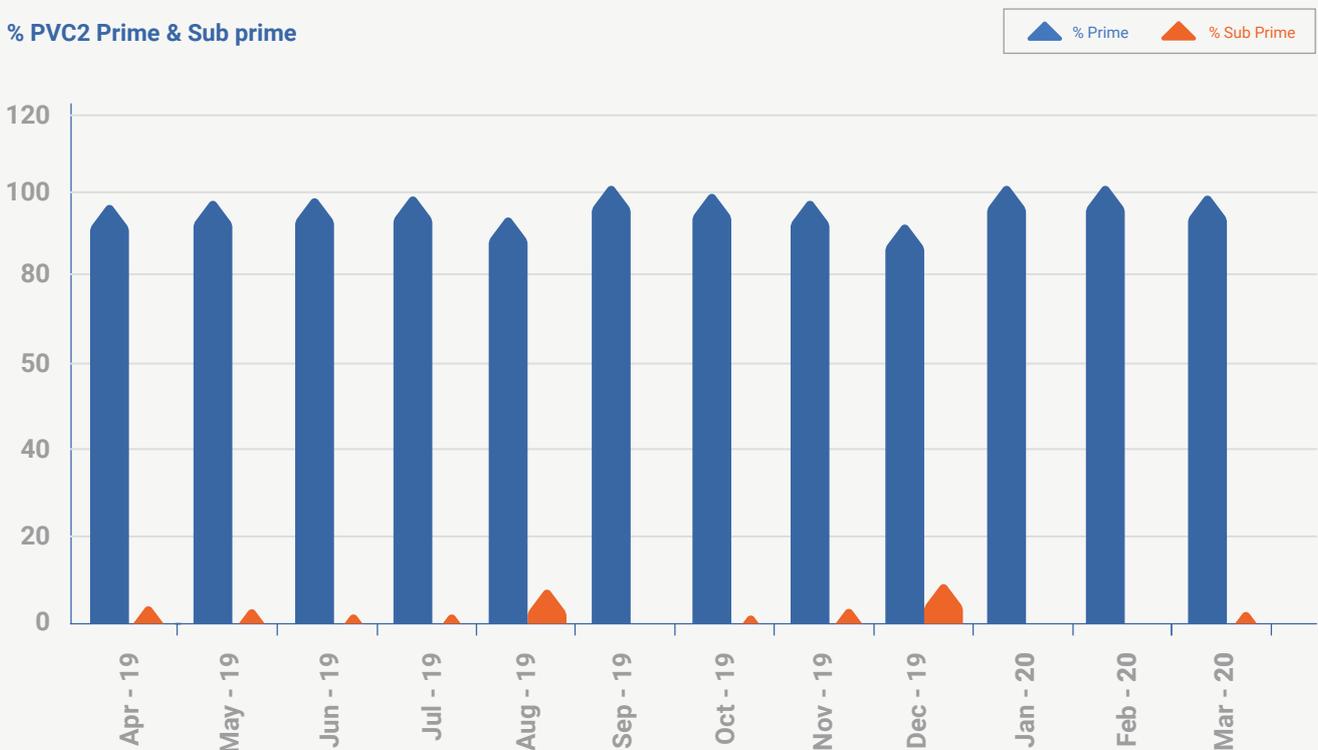
TCI Sanmar’s Quality Assurance Laboratory is supplied with the most modern equipment, which are capable of analyzing all required parameters in the samples of our industry.

The state-of-the-art instruments include Gas Chromatograph, Spectrophotometer, Inductively Coupled Plasma, Computerised Kinetic Viscometer etc.

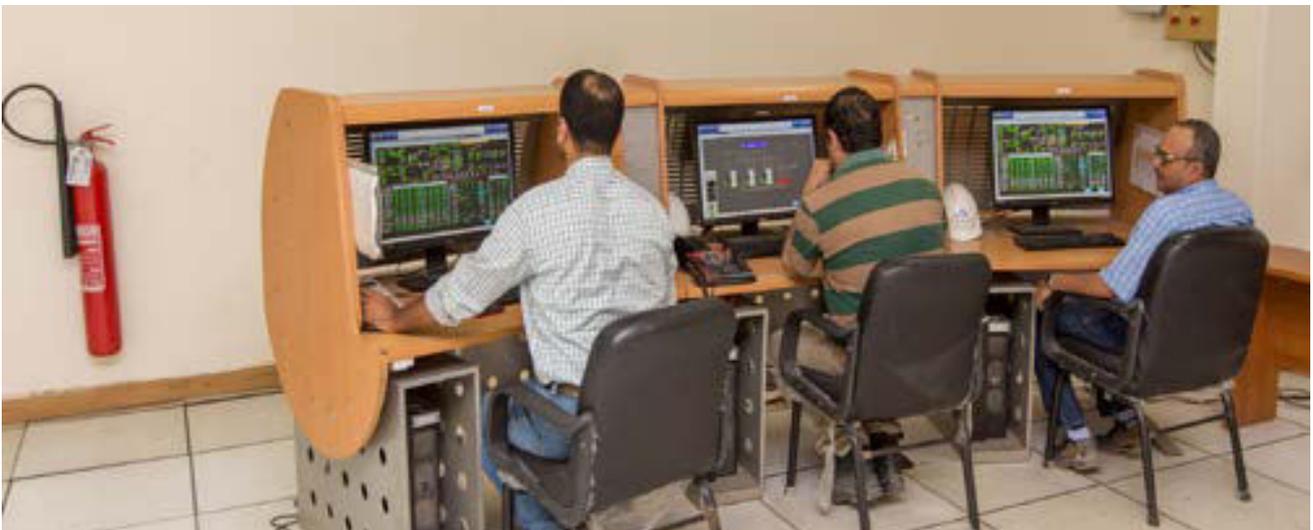
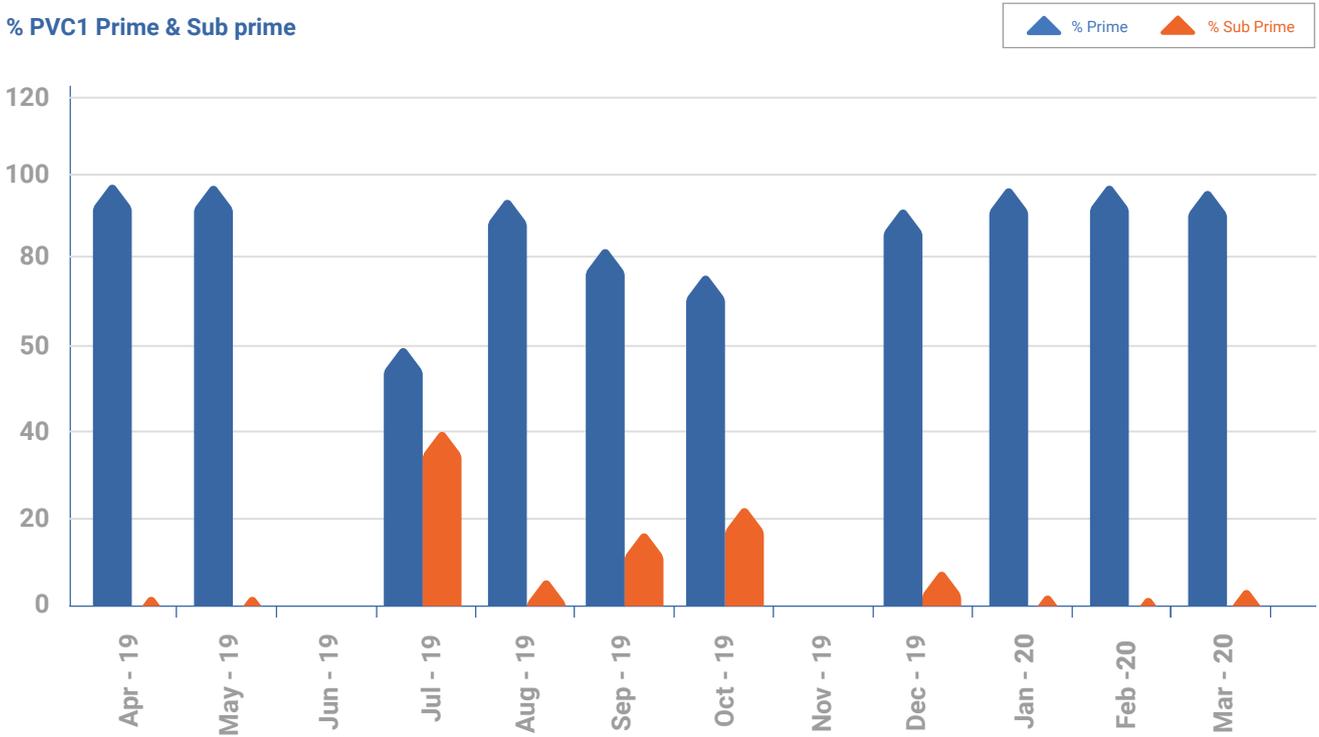
Quality Control Tools and Measures

Our main KPI is the No. of PVC lots analyzed / month which is Prime, and which is Subprime.

% PVC2 Prime & Sub prime



% PVC1 Prime & Sub prime



The Non-Conformance Report is a tool used by our department to ensure the best quality of our products. The NCR states the main reason for its issuance or what went wrong. It also explains the reasons that the work doesn't meet specifications and what can be done to prevent the problem from happening again, the corrective action taken or to be taken and the key players involved in the NCR and specs affected under the NCR. In case of deviation NCR report released to the

head of the plant requested for root cause of deviation and the corrective action.

As a result of our strict quality control policies our PVC product quality enhancement was accepted well from our local and international customers and our Caustic Soda Product received the Bureau of Indian Standards (BIS) Certificate.

BIS Certificate for Caustic Soda Product

The Quality of Caustic Soda Product is dramatically improved in terms of NaCl content as a result of x new electrolyzers and its own brine purification system. As a result, TCI Sanmar have received the BIS Certificate for caustic soda in Jan 2020. The BIS auditors visited

our QC Lab in Jan 2020 and inspected our SOP Instruments Calibration Certificate and Caustic Soda analysis samples before issuing the Caustic Soda Quality Certificate.



भारतीय मानक ब्यूरो
उत्पत्तिका मानके, खाद्य एवं सार्वजनिक वितरण मंत्रालय
भारत सरकार
BUREAU OF INDIAN STANDARDS
Ministry of Consumer Affairs, Food & Public Distribution
Government of India

REGISTERED AIRMAIL.

Our Ref: FMCD/L-4100089485

16-09-2020

Subject: **BIS CERTIFICATION MARKS LICENCE NO. CM/L-4100089485**

M/s TCI Sanmar Chemicals SAE
Port Said Industrial Area,
C9 EL Raswa,
South Port Said,
Egypt

Dear Sir,

We are forwarding herewith Original Licence Document for your reference and record please.
Kindly acknowledge the receipt of the same.

Thanking you.

Yours faithfully,

Shouvik Chanda
16/09/2020

(Shouvik Chanda)
Sc. - D (FMCD)

मानक भवन, 9, बहादुरशाह ज़ाफर मार्ग, नई दिल्ली 110002
दूरभाष : 23230131, 23233375, 23239402
ई-मेल : info@bis.gov.in वेबसाइट : www.bis.gov.in

Manak Bhavan, 9, Bahadur Shah Zafar Marg, New Delhi-110002
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05.

Our Market Presence

- > Our Sustainable Corporate Growth
- > Financial Highlights and Ratios
- > TCI Sanmar Sales and Marketing
- > Marketing During COVID-19
- > Clients Satisfaction
- > Our Reliable Supply Chain
- > Procurement Crises Management
- > Our Suppliers Guidelines
- > COVID and its Effect on Our Supply Chain



Our Economic Presence

The revision in the rating outlook on TCI Sanmar considers the impact of COVID-19 on its business operations and financial performance during FY2020 which would lead to a longer turn around period. The rating factors the lower-than-expected ramp-up in EBITDA/achievement of break-even operations, continued below average credit risk profile, stretched liquidity and reliance on the group support. The company has missed its revenue and EBITDA estimates.

for the last two years by large margins; however, these are mainly due to market factors, which have since started improving. The company's manufacturing unit was shut down for a period of 14 days during March 2020 leading to a revenue loss of ~USD 30 mn on account of COVID-19. Presently, the plant has restarted its operations in April 2020 in a limited manner and is operational at around 70% of its capacity.

Below Average Financial Risk Profile

Key Parameters	Units	31 Mar 2018	31 Mar 2019
Result Type		Audited	Audited
Total Operating Income	USD Mn	190.55	221.50
EBITDA	USD Mn	33.93	(18.33)
PAT	USD Mn	(49.98)	(112.00)
Tangible Net worth	USD Mn	(21.24)	(129.05)
Total Debt	USD Mn	965.323	1050.85*
Total Debt/Tangible Net worth	Times	(45.44)	(8.14)
Current ratio	Times	0.34	0.24

* includes unsecured loans of USD 132.39 mn as on 31 Mar 2019 from its holding company viz. Sanmar Overseas Investment

Financial Performance for FY2020 TCI has not met its projected performance consecutively for the last two years. The company achieved sales of **approximately** USD 221 mn in FY2019 and ~USD 253 mn in FY20(provisional) as against the estimates of USD 352 mn in FY2019 and ~USD 315

mn in FY2020. Further, the company has achieved EBITDA of around USD (18) mn in FY2019 and around USD (60) mn in FY2020 (provisional) as against the estimates of around USD 80 mn in FY2019 and USD (33) mn in FY20.

Below Average Financial Risk Profile

Due to an unexpected spike in its key raw material (EDC Ethylene Di-Chloride) price and low PVC / Caustic prices due to one off market factors, TCI did not deliver the expected financial results and as a result, the performance in 2019 and majority of FY 2020 was far below expectations. The spike in the raw material price was caused indirectly by an alumina refinery plant shut down in Brazil. This situation lasted for almost

a year keeping EDC prices elevated. Profitability was impacted due to low SPVC prices (finished products) and high EDC (raw material/feedstock) prices. Also, due to the delay in getting the full benefit of the expanded facilities of PVC, VCM and Calcium Chloride, TCI's margins were subdued for the past few quarters. Operating income increased to USD 221.50 mn in FY2019 as against USD 190.55 Mn in FY2018.

Exposure to Forex Fluctuations

Profitability is exposed to forex fluctuations as the company has export sales of approximately 70% in FY19/20. However, with a significant part of the Company's receipts and payments being USD dominated, the Company has the benefit of natural hedge.

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In life-and-death matters such as the COVID-19 pandemic, a focus on financial matters can seem misplaced. But for the world's poor, the financial impacts of COVID-19 can be devastating and far more immediate.

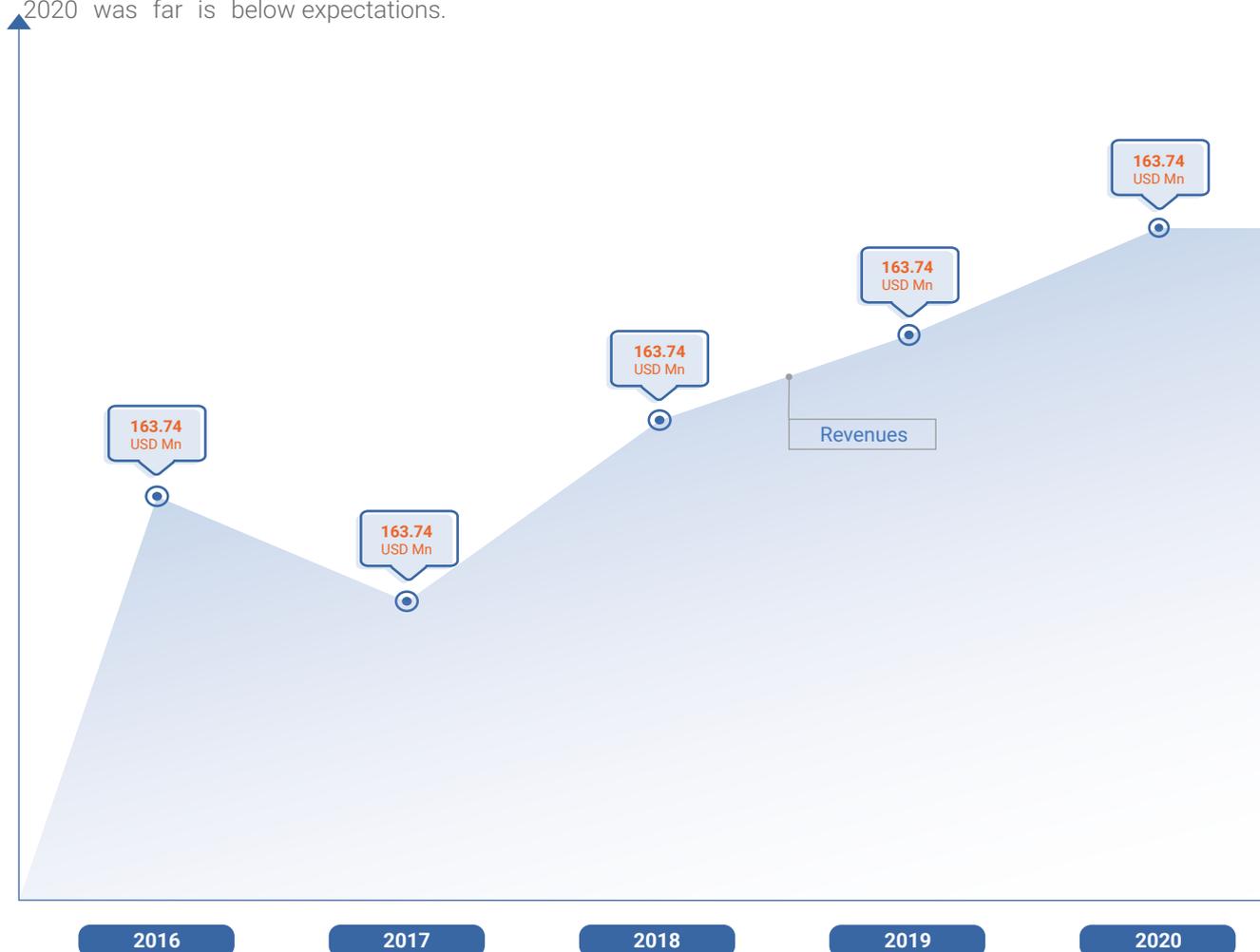


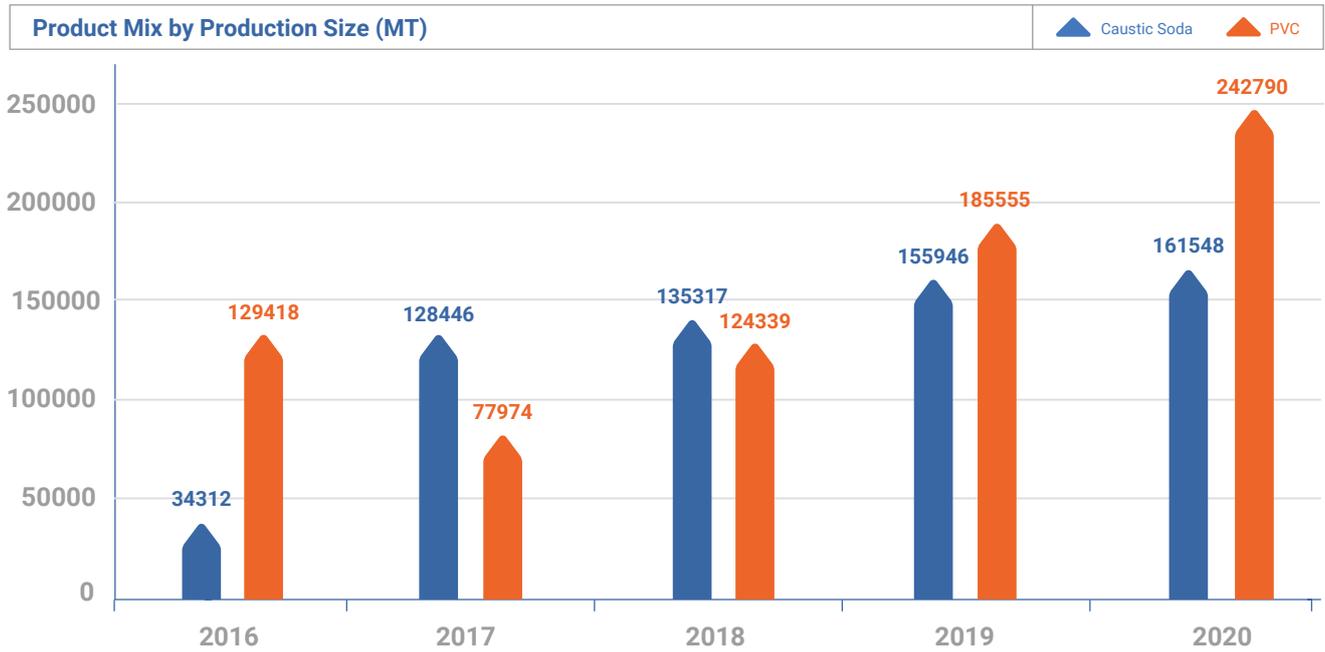
Our Sustainable Corporate Growth

The company achieved sales of 258 Mn USD in FY2019/20 compared to the estimates of 315 M USD for the same fiscal year. TCI Sanmar's liquidity position was unfavorable as a consequence of the negative cash flows and sizable debt obligations.

Due to an unexpected spike in its key raw material (EDC Ethylene Di-Chloride) price and low PVC / Caustic prices due to one off market factors, TCI did not deliver the expected financial results and as a result, the performance in FY 2019 and majority of FY 2020 was far below expectations.

The spike in the raw material price was caused indirectly by an alumina refinery plant shut down in Brazil. This situation lasted for almost a year keeping EDC prices elevated. Profitability was impacted due to low PVC prices (finished products) and high EDC (raw material/feedstock) prices. Also, due to the delay in getting the full benefit of the expanded facilities of PVC, VCM and Calcium Chloride, TCI's margins were subdued for the past few quarters. Operating income increased to 221.50 Mn USD in FY19 as against 190.55 Mn USD in FY18.





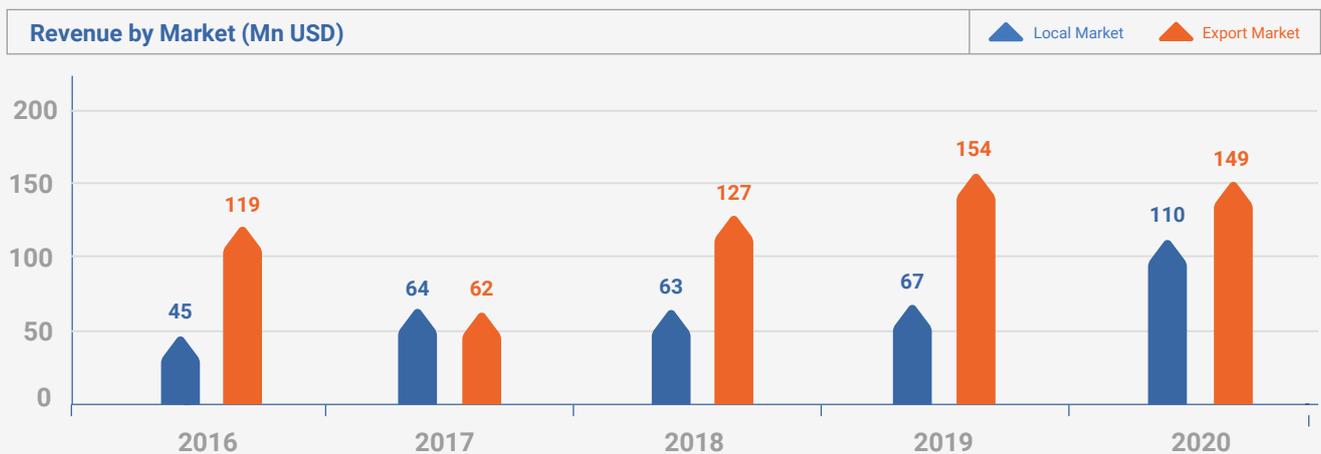
PVC represents the largest share of TCI Sanmar's revenues, a share of 82% of the total revenues in 2020. The revenues of PVC grew dramatically over the period of 2016 - 2020 by 100%, to reach

198 million USD

an increase of 31.1% in 2020 compared to 2019.

This might reflect the remarkable increase in the production of PVC and significant demand drivers from continued construction investment, as PVC is known as infrastructure plastic. However, the revenues of Caustic Soda showed a slight increase in 2018 and then declined continuously to reach 44 million USD in 2020, a decrease by 26.7% in 2020 compared to 2019.





Besides selling to the domestic market, TCI Sanmar has tended to increase its sales to the foreign markets by exporting

60% of its production to several countries.

Thus, TCI Sanmar's export revenue increased significantly during the period of 2017- 2019 to reach 69.7% of the total revenues in 2019. While, in the next year, TCI SanMar returned to satisfy the needs of the domestic market at the expense of declining exports again, which reflects the modest decline in export revenues in 2020 to reach 57.5% of the total revenues.

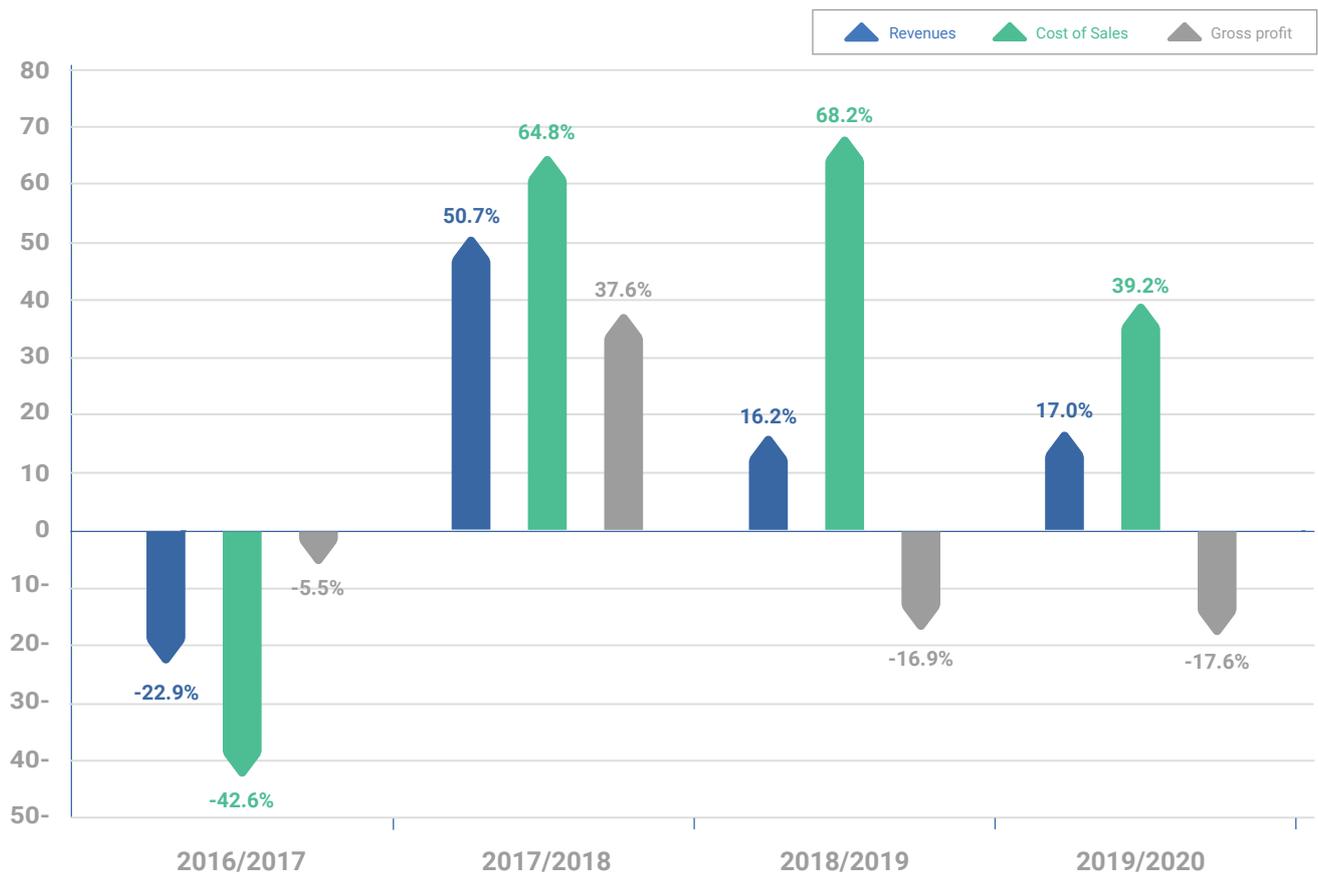
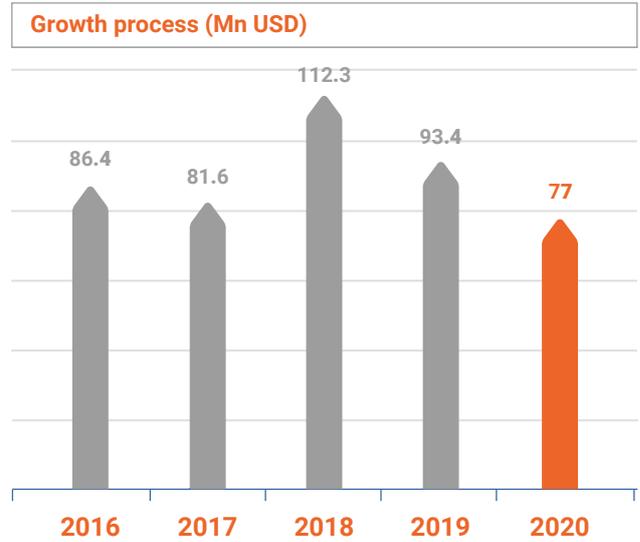
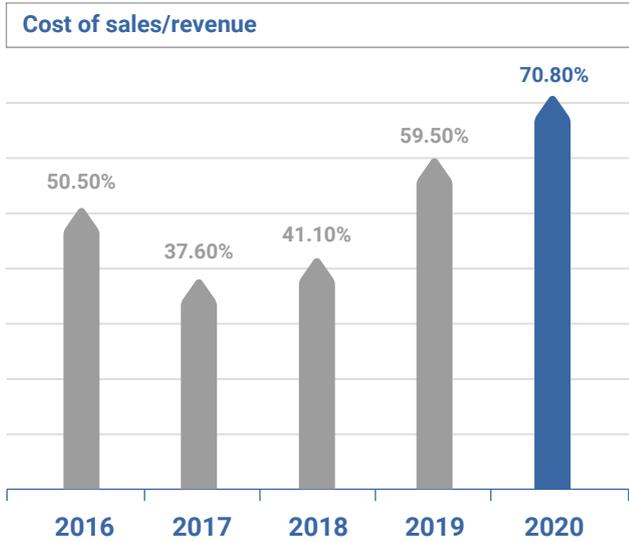
As a result, the share of local revenues decreased continuously over the period 2017-2019 and then increased slightly in 2020 to reach 42.5% of the company's total revenues. Local revenues increased by 64% and export revenues marginally declined by 3.2% in 2020 from 2019.

Financial Highlights and Ratios



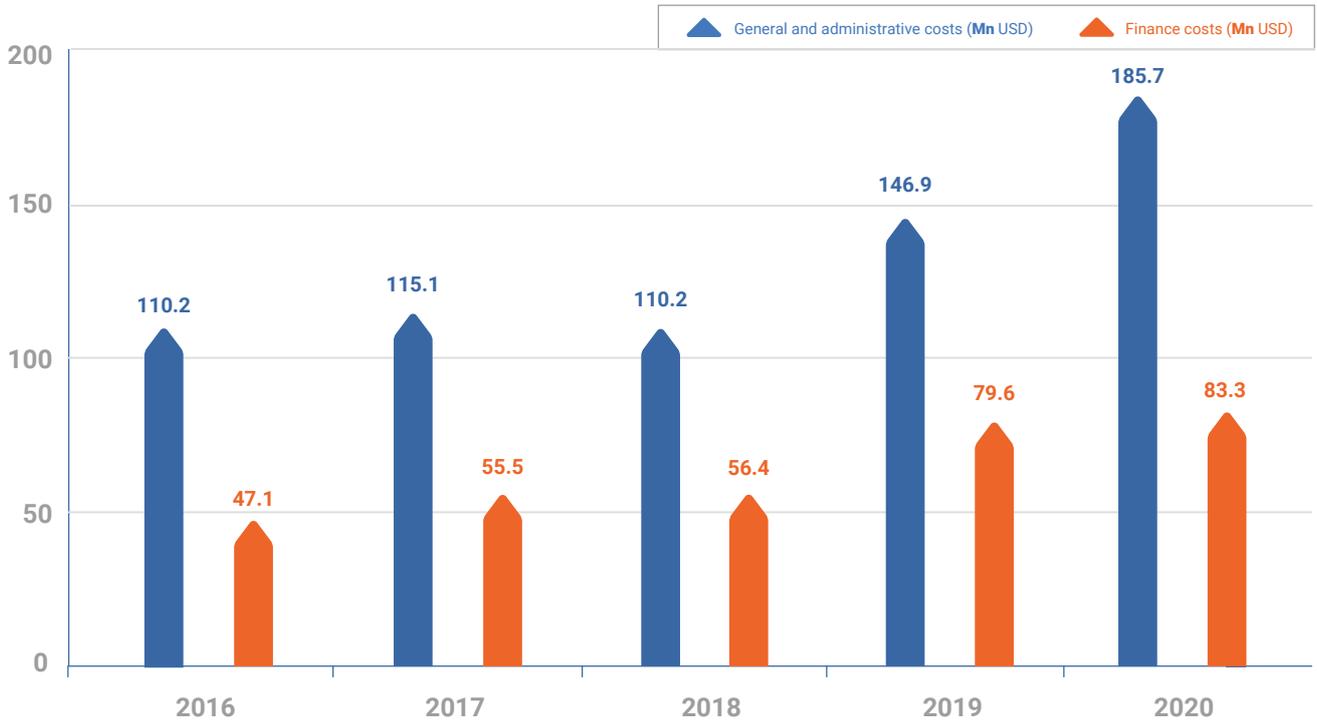
TCI Sanmar's revenues continued to increase to reach 258.6 million USD in 2019/20, an increase of 17% from the previous year.





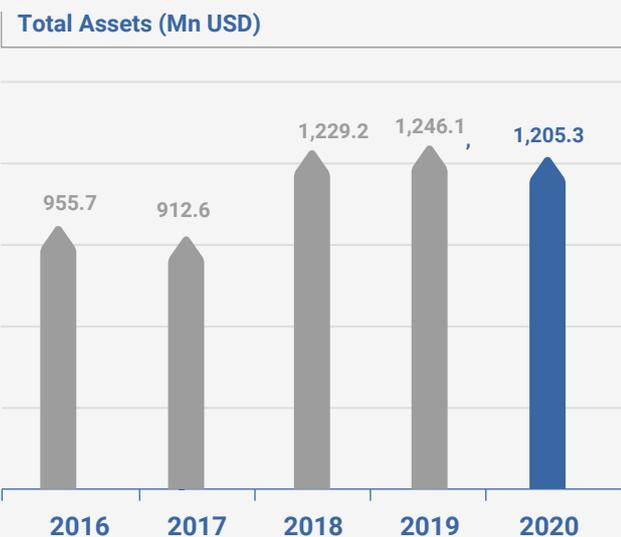
The exceptional increase in cost of sales was due to an unexpected spike in its key raw material (EDC Ethylene Di-Chloride) price. The spike in the raw material price was caused indirectly by an alumina refinery plant

shut down in Brazil. This situation lasted for almost a year keeping EDC prices elevated. Profitability was impacted due to low SPVC prices (finished products) and high EDC (raw material/feedstock) prices.

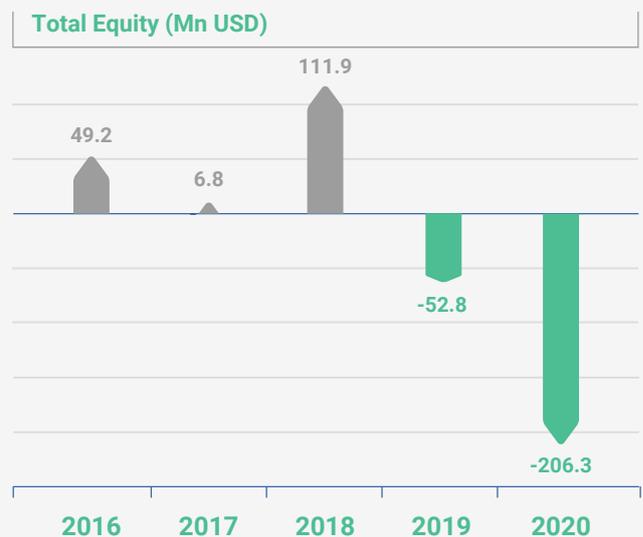


The General and administrative costs declined by 4.27% in 2018 and then increased substantially in 2019 by 33.29% and continued to increase but with a declining rate in FY2019/2020. While the finance costs

continued to increase over the period 2016-2020 but with a lower rate in the recent years of 4.66%. This indicates that TCI Sanmar managed to control its finance and general and administrative costs in 2020.



The increase in total assets during 2017-2019 reflects new investment. While total equity increased during



the period 2017-2018 and then turned negative over the period 2018-2020, as shown in the above figure.

Gross Profit Margin					
2016	2017	2018	2019	2020	
52.74%	64.65%	59.05%	42.24%	29.75%	▲

Current Ratio					
2016	2017	2018	2019	2020	
0.26%	0.39%	0.34%	0.24%	0,16%	▼

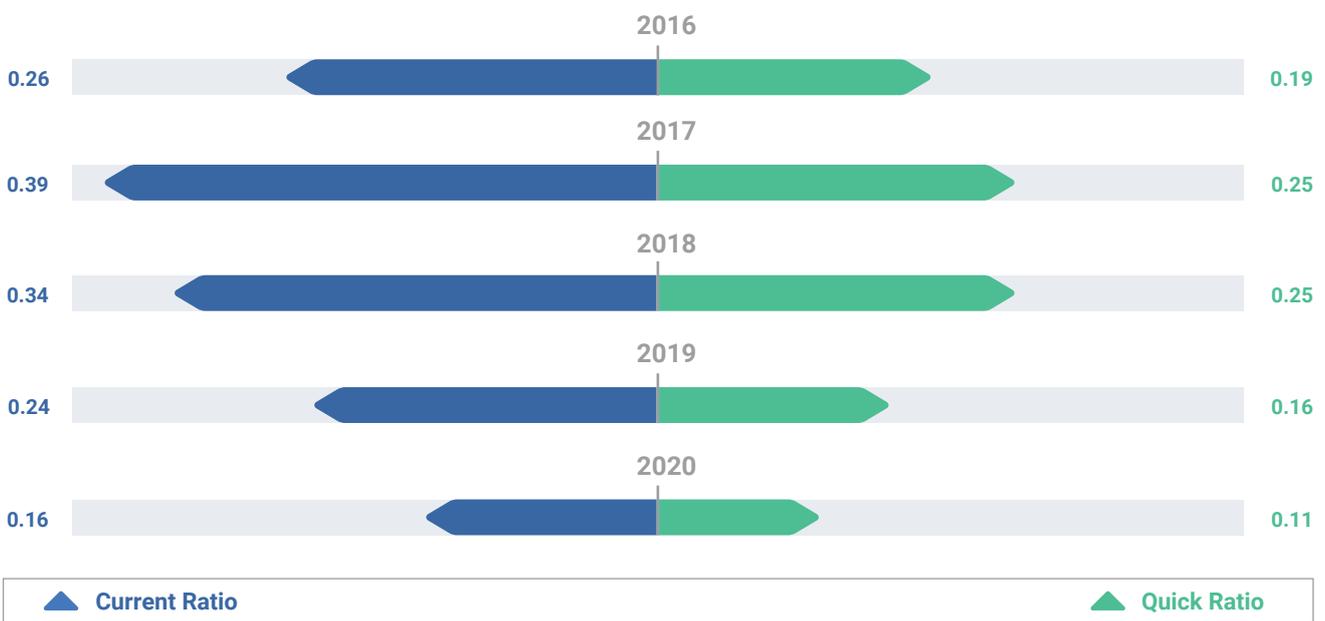
Quick Ratio					
2016	2017	2018	2019	2020	
0.19%	0.25%	0.25%	0.16%	0.11%	▼

Gross Profit Margin ▲ 2016 ▲ 2017 ▲ 2018 ▲ 2019 ▲ 2020



TCI Sanmar's gross profit margin increased during 2016/2017 by 11%, due to the decline in cost of sales during the same period. Then, gross profit margin declined over the period 2018- 2020, as cost of sales increased significantly over the same period. Gross profit margin decreased by 12.5% in 2020 from 2019. Net loss margin increased initially during 2016/2017 as gross profit declined and other expenses increased

during the same period. Then, net loss margin declined in 2018 as Sanmar's succeeded to increase its gross profit and control its other expenses including general and administrative expenses in 2018. Sanmar's net loss margin increased during 2019-2020 by 29% in 2020 from 2019 as SanMar experienced a decline in gross profit and dramatic increase in other expenses over the same period.



TCl Sanmar’s liquidity position can be assessed through using liquidity ratios including current ratio and quick ratio. Sanmar’s current ratio notably fell by 0.23 during the period 2017-2020 to reach 0.16 in 2020. Thus, Sanmar’s current ratio did not keep its acceptable value during the whole period under analysis, which indicates that Sanmar cannot meet its current liabilities from its current assets. Also, the quick ratio

dramatically decreased during the period 2017-2020 by 0.14 and reached 0.11 in 2020. The value of the quick ratio is unacceptable, that means that Sanmar does not have enough liquid assets (cash and other assets which can be rapidly sold) to meet all their current liabilities. The values of the two liquidity ratios reflects the unfavourable liquidity and solvency position of TCl Sanmar.

TCl Sanmar Sales and Marketing

Although the whole world was unitedly living through a challenging and uncertain period of time, TCl Sanmar has managed to maintain its prosperous position as a market leader on the national level. Through our agile and solid crisis management responses, we swiftly put together a system in which the factory maintained a consistent minimum downtime, resulting in steady,

though lower, production rates, and thus ensuring that sales volumes were secured. To assure that our downtime was reduced in a harmonious manner, we concentrated on improving operational efficiencies and upholding high level of quality assurance. Accordingly, our sales were not hindered by the unprecedented global crisis.

Marketing During COVID-19

The global supply and demand for PVC has been severely affected during the pandemic. Three main factories which provide PVC have been under a lock-down in the USA, therefore the supply reduced dramatically, and demand was not fulfilled. Hence, TCI Sanmar used this opportunity to fill this gap in the market and compensate its losses in the previous year. TCI Sanmar's production capacity was able to fill the market's gap and satisfy it with all its needs.

Although TCI Sanmar returned to its normal production capacity, still the Marketing department showed some negative impacts on sales and communications due to the new situation. Since face-to-face meetings with the actual and potential clients is no longer possible, the team felt that this created a barrier between them and their clients. Receptions and gatherings were no longer possible, communication was only limited to phone calls. This had affected the customer relations.

Clients Satisfaction

Given the vitality of customer satisfaction in order to uphold sales, TCI Sanmar ensures that clients are offered competitive market prices, have their orders delivered on time and, most crucially, delivered reliable products. Focusing on customer satisfaction not only guarantees our positive reputation within the industry, but also helps maintain our national competitive position and supports business continuity.

TCI Sanmar marketing team takes pride in its well-grounded relations with TCI Sanmar's clients, which has been established through a comprehensive follow-up system. As a result, all customers' feedbacks are accounted for and used for further development. TCI Sanmar's customers' needs are addressed through coordinated efforts of various teams across the company that intervene in case customers require assistance.







- Morocco
- Canada
- Nigeria
- Finland
- Oman
- Tunisia
- Sweden
- USA
- Romania
- Kuwait
- Spain
- Ivory cost
- Kenya
- India
- Tanzania
- Djibouti
- Greece
- Ghana

Value Generated



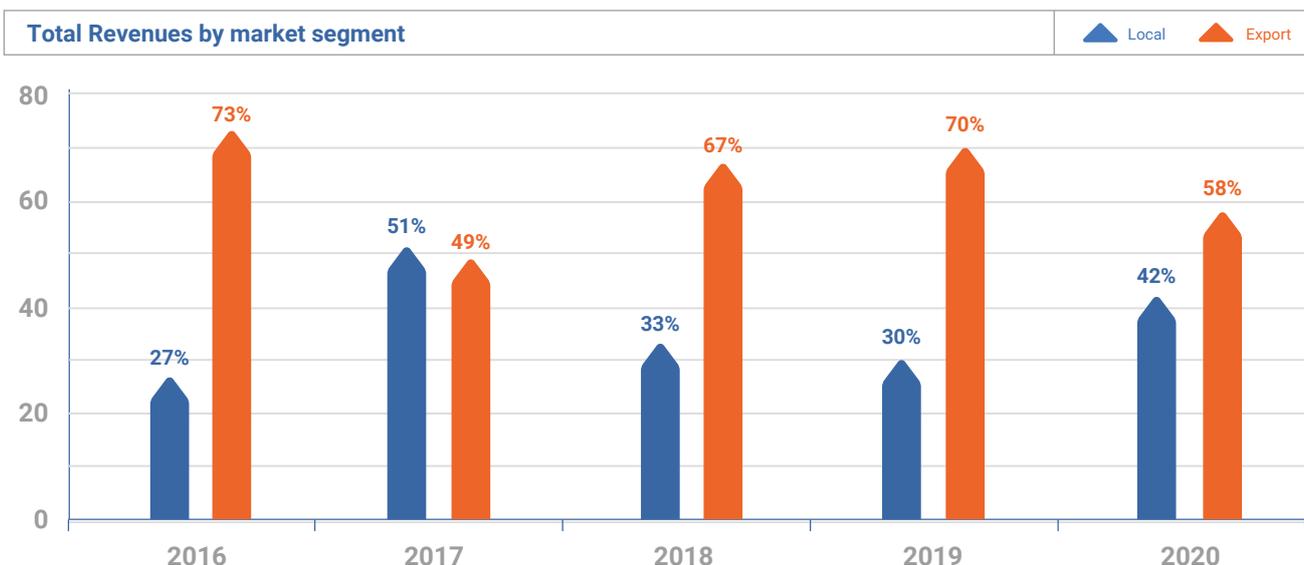
TCI Sanmar attained within this reporting period a total revenue of

259 Mn USD

an increase of about **17.2%** compared to last year's total revenues,

indicating that the organisation performed with greater resilience and adaptability in comparison to previous years.

Our stable sales volume can be further illustrated through our revenue levels that have been generated from the local and export markets



During 2019/2020 we observed significant increases in revenues on both national and international levels, resulting from surges in the number of products sold. Notably, the revenue from local market almost doubled

from 2019 to 2020, indicating a positive change in market behavior and a substantial change for TCI Sanmar's value within the domestic domain.

Further Growth Potential

For TCI Sanmar to preserve and expand its momentum in driving initiatives and achieving better EBTIDA in the following years, TCI Sanmar plans to enhance various aspects of its operations, such as:

- Developing PVC sales realisation through accelerating trial and approvals for cable applications, increasing domestic customer share, and advancing its customer service.

- Improving further the quality of its PVC product.
- Boosting sales volumes for other products such as Chlorine, HCL, and CaCl₂.

By acknowledging points of weakness and addressing such areas of limitation, TCI Sanmar will establish an even stronger ground to foster sustainable economic growth.

Our Reliable Supply Chain

Ensuring proper production inputs supply with the required quality on time is crucial for TCI Sanmar's Procurement Department. This avoids production interruptions, maintain process stability, quality control and customer satisfaction. This is achieved through continuously monitoring the supply needs through the supplier's development plan in coordination with the Cross-Function Team (consists of the operations manager and the financial manager).

This development plan started two years ago through a robust management development program. During this period, we succeeded to add new suppliers in all categories with the help of all operational functions that have positive impact on the efficiency and reliability of the whole complex.

Furthermore, TCI Sanmar ensures that suppliers abide by labour regulations, human rights, environmental regulations and health and safety regulations. We have a strict Suppliers' Code of Conduct that all our suppliers must abide by. We keep track of their performance to ensure they are sustainable providers for our needs and that they have a positive impact on the communities where they work.

We follow the Code of Conduct set by Sanmar Group and continuously review the performance of our suppliers to decide if we will continue our contracts with them, or if they will be substituted in case of their deviation from our policies.

Supporting Local Economy and Environment

When choosing our suppliers, we ensure that our choice is a sustainable one, that has a positive impact on the environment, the social capital, and our financial statements. We always search for local suppliers first before we resort to importing our raw materials. This has many positive impacts on multiple dimensions. First, when using local suppliers, transportation is far less that what is used for importing, resulting in less costs and less GHG emissions, which has a better impact on the environment. Secondly, buying from local

suppliers ensures that we have a positive impact on our local community as this might be their only source of income. Supplying us with spare parts and other raw materials enables local suppliers to create more decent job opportunities for the local community which secures a sustainable source of income. Thirdly, when resorting to local suppliers, the transportation costs, customs, duties, tariffs, and quotas are less, which is reflected positively on our financial statements.

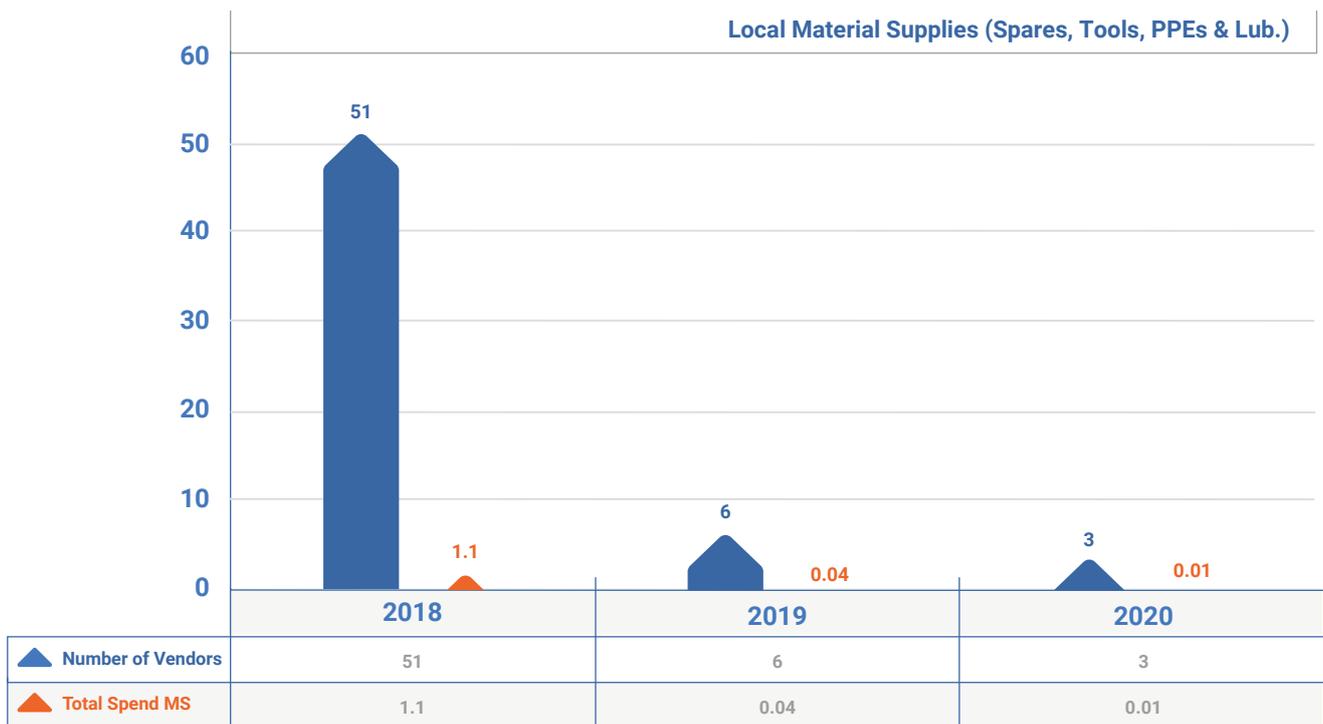
Procurement Highlights:

-  01 Introducing a new reliable salt supplier with a top-notch quality level beside TCI Sanmar's own salt farm secured that our salt supplies are sustainable and of high quality.
-  02 Reduced the risk of consumable supplies in several spares by having alternative local solutions.
-  03 Split the Global Maintenance Contract among two service providers which lead to almost **30%** cost saving and better performance.
-  04 Injected new Logistic service provides in the Egyptian port for EDC storage that leads to **25%** cost saving.

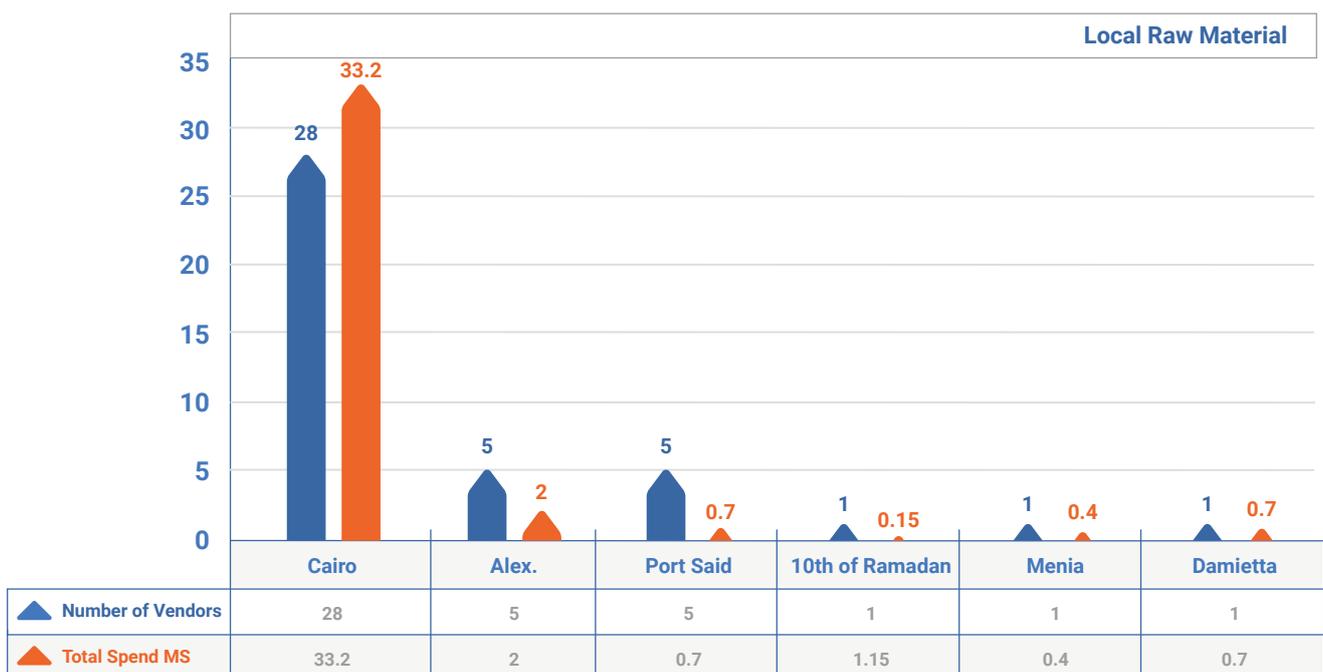
Spending on local suppliers exceeds spending on imported raw materials

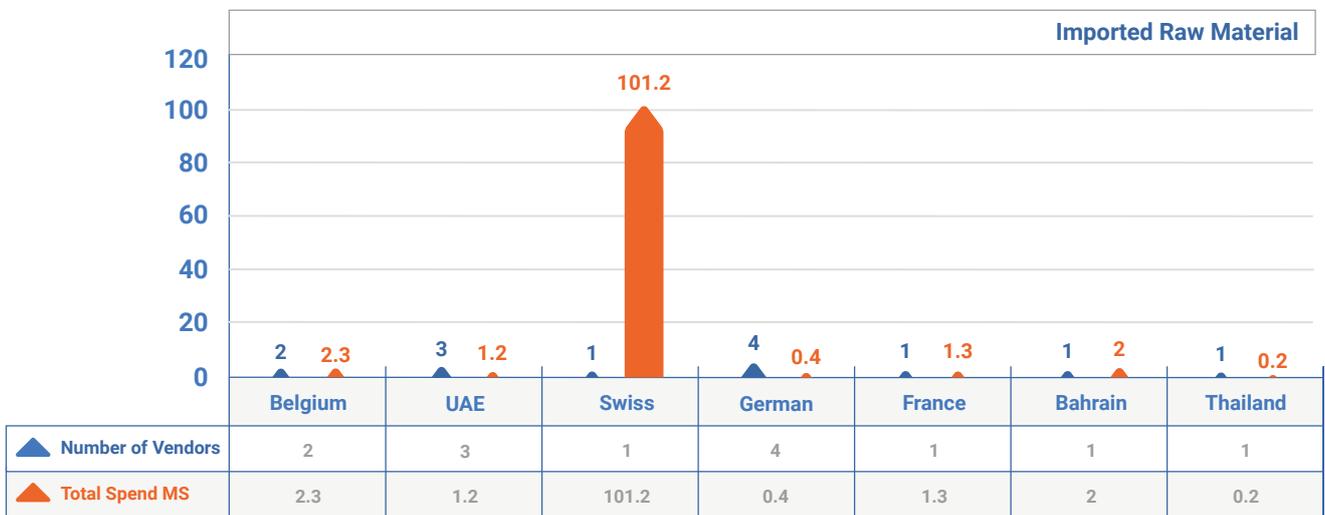
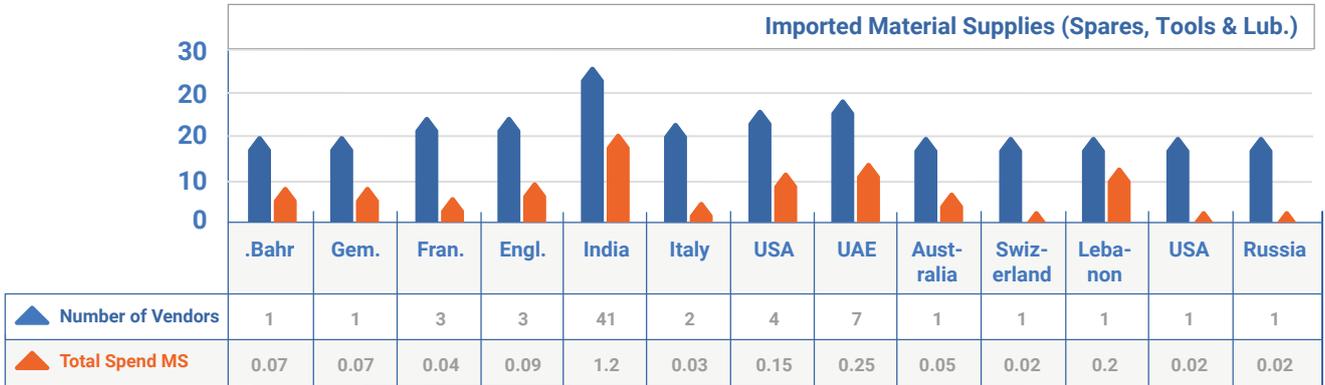
excluding the Ethylene Di Chloride Material which is sourced through a Swiss supplier.

Local Material Supplies (Spares, Tools, PPEs & Lub.)



Local Raw Material





Procurement Crises Management

At the end of this reporting period, the COVID-19 virus was already declared as a pandemic and the world fell into an unanticipated period of doubt, crises, and uncertainty.

Our factory was hardly affected by the crises as it has been discussed in the COVID-19 section, but other than problems we encountered during the quarantine period, our supply chain has also suffered some disruptions due to lock-down in multiple countries that we depended on for our spare parts and raw materials.

This impact was not severe due to the availability the needed supplies as the production has been totally halted for the period of quarantine and no raw materials were used during that period.

We were able to pass this period of lock-down, we are now proactive, we have set in place policies and

regulations on how to anticipate for any crises that might arise in the future.

We have in stock all the critically needed raw materials and spare parts that might cause the total halt of production if they are not available. Every department in the factory was asked to provide us with a list of its most critically needed supplies to make sure that we have enough stock in the event of another lock-down or global crises.

We continuously work to ensure that our production goes smoothly with minimum disruptions to guarantee the sustainability and high quality of our products and customer satisfaction.

These policies are regularly updated to ensure the resilience of our supply chain to sustain its survival during any unexpected events.

Our Suppliers Guidelines

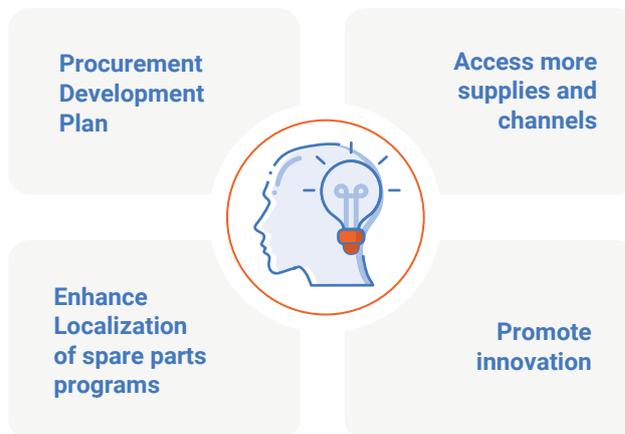
We are an equal opportunity employer and provide safe, healthy working conditions for our employees. We seek to conduct business with suppliers that share our values. "Supplier", as used in these Global Operating Principles, shall include all agents, vendors, manufacturers, factories, and subcontractors. TCI Sanmar recognizes there are different legal and cultural environments in which factories operate throughout the world. All suppliers must operate in full compliance with the laws of respective countries, and with all other applicable laws, rules, and regulations to do business with TCI Sanmar. When differences or conflicts in standards arise, TCI Sanmar suppliers are expected to apply the highest standard.

Legal Requirements

TCI Sanmar expects its suppliers to comply with all applicable laws, rules and country of manufacture or exportation. All products must be accurately labeled and clearly identified as to their Country of Origin.

Employment Relationship

TCI Sanmar suppliers must comply with the conditions of employment that respect workers and safeguard



The language to be used for purposes of notice interpretation and the meaning of these guidelines shall be English.

their rights under national and international labor and social security laws and regulations.

Forced Labor

TCI Sanmar will not purchase products from suppliers that use forced labor, prison labor, indentured labor or

bonded labor. Suppliers must not utilize or purchase raw materials from supplier utilizing forced labor.

Child Labor

TCI Sanmar's suppliers shall not employ any person under the age of 15 or under the age for completion of

compulsory education, whichever is higher.



Suppliers must maintain official documentation for each worker that verifies the worker's date of birth. In countries where official documents are not available to confirm exact date of birth, suppliers must confirm age using an appropriate and reliable assessment method. Harassment or Abuse.



TCI Sanmar suppliers must treat their employees with respect and dignity. We will not tolerate suppliers who subject their workers to human rights abuses, including physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination

TCI Sanmar recognizes and respects cultural differences within the business environment; however, no person shall be subject to any discrimination in employment, including hiring, compensation,

advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

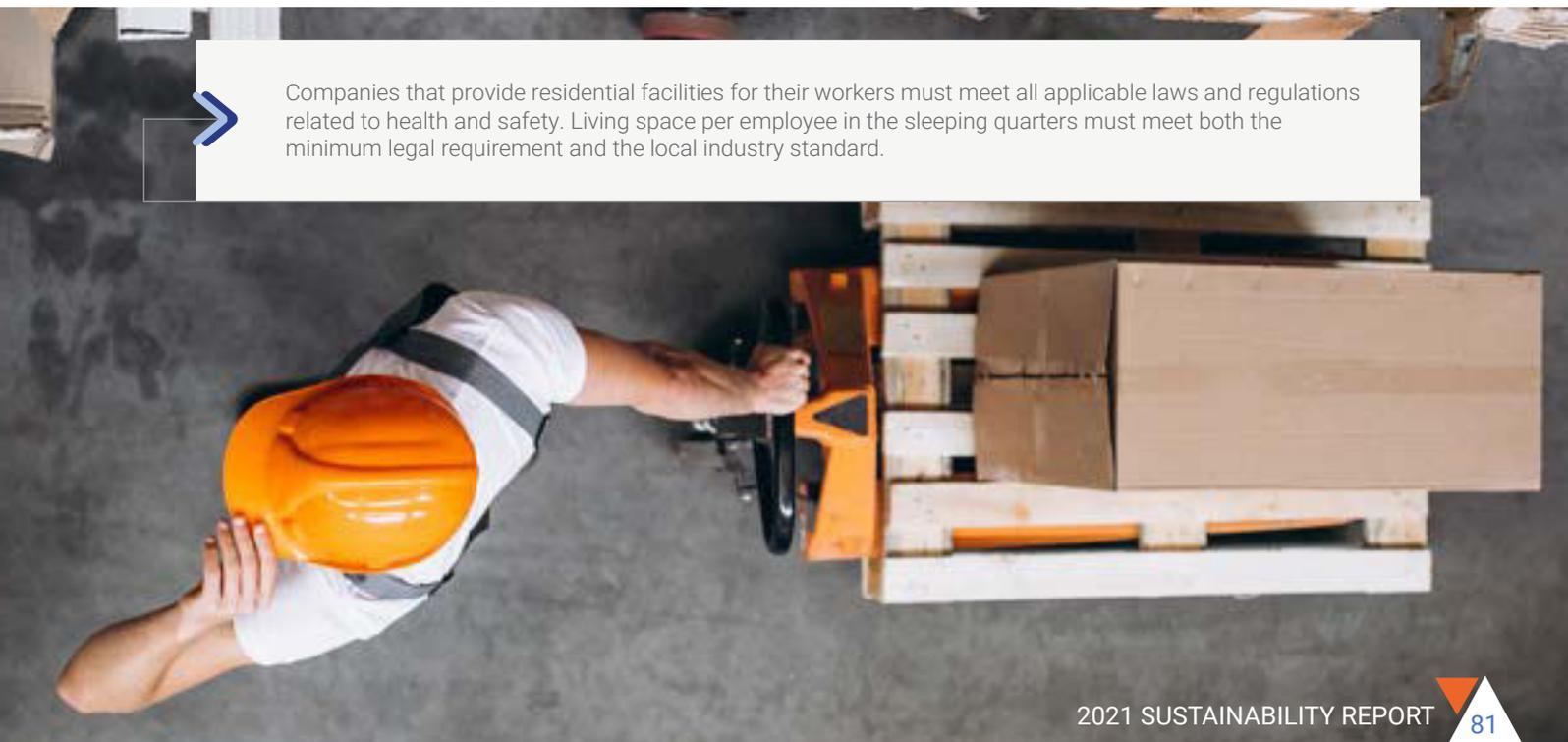
Health and Safety Standards

TCI Sanmar suppliers shall provide a safe and healthy work environment with all applicable laws regarding working conditions, including worker health and safety, sanitation, fire safety, risk protection, electrical, mechanical and structural safety: TCI Sanmar suppliers

shall provide a safe and healthy work environment with all applicable laws regarding working conditions, including worker health and safety, sanitation, fire safety, risk protection, electrical, mechanical and structural safety:



Companies that provide residential facilities for their workers must meet all applicable laws and regulations related to health and safety. Living space per employee in the sleeping quarters must meet both the minimum legal requirement and the local industry standard.



Compensation and Working Hour

- TCI Sanmar suppliers must pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract.
- Every worker has the right to compensation for a regular week that is sufficient to meet the worker's basic needs and provide some discretionary income.
- Where compensation does not meet workers' basic needs and provide some discretionary income, each supplier shall work with TCI Sanmar to take appropriate actions that seek to progressively realize a level of compensation that does.
- TCI Sanmar suppliers must not require their workers to work more than 48 regular hours per week (or fewer hours if prescribed by local laws and regulations). Workers are entitled at least 24 consecutive hours of rest in every seven-day period. Suppliers shall not request overtime on a regular basis. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours. All overtime must be consensual and must be fully compensated at a premium rate or the applicable overtime rate applicable by law.

Freedom of Association and Collective Bargaining

TCI Sanmar suppliers must recognize and respect the rights of their workers to choose or not to freely associate and to bargain collectively. Suppliers must

not threaten, penalize, restrict, or interfere with workers' efforts to join associations of their choosing.

Transshipment

TCI Sanmar will not tolerate illegal transshipment. Illegal transshipment occurs when goods are misrepresented as being produced in one country when in fact they

were produced or assembled in another country. No merchandise shall be transshipped to avoid quota or other restrictions.

Environmental Standards

TCI Sanmar will do business only with suppliers that comply with all local environmental laws. TCI Sanmar

suppliers must adopt proactive measures to minimize the impact of the environment.

COVID-19 and its Effect on Our Supply Chain

TCI Sanmar's supply chain was moderately affected by the virus. Some spare parts and raw materials were not available due to the lock-downs and curfews around the world, there was a delay in the incoming shipments which caused a disruption in the supply chain. Raw materials were not severely affected during the period of the pandemic as the factory had already stopped production for 14 days so not many materials were needed.

Since there is nothing guaranteed, and a lock-down could happen and is happening again in many parts of the world, the administration decided to be proactive, and anticipate for the future, instead of waiting for the action to fall and then react, the administration decided to create a stock of the needed spare parts and raw material to ensure that no shortage occurs and that they are available when needed. Continuous meetings are carried out with the different departments to know all their needs of supplies and raw materials to ensure that they are stocked and available in case another lock-down occurs.

TCI Sanmar's supply chain is resilient, the suppliers continue to have strong relations with the company even during the pandemic, and none of the suppliers were changed. Although some disruptions occurred in the supply chain due to miscommunication and rumors, such as the incident that occurred in the salt farm, which is one of the main raw materials for TCI Sanmar. People working in the farm were concerned to be in physical contact with anyone from the factory as they were concerned that he might be a source for transmitting the virus, and this created numerous problems.

They stereotyped TCI Sanmar as the center of Corona that transfers it to everyone dealing with any employee from TCI Sanmar. But due to the administration and the team's tactics, these rumors were proven false, and the supply of salt continued normally.

This proved a successful management approach in dealing with the pandemic.



06.

Our Environmental Commitment

- > Energy Consumption in Distribution and Energy Intensity
- > Water Footprint
- > Carbon Footprint



Our Environmental Commitment

A main objective at TCI Sanmar is safeguarding the environment. Therefore, our environment and sustainability department, in cooperation with our laboratories and utilities management units, are working continuously to assure that our processes and resulting discharges and emissions are in compliance with all rules and regulations. Samples are analyzed regularly to ensure that the emissions are within permitted limits according to environment law No.4/1994 and 9/2009. TCI Sanmar is under stricter monitoring from responsible governmental organizations including Egyptian Environment Affairs Agency, Ministry of Health, The Environment Department of Port Said Governorate, to monitor and check our operations, to the extent reaches sometimes one audit per month, that are all reported that TCI Sanmar operations complies with the Egyptian standards.

As part of our corporate citizenship, TCI Sanmar continuously improves manufacturing processes, to increase its production processes efficiency. We are fully committed to environment protection, irrespective of associated cost. TCI Sanmar is using the most environment friendly Membrane Cell Process in producing Caustic Soda. The continuous supply of power is a fool proof method of eliminating the possibility of gas leaks. Also, TCI Sanmar has adopted several measures and polices manifesting its approach to maintain its continuous development while preserving professional integrity and contribution to the social development of Port Said Governorate. We use world class environmental protection and containment systems to comply with Egyptian national (EEAA) and international standards by the unique and modern technology.



As part of our continuous improvement toward safeguarding the environment, a hazardous waste management system has been integrated in our SAP system that includes internal safe handling and storage, as well as external final disposal through an authorized company by Egyptian Environment Affairs Agency (EEAA). Part of the hazardous waste is under treatment in the waste gas and liquid treatment and energy recovery unit, which utilize the organic liquid waste and gases to be incinerated and recover the heat to be converted to steam 16t/h.

All of these processes are organized through TCI Sanmar hazardous waste SOP and internal waste generation certificate.

TCI Sanmar was the first company to apply Sulfate Removal System (SRS) in Egypt as one of the **Best Available Techniques (BAT)** applied in Chloro-alkali industry. The SRS is used to reduce Sulfate ions from brine solution (which makes the brine of specs) to recover 650 M3/day brine solution with 200 g/l of salt concentration.

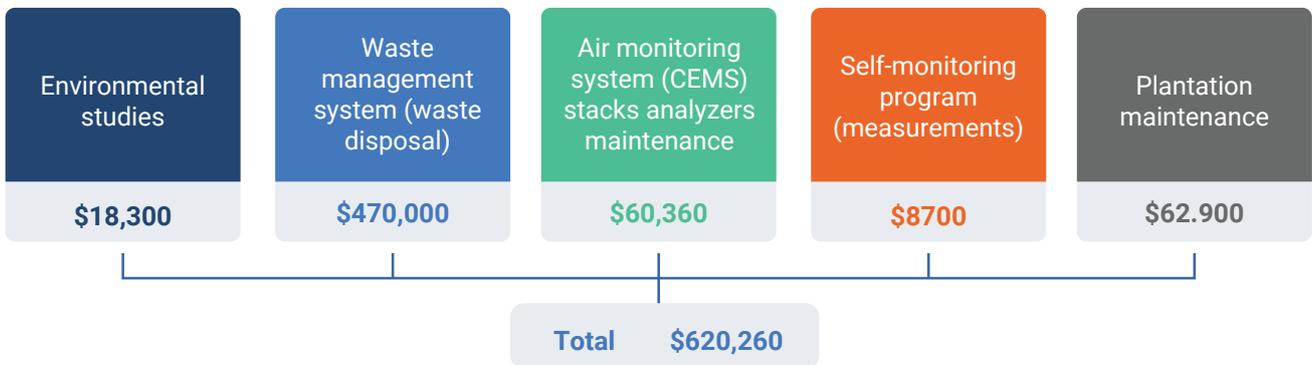


This technology leads to save of our main raw material (**Salt**)

1040k ton/year

In addition, TCI Sanmar implemented a new program for treating cooling water on the basis of maximizing the number of cycles and reducing the rate of blow down water which is reflected positively on the water consumption. Applying the new treatment program leaded to save 166,000 m3/ year of water intake

consumption in addition to the positive impact on the effluent discharge since it reduced the blow down water by 133,000 m3/year. TCI Sanmar investing to maintain the Environmental management system as follow (Environment expenditure for the reporting year).



As Environmental management, waste, water management, energy and emissions and local community are classified as key material topics and high-risk issues for TCI Sanmar, and as a move toward achieving Zero Liquid Discharge, TCI Sanmar established new ZLD unit (ZLD_2) with a capacity of 6000 m3/day for water treatment and recycle to cope with the new PVC expansions project (PVC2) with total cost USD 3 M investments to install the best available Zero liquid discharge technique for waste water treatment and

recycle facility. To improve our relationship with our local community, we exert enormous efforts to minimize our negative impacts on the wellbeing and health of our local community. Process Analyzers and Environmental emission monitoring equipment are being managed 24/7 to assure the safety and wellbeing of the local community.



Recycled input materials used

- Wastewater is recycled through the ZLD system
- Natural gas is conserved through recycling chlorinated hydrocarbons liquid and gaseous organic wastes to generate steam.
- Hydrochloric Acid and Sodium Hypochlorite are also recycled: hydrochloric acid is reused as input product to produce calcium chloride.
- Ethanol used in PVC production is produced from Molasses

Energy Consumption in Distribution and Energy Intensity

Product	Power kWh/Kg 18/19	Power kWh/Kg 19/20	Trend	Energy MJ/Kg 18/19	Energy MJ/Kg 19/20	Trend
PVC	1.07	0.81	▼	12.55	15.47	▲
CaCl ₂	0.75	0.26	▼	11.04	11.75	▲
Caustic Soda	2.73	2.52	▼	1.75	2.74	▲

Water Footprint

In TCI Sanmar, water needed for production is withdrawn from the municipality and the treated process waste is discharged to the public network. As a water intensive industry and our desire towards sustainable production, water usage is addressed at several levels including complex team, contractors, suppliers and top management through our environmental policy

and water management plan. As a result, our ZLD1 and ZLD2 facilities were concrete steps taken in a water stress country. Also, several environmental awareness campaigns were held within our complex to ensure sustainable water consumption. These initiatives helped us to reduce our Water Footprint.

Product	Total Water Consumption in m3 18/19	Total Water Consumption in m3 19/20	Trend
CA plant	1842572	1635416.95	▼
PVC	1598371	2083230.00	▲
CaCl ₂	23262	76643.06	▲

Product	Water Footprint m3/ton18/19	Water Footprint m3/ton19/20	Trend
CA plant	10.204	8.565	▼
PVC	8.152	8.879	▲
CaCl ₂	1.160	1.277	▲

Water discharge by quality and destination

Wastewater is discharged to the public network after treatment in two ZLD units and recycled up to 90% to be used in the process again

Direct GHG Emissions

Our Direct Emissions come from the natural gas used in operations and gas boilers to produce steam needed for operations with a total of 245584 tons of CO₂ emissions.

Energy Indirect GHG Emission

Indirect Emissions from electricity in TCI Sanmar is 365930 tons of CO₂ emissions. footprints are near the lower limit when compared to

Carbon Footprint

Product	2018/2019	2019/2020	Trend
	Kg CO2/Kg of Product	Kg CO2/Kg of Product	
PVC	1.07	1.22	▲
CaCl ₂	0.75	0.73	▼
Caustic Sada	1.53	1.48	▼

Reduction of GHG Emissions and Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Other Significant Air Emissions

In the last two years, the Persistent Organic Pollutants (Dioxine & Furane) emission are below the detection limits. The NOx emissions were reduced by about 65% and the Ozone- depleting Substances is 2 TPA. Despite our emissions control efforts that resulted in

such decrease the SOx and PM, emissions are higher by 20 % and 11% respectively and we are working on the analysis of the trend to find the reason for the slight elevation.

Emission	Unit	2017/2018	2018/2019	2019/2020	Trend
NOx	kg/Y	479816.57	168911.05	217179.4	▼
SOx	kg/Y	500.69	604.59	8701.38	▲
POPs (Dioxine & Furane)	kg/Y	<DL	<DL	0.27	▲
PM	kg/Y	860.33	960.83	454633.39	▼

Waste by type and disposal method

Two major types of wastes are generated in TCI Sanmar, one of them is the byproduct of the manufacturing process or an obsolete commercial product and/or contaminated chemicals. Packing waste (hazardous waste) and Solid (non-hazardous) wastes generally include garbage, and inert construction / demolition

Transport of hazardous waste

Hazardous waste is immediately segregated and transferred to an intermediate storage facility in the

Hazardous Waste Management

At TCI Sanmar we follow a strict waste management system for Hazardous and Non-Hazardous solid waste. The waste management procedures for each type of waste are well documented. In case of hazardous wastes created from production unite; there is a work instruction sheet for internal hazardous waste handle.

Waste is segregated and transferred to an intermediate storage facility in the plant before its safe and final disposal through an authorized third party according to EEAA guidelines.

materials, metal scrap. TCI Sanmar has identified a list of main solid wastes during operation phase, which includes the different solid wastes generated from the production process as well as sludge and treatment of residues.

plant before its safe and legal disposal through an authorized third party.

As a water intensive industry and our desire towards sustainable production, water usage is addressed at several levels including complex team, contractors, suppliers and top management through our environmental policy and water management plan. As a result, our ZLD1 and new ZLD2 facilities were the concrete steps taken in a water stress country. Also, several environmental awareness campaigns were held within our complex to ensure sustainable water consumption. These initiatives helped us to reduce our Water Footprint.

Modification Toward Excellence in Performance

At TCI Sanmar we practice the environment management system in our daily operations. As well as conducting internal auditing for all production units to assure the full compliance with environmental regulations. This resulted in

Another Modification in storm water network which improved the performance of the wastewater treatment system.

Zero violation of 7 external environment audits done by EEAA during the reporting period.

To enhance our production process, at the same time protect the environment, and reduce our negative impact on the local community, a new modification was applied to recover the steam vented from VCM plants to be utilized for process heating purposes by applying the new modification that led to conserve

24,000 ton/year



As part of TCI Sanmar Governing Principle of maximizing water recycle to be 90% within the facility through effluent treatment unit ZLD1,2, We added a new dosing system by chemicals in the clarifier of ZLD 2 & and prepare pilot for ultra-filtration system for ZLD2 optimization and increase the recovery rate of treated water which will be recycled to be used in the production process.



One of TCI Sanmar's initiative is building the Waste Heat Recovery System that produces steam through incineration of the Hydrocarbon organic waste. Also, maintaining and improving Continuous Emissions Monitoring System CEMS, which established based on the regulations set by the Egyptian Ministry of Environment and EEAA. With **100%** complying.

We utilized a new cooling water treatment program based on maximizing the number of circulation and reduce blow down water rate which conserved.

260000
M³/year
of water consumption in addition to reduce the effluent by
240000
M³/year

Also, we invested

USD 3,000,000

to install the best available Zero Liquid Discharge technique for wastewater treatment and recycle facility to increase the ZLD2 unit capacity to 6000 m³/day for water treatment and recycle.

TCI Sanmar in coordination with the Ministry of Environment to plan to install an ambient air monitoring station and the order has been placed with a company in USA for supplying the equipment that will reflect the ambient air quality status in the residential area with a total investment of

USD 323,000

to allow for data to be communicated and monitored by the Ministry of Environment 24/7.

In the true spirit of protecting the environment, TCI Sanmar has taken several positive initiatives:

1

Continuous collaboration with faculty of science at Port Said University to raise environmental awareness through a well-structured program for the students. In addition to site visit for the students to see the applied best available techniques, as well as clarification of the environment awareness mechanism (signs, posters, awareness sessions).

2

TCI Sanmar continued to sponsor the program managed by the Arab Academy for science in Port Said and Misr El-khir Association (NGO). The program targets 140 technical school students for providing capacity building programs to improve their skills through technical courses on Argon, electric welding, PLC, HS, environment and sustainability.

3

Plan for energy auditing for the whole complex and look for energy conservation opportunities.

4

We continued our effort toward "Green Belt" initiative for planting and maintaining 4000 trees belt at the back yard between the complex and housing area in addition to green area of 40000 M2 distributed around the plant including different type of agricultures.



Our Environmental Performance in a Nutshell

KPI Number	Information
301-1	<ul style="list-style-type: none"> ① Non-renewable material: Limestone, soda ash, sodium sulphate, sodium bicarbonate, sodium polyphosphate, calcium hydroxide (lime hydrate) ② Renewable material: Ethanol, raw salt
301-2	<ul style="list-style-type: none"> ⓐ HCl which is produced as a byproduct in the complex is recycled to produce CaCl₂ granules as a final product.
302-1	<ul style="list-style-type: none"> • Total electricity consumption in TCI-Sanmar complex is 686.55 GWH/y • Natural gas consumption for the complex is 121455840 Nm³/y
303-1	<ul style="list-style-type: none"> ⓐ Withdrawn from municipal water, consumed within the boundaries of the complex and then discharged to public sewage network ⓑ Discharge water quality monitored/ analyzed to be within the legal standard of the environmental regulations, frequency of sampling by complex self-laboratory on daily basis and by third party on monthly basis ⓒ Addressed in the plant with the plant team, contractors and suppliers through the water management plan and environmental policy as well as addressed internally and externally through environment awareness campaign ⓓ Process for setting water related targets aim to reduce water consumption was achieved by establishment of ZLD facility in the complex which was proactive step even before Egypt became a water stress country
303-2	Effluent discharge is according to decree of housing minister no. 2000/44, and according to the limit of the parameters defined at that decree.
303-3	The only source of water that we have is municipal city water. Water withdrawal: fresh water 4.56 Mm ³
303-4	Note: No. of violations: 1 final effluent violation.
303-5	water consumption recycled water: 1.63 Mm ³
305-1	<ul style="list-style-type: none"> ⓐ Direct GHG is 245584 ton CO₂ Emission factor of natural gas calculated = 2.022 kg CO₂/Nm³ gas based on WBCSD CO₂ emission and energy protocol V3

305-5	Alco Ethylene Plant is considered initiative for CO ₂ reduction, because production of Ethylene is by cracking of natural gas that produces GHG and also emits CO ₂ through the conversion process, but in case of AEP we use Ethanol as raw material which is produced from sugar cane which emit zero CO ₂ through its conversion process to produce ethylene. TCI Sanmar AEP is the only plant in Egypt and even in the middle east producing ethylene from ethanol (zero carbon footprint)
305-6	Importing CFC (Freon) for chillers, quantity (2 ton/y)
305-7	<p>2020-2019</p> <ul style="list-style-type: none"> i. CO load in kg/Y (68717.51) ii. NO_x load in kg/Y (217179.40) iii. SO_x load in kg/Y (8701.38) vi. POPs (Dioxine & Furane) in kg/Y (0.27) vii. PM load in kg/Y (454633.39)
306-1	<ul style="list-style-type: none"> i. Effluent is discharged to public sewage system ii. Wastewater is treated by 2 ZLD units and recycled 90 % to be used in process again. iii. Wastewater is not reused by another organisation but reused again in our process. iv. Housing minister decree no. 2000/44.
306-2	<ul style="list-style-type: none"> iv. Organic liquid and vapor waste (High boil and low boil) are recovered through our Incinerator to produce steam from the heat recovery with 16 t/h steam production rate. v. Flaring of the Ethylene during emergency stoppage / shutdown of AEP. vii. Landfill for some hazardous waste which mentioned in the disclosure of transport of hazardous waste viii. On-site storage, we have a temporary storage at our site, the storage is equipped with firefighting system and divided into 4 sections for waste segregation. <p>The waste disposal is according to type and hazard of that waste and is complying with national standards/regulations.</p> <ul style="list-style-type: none"> i. Reuse: wood pellets
306-4	<p>Hazardous waste transported:</p> <ul style="list-style-type: none"> ① Liquid organic waste (3707.97 Ton) ② Purge brine (737.66 Ton) ③ Inorganic neutral sludge (16997.45 Ton) ④ Other types of hazardous waste (245.6 Ton) <p>Standards, methodologies, and assumptions used. Attached SOP of Hazardous waste management.</p>
307-1	i. 1 violations related to Effluent discharge quality



07.

Corporate Governance

- > Our Board of Directors
- > Committees of the Board
- > Business Code of Conduct
- > Stakeholder Inclusiveness
- > Stakeholder Mapping and Identification
- > Stakeholder Engagement
- > Materiality Assessment
- > Corporate Compliance



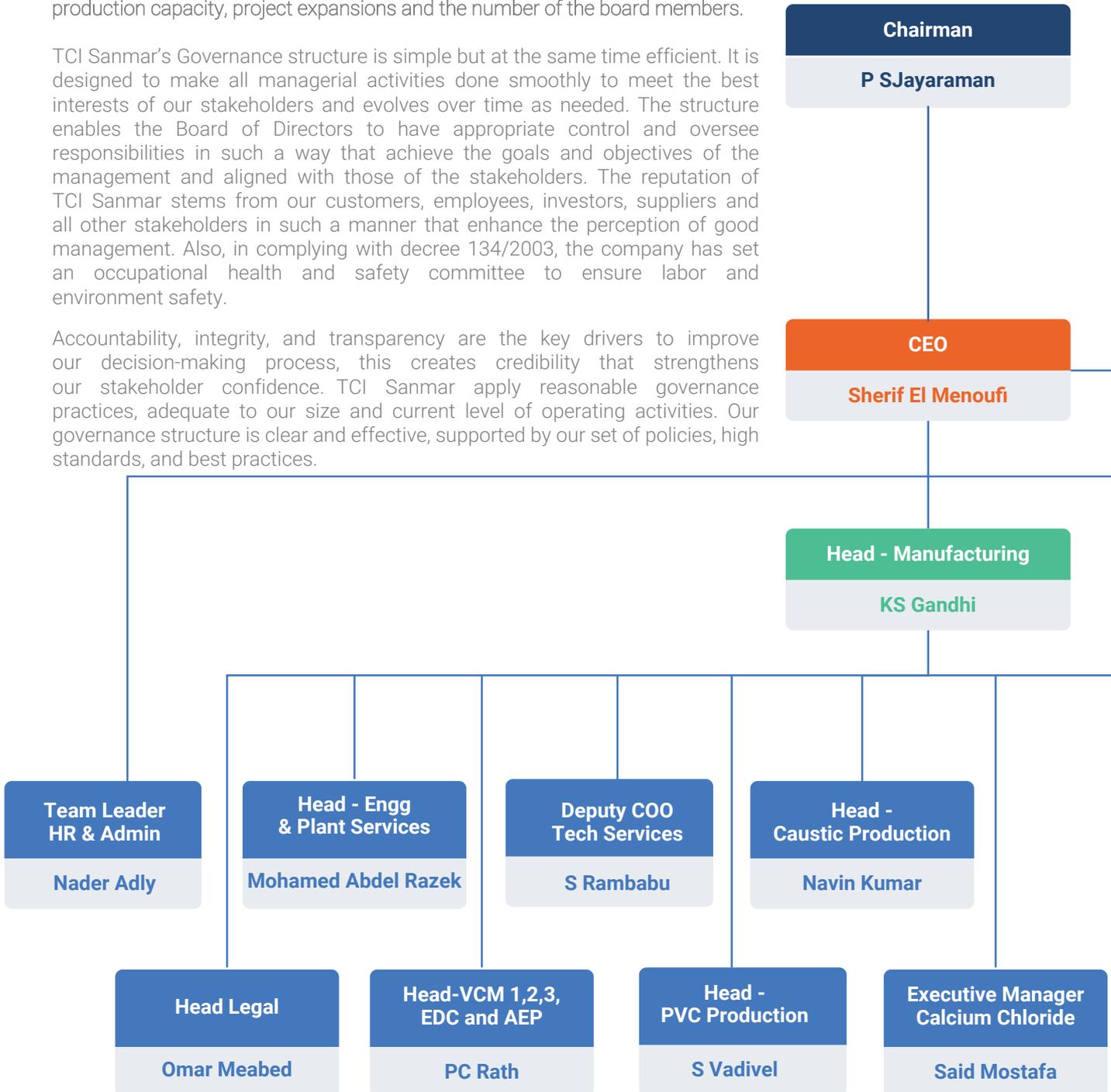
Corporate Governance

Incorporated in 2001 as a limited liability company, changed to TCI Sanmar Chemicals S.A.E. in 2007 following acquisition of Trust Chemical Industries by "The Sanmar Group". The company changed its type from Limited Liability to Joint Stock on 28th February 2010.

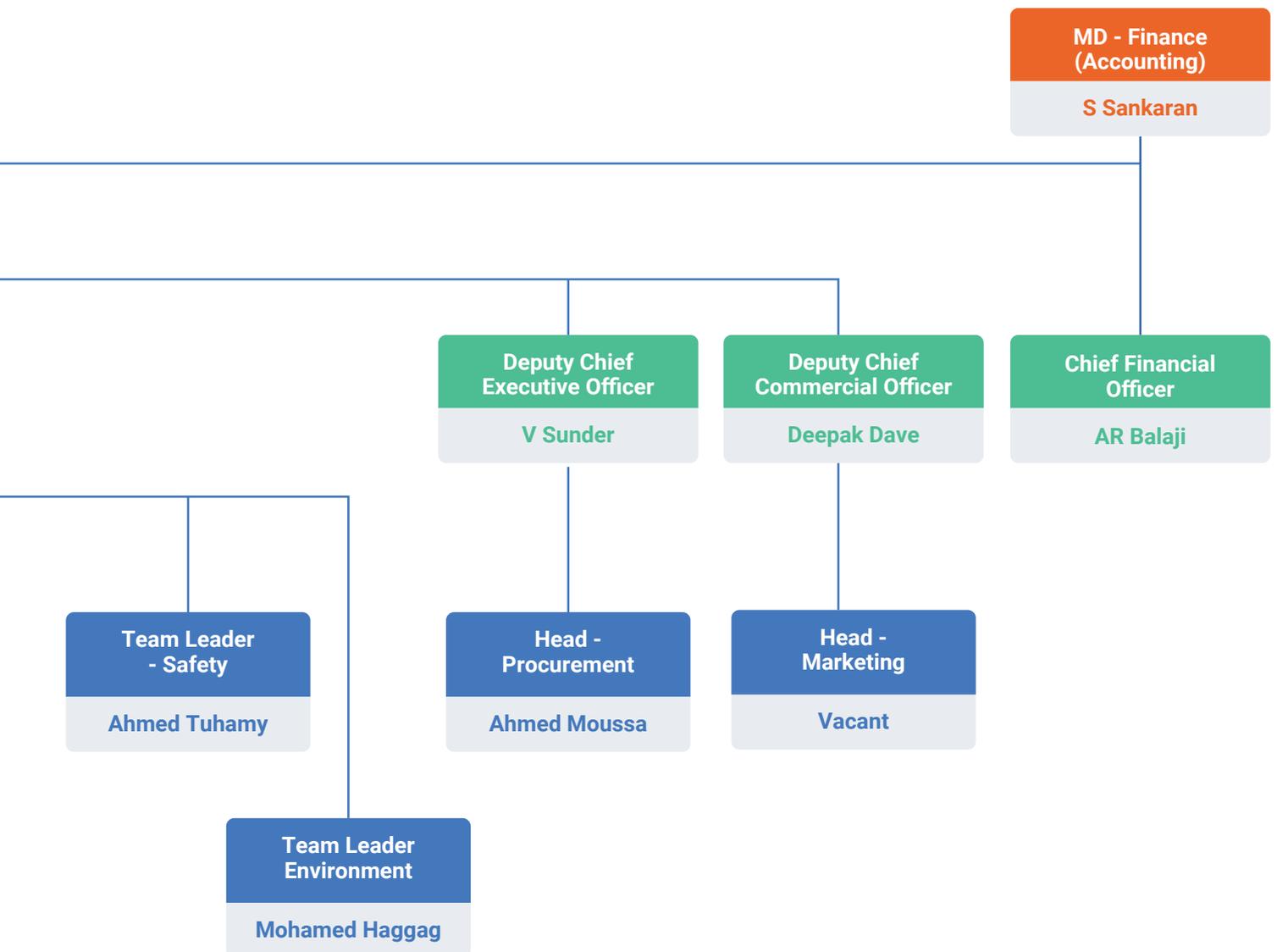
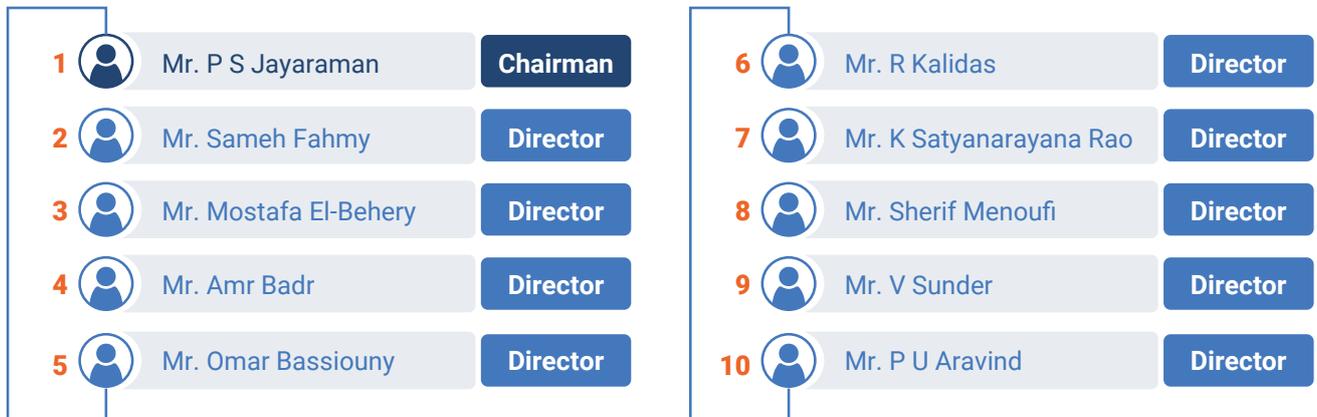
The company changed part of its Articles of Association in March 2011 and March 2017 as well as in June 2018. The changes related to increase in production capacity, project expansions and the number of the board members.

TCI Sanmar's Governance structure is simple but at the same time efficient. It is designed to make all managerial activities done smoothly to meet the best interests of our stakeholders and evolves over time as needed. The structure enables the Board of Directors to have appropriate control and oversee responsibilities in such a way that achieve the goals and objectives of the management and aligned with those of the stakeholders. The reputation of TCI Sanmar stems from our customers, employees, investors, suppliers and all other stakeholders in such a manner that enhance the perception of good management. Also, in complying with decree 134/2003, the company has set an occupational health and safety committee to ensure labor and environment safety.

Accountability, integrity, and transparency are the key drivers to improve our decision-making process, this creates credibility that strengthens our stakeholder confidence. TCI Sanmar apply reasonable governance practices, adequate to our size and current level of operating activities. Our governance structure is clear and effective, supported by our set of policies, high standards, and best practices.



Our Board of Directors



Committees of the Board



01

Cross Function Team

The cross-function team was initiated to act as a middle level committee that communicates issues and risks to the top management to speed up the process of decision making. It is formed from representatives from all departments. Its main function is to discuss operational issues and suggest solutions to the top management. The cross-function team helped in solving many issues raised during the reporting period and proven to be a success model.



02

Occupational Health and Safety Committee

As a permanent committee convenes weekly, its mission is to review and examine work conditions, root causes of accidents, injuries, occupational and chronic diseases, and reviewing emergency plans.



03

Investment Committee

An adhoc committee has a primary authority on developing the corporation's investment objectives and corporate policies regarding investing.



04

Annual Inventory Committee

A Permanent committee convenes annually to assess the company's assets, properties. It also oversees the implementation of the policies, procedures, and instructions of handling fixed assets, and inventory stock and flow.



05

Human Resources Committee

A Permanent committee is responsible for creating and monitoring values-based systems and policies to ensure that the organization is following local and state laws, and creating an attractive environment for current and prospective employees. The committee also responsible for the establishment of the overall philosophy for managing human resources within the organization and the desired corporate culture and providing the necessary governance to ensure this is being fulfilled, Oversee the recruitment and compensation process of the employees, and Ensure human resources risks are appropriately identified and mitigated in the strategic planning process.

01



Business Code of Conduct

A permanent committee formed to set guidance and direction and oversee policies and progress on the Company's social, ethical, environmental and Community issues, as well as Company's culture. The main mission of the committee is to study requests for assistance submitted by the competent authorities and ensure that they reach those who deserve it.

Business Code of Conduct

The Code of Conduct practiced by TCI Sanmar team, along with our core values, and our Suppliers' Code of Conduct, provides a clear direction to all our stakeholders how to behave ethically according to our standards. The code covers a wide range of topics, ranging from our full support to human rights, to our strict policies toward anti-corruption. It also helps to ensure regulatory adherence and prevents potential risks and liabilities.

Our legal department makes sure that the company's operations, transactions, and decisions follow all relevant laws and regulations. This contributes to minimizing risk of losses that is associated with losing legal cases, which in turn reflects in the company's reputation, trust, and profits.

We encourage employees and contractors to ask questions and seek guidance about any concerns to understand their rights and responsibility.

We are working towards developing a whistle blowing reporting mechanism for employees, contractors, and suppliers to create an environment where they can report suspected violations without fear.

TCI Sanmar has zero-tolerance for corruption and adheres to the high ethical standards wherever it operates. Our reputation and integrity depends on the behavior of each and every employee inside and outside the company.

Stakeholder Inclusiveness

As a continuation of our practice, a stakeholder mapping exercise was conducted through a team assigned by TCI Sanmar management. A questionnaire

was circulated among all internal departments of the company through which they were called upon to identify all their internal and external stakeholders.



Stakeholder Mapping and Identification



Categories	Stakeholder Groups	Role
Industrial Policies		
Environmental Sector	Ministry of Environment -Egyptian Environmental Affairs Agency (EEAA)	<ul style="list-style-type: none"> Responsible for reviewing and approving ESIA's, and monitoring implementation of the Environmental Management Plan
	Environmental Office within the governorate	<ul style="list-style-type: none"> Responsible for monitoring the compliance to environmental requirements
Port Said Governorate	Occupational Health and Safety Administration	<ul style="list-style-type: none"> Reviewing occupational health and safety reports
	Information Center in Port Said Governorate	<ul style="list-style-type: none"> Provide the project with underlying utilities and infrastructure maps. As well as, provide information about the surrounding communities

Other Governmental Entities	Industrial Development Authority	<ul style="list-style-type: none"> Responsible for executing the industrial policies set by the Ministry of Trade & Industry and its subsidiaries to stimulate & encourage investments in the industrial sector Formulate & implement policies of industrial land development & provision; and simplify industrial licensing procedures Granting an operating license to industrial facilities
	Egyptian Electricity Transmission Company (EETC)	<ul style="list-style-type: none"> Management, operation and maintenance of electric power transmission networks Regulating the movement of loads on super and high voltage networks Coordination with generation companies and distribution companies in providing electrical energy through various efforts for all uses Implementing electrical interconnection projects
	The industrial zone south of Port Said	<ul style="list-style-type: none"> Coordinate the use of public facilities within the industrial area
	The General Authority for Roads, Bridges & Land Transport	<ul style="list-style-type: none"> Permissions for the public road usage during the implementation of the associated projects
Project Owner	TCI Sanmar Chemicals	<ul style="list-style-type: none"> Project owner
Contracting	Contractor	<ul style="list-style-type: none"> Manage the design, engineering, procurement and construction works for the project

Secondary Stakeholders

Civil Society	Public through local NGOs	<ul style="list-style-type: none"> They are responsible of sharing information with the community NGOs are a good method for spreading awareness messages to the local community Cooperation in implementing some of the company's Corporate Social Responsibility plans, and consultation activities with local communities
Traders and Suppliers	Traders (small scale) within Port Said and other places in Egypt	<ul style="list-style-type: none"> Provide workers with food and amenities
	Small contractors within Port Said	<ul style="list-style-type: none"> From the project adjacent areas

Stakeholder Engagement

Industrial Policies	Levels of Importance	Method of engagement
 Board of Directors	Primary	Board meetings, various reports.
 Financial institutions	Primary	Regular meetings, Financial report, annual audit reports, feasibility studies.
 Employees	Primary	Direct meetings, interviews, direct phone calls, emails
 Clients	Primary	Scheduled meetings, direct phone calls, emails.

Stakeholders Concerns and Management Approach

Issues and Expectations

Financial efficiency, Corporate governance, Compliance with laws & regulations, Risk management, Safe and Efficient operations, and Sustainable business growth.

Transparency of management system, Professional financial management system, long-term planning, liquidity, risk management. exchange rate, interest rate

- Letter of credit discounting
- Payment processing
- Documentation
- New suppliers Registration
- No access of online view of account.

It results in delay in information of export collections and further delay in communication to the sales team

- **Safe working environment, attractive benefits package, Career path development, Training and development, Recognition and reward, employee and family well-being.**
- **Transparency**
- **Communication**
- **Management problem**
- **High turnover rate**
- **Inability to attract new calibers**
- **Shortage of skilled staff**
- **Environmental policy as a part of day- to-day activities in all operations**
- **Safe and efficient operations, compliance with environmental and production standards**

- **Company profile, operating costs, prices of products, availability and reliability of products**
- **Customer satisfaction**
- **On time product delivery**
- **Credit facilities**
- **Product Quantity, Quality & Price**

Response to expectations

- Effective planning and budgeting,
- Efficient management system,
- Performance monitoring and reporting system,
- Solutions to reduce costs,
- maximizing resources utilization.

- Maintain good relationship
- Information sharing
- Servicing of facilities

- New health plans, Updating HR Policy
- Training and career development programs, Retention plan
- Training with universities.
- Human resources data analysis system
- Exit Interviews
- Incentive System
- Professional and dedicated employees, strict policy toward human and labor rights

- Apply international standards in management system.
- Continuous training programs for operations staff.
- Preventive maintenance plans
- Improve operation and sustain quality of products
- Follow-up and monitoring system
- Incentive system for meeting and exceeding production targets
- Quality Control System for Products

Industrial Policies	Levels of Importance	Method of engagement
 <p>Suppliers and vendors</p>	<p>Primary</p>	<p>Public tenders, daily contacts, vendors registration and inspection process, mails, phone calls, direct meetings,</p>
 <p>Competitors</p>	<p>Secondary</p>	<p>Market research surveys</p>
 <p>Regulator and relevant governmental entities</p>	<p>Primary</p>	<p>Reports to/from governmental agencies, Direct meetings, inspections, Auditors reports, focal points.</p>
 <p>Local community, academia, media and NGOs</p>	<p>Secondary</p>	<p>Press releases, public events, website, direct meetings and arrangements.</p>

Issues and Expectations

- **Transparency in production planning process, materials prices, market fluctuation, materials quality, time required to provide products, long term relationship, on time deliveries, on time payment, compliance to rules and regulations, compliance with safety procedure, commitment to environment and human rights**
- **Quantity, Quality & Price, Reliability Conduct purchasing process in environment friendly way and avoid any adverse impacts on the work and surrounding environment**
- **Conduct the product transportation in safe way with no impact on the environment**

- **Responsible competition**
- **Fairness and equal opportunities**
- **Transparency**
- **Head hunting Issue**
- **Low prices and dumping**

- **Compliance with laws and regulations, certifications, licenses, contribution to national priorities, support community development**
- **Export incentive**
- **EDC imports are not duty free**
- **Duty rationalization**

- **Job opportunities, Training to relevant university students, socially responsible, environment friendly**
- **Complaints to authorities**

Response to expectations

- Developing Suppliers Manual and Code of Ethics
- Set clear payment policy, Communicate the suppliers with any new procedures.
- Quality control system for Raw Materials
- Improved supply management system

- Responsible competition principles
- Strict Products Quality
- Control System
- Effective pricing systems

- HSE laws and regulations compliance
- Preparing departmental procedures manuals, developing the code of ethics
- Third party quality inspections and certification (ISO 14001 -9001, OHSAS 2007 - 18001)

- CSR activities, University students training programs
- Blood donation, medicine supplies
- Conferences and awareness campaigns. Media Campaigns





Customers delight: Two major Egyptian customers visited TCI Sanmar facility and expressed confidence and satisfaction on the sustainable operations.

Materiality Assessment

Materiality assessment is the principle of characterizing the economic, social, and environmental topics that matter to the business and the stakeholders. The process of identifying material issues is a challenging task it can be seen as vital task to be carried out for the companies who seek sustainable businesses.

In TCI Sanmar's view, materiality assessment is used as a strategic business tool, with implications beyond sustainability reporting. We are using Materiality assessment as an opportunity to apply a sustainability lens to business risks, chances, spotting trends and enterprise risk management processes. Also, we believe that Materiality assessment is an enabler of various functions of the business to be ready to take advantage of opportunities to develop new products or services and stay ahead of competitors via prioritizing our resources for the sustainability issues that matter most to our business and stakeholders, so we can focus time and money on the most important topics, and on collecting relevant data.

To identify the most material topics, the sustainability team at TCI Sanmar incorporated a variety of inputs

Materiality Matrix

The Code of Conduct practiced by TCI Sanmar team, along with our core values, and our Suppliers' Code of Conduct, provides a clear direction to all our stakeholders how to behave ethically according to our standards. The code covers a wide range of topics, ranging from our full support to human rights, to our strict policies toward anti-corruption. It also helps to ensure regulatory adherence and prevents potential risks and liabilities.

Our legal department makes sure that the company's operations, transactions, and decisions are following all relevant laws and regulations. This contributes to minimizing risk of losses that is associated with losing legal cases, which in turn reflects in the company's reputation, trust, and profits.

from a range of guidelines and initiatives and best practices, from the sectoral, national, and global perspective, including, but not limited to:

- All stakeholders' expectations,
- Outputs from our human capital management analysis performed by our Human resources Department,
- The reviews of our clients and suppliers,
- Egypt's Sustainable Development Strategy: "Egypt Vision 2030",
- Global Reporting Initiative (GRI) material aspects,
- Governance and Accountability Institute sectoral Analysis,
- The Global Agenda 2030, "Transforming Our World"

Identifying the most relevant aspects, and assessment for magnitude and possible impact, resulted in the prioritization and clustering of issues as high, medium and low materiality.

We encourage employees and contractors to ask questions and seek guidance about any concerns to understand their rights and responsibility.

We are working toward developing a whistle blowing reporting mechanism for employees, contractors, and suppliers to create an environment where they can report suspected violations without fear.

TCI Sanmar has zero-tolerance for corruption and adheres to the high ethical standards wherever it operates. Our reputation and integrity depend on the behavior of each and every employee inside and outside the company.

1	Health and Safety	HH
2	Business Continuity & Profits	HH
3	Operational Efficiency	HH
4	Governance	HH
5	Water Management	HH
6	Training and Development	HH
7	Local Community	HH
8	Energy & Emissions	HH
9	Waste Management	HH
10	Talent Retention	HH
11	Communication	HM
12	Market instability	HH
13	Availability of Critical Spare Parts	MH
14	Corruption and Ethics	MH
15	Human Rights	MH



Corporate Compliance

Legal Department

In September 2019, TCI Sanmar took the initiative to establish a new legal department (Two lawyers and one paralegal assistant). The department is accountable for two main functions:

- ① Providing TCI Sanmar with corporate legal support.
- ② Litigation representation and management of external lawyer/s.

By offering the organization with legal support, the department delivers a twofold purpose:

	Ensures that the company's operations, transactions and decisions are complying with local laws and regulations, .
	Contributes towards achieving profits, maximum returns and minimizing losses

Additionally, the legal department represents the company at courts in order to claim outstanding rights or defend alleged claims against it. This contributes towards minimizing the risks of losses that are associated with losing legal cases, which in turn are reflected in the company's profits and gains.

Our legal department has reported positive results given the number of reviewed contracts over the past



year. They have also conveyed affirmative progress in relation to litigation given the number of closed cases over the past year as well. Through our department, we have managed to close 110 labor disputes ruled in our favor, which resulted in avoiding the financial risk of paying almost 9 Million EGP.

We are currently half-way done with concluding the existing litigation cases.

Our Corporate Social Responsibility Toward Local Community, Egypt, and the Globe

Due to the huge impact of COVID-19 crises, TCI Sanmar has devoted all its CSR effort to support the government and society in dealing the pandemic.

Ethanol and chlorine were provided to the government and health service providers as means of support during the crises and as a part of TCI Sanmar's CSR activities.

The disinfectants donated by TCI Sanmar were used to sanitize the government's ambulances which were used to transfer patients to the hospitals.



Conducting

100 environmental awareness training hours for students

of the Faculty of Science at Port Said University as part of the cooperation with the Egyptian institutions and universities to encourage the research as well as to prepare the graduates for the market with the basic skills of HSE for the industrial facilities operation.

In view of COVID-19 pandemic crisis an awareness campaign was developed by TCI Sanmar HSE team in cooperation with the Egyptian ministry of health according to the WHO guidelines.

It included awareness sessions which were conducted by the Ministry of Health team for TCI Sanmar employees as It included printing COVID-19 awareness leaflets to be distributed for Port Said citizens.

TCI Sanmar sponsored the National Measles vaccination campaign for children **(9 months birth to 6 years)**.

The campaign targeted

150,000 

Children within Port Said city during March 2020.

In the context of sustainability approach for TCI Sanmar to assure the environment protection and natural resource conservation TCI Sanmar had implanted some initiatives/ best practices:

Employees

- Policies and Procedures to decrease risk for our employees:
 - Travel restrictions, work from home, adjusted shift schedules.
 - Continuous monitoring and screening of employees' health
 - Social distancing at the plant
 - Disinfectant gates

Suppliers

- Frequent communications with suppliers to help us manage and meet customers' demands.
 - Scheduling payments to suppliers to ensure the continuity of our strong relations.
 - Continuous communication with our suppliers to correct any rumors.

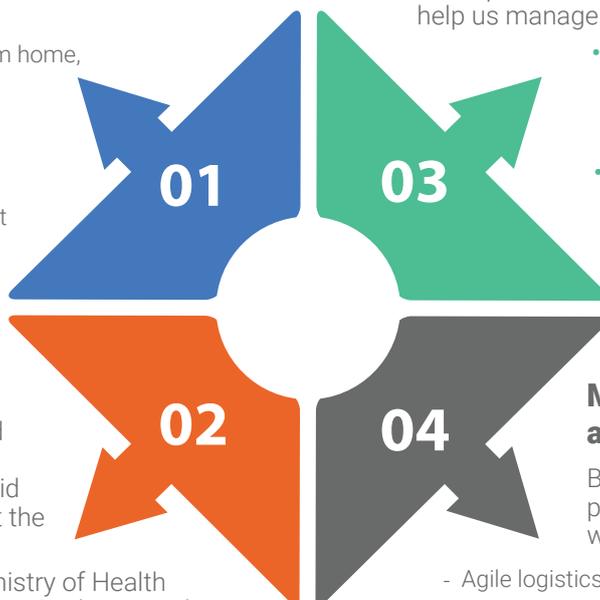
Communities

- Production of ethanol and providing it to the communities in need to aid them in their fight against the pandemic.
- Collaboration with the Ministry of Health and the Governorate of Port Said to provide disinfectants to sanitize the ambulances used to transfer the patients to and from the hospitals.

Manufacturing and Operations

Business continuity plans in place to serve our customers with minimal disruptions:

- Agile logistics team
- Multi source raw materials and supplies where possible.



08.

Our Corporate Social Responsibility Towards Local Community, Egypt, and the Globe

-  Supporting Egypt's Vision 2030 and the Global Agenda
-  TCI Sanmar-wide COVID-19 Crises Management



Supporting Egypt Vision 2030 and the Global Agenda

TCI Sanmar Visions its alignment toward achieving the SDGs in the following context



We Also Adhere by the UNGC 10 Principals Throughout Our:

- Respect**

and support internationally recognized Human Rights in all our area of influence

1
- Ensure**

that our firm does not participate in any way in violation of Human Rights

2
- Support**

freedom of association and recognize open collective bargaining

3
- Eliminate**

all forms of forced or compulsory labor

4
- Eradicate**

all forms of child labor in our production and supply chain

5
- Stimulate**

all practices that eliminate any form of discrimination at workplace

6
- Assume**

a responsible preventive and proactive posture towards environment

7
- Develop**

initiatives and practices to promote our society

8
- Promote**

the development dissemination of environmentally responsible technologies

9
- Fight**

corruption in all of its forms including extortion and bribery

10

SUSTAINABLE DEVELOPMENT GOALS



Quality of life



Equity & Inclusion



Strong Economy



Knowledge & Innovation



Sustainable environment



Governance



Peace & Security



Leading Stature

Goal 1: No Poverty



- The chemical sector contributes to economic growth and improvements in the quality of life for people globally. As a responsible employer, TCI Sanmar ensures its employees are well paid, above the minimum wage rate set by the Egyptian government. By providing the community with job opportunities, TCI Sanmar ensures that it is contributing to decreasing poverty in Egypt and contributing to the Sustainable Development Strategy 2030 of Egypt and the SDG of ending poverty in all its forms.

“
Extreme poverty anywhere is a threat to human security everywhere.
 Kofi Annan, Seventh Secretary-General of the United Nations

Goal 2: Zero Hunger



- Through providing job opportunities and fair salaries, TCI Sanmar contributes to decreasing poverty in Egypt and therefore, reducing hunger. Not only does the company contribute to this goal through providing job opportunities to the local communities, but also through paying taxes. TCI Sanmar is the biggest Indian investment in Egypt, and therefore contributes a lot to the Egyptian economy through paying taxes in foreign currency, which ensures that the government could direct those taxes in ending hunger and providing better opportunities for the most vulnerable in the society.

“
Food is national security. Food is economy. It is employment, energy, history. Food is everything”.
 José Andrés

Goal 3: Good Health and Well Being



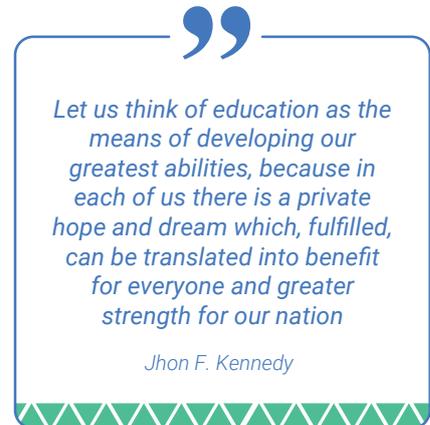
- Human health and safety are among the sector’s highest priorities. The industry strives to minimize negative health impacts from the exposure to chemicals in the workplace, at home and in the community. Innovations and a commitment to product stewardship have increased the availability of products with health and safety benefits while reducing their environmental footprint.
- TCI Sanmar ensures that all its employees work in a safe and healthy working environment with no risks on their physical and mental health. The health and safety department at Sanmar exerts great efforts to ensure that there are no hazards at workplaces. Employees are provided with all the needed equipment and safety attires to ensure no exposure to chemicals that could harm them, injuries are minimal, and the working environment does not adversely affect the psychological health of the employees through long periods of stress for example.
- TCI Sanmar provides first aid facilities inside the factory premises to be able to act fast in case an emergency occurs until the injured is transported to the nearest hospital. All TCI Sanmar employees are covered with health insurance to ensure a quality treatment if they fall ill.

“
There is nothing more important than good health, that is our principal capital asset”
 Arlen Specter

Goal 4: Quality Education



- At TCI Sanmar, we strongly believe that Equitable quality education supports economic growth, improves public health and creates more stable societies.
- TCI Sanmar promotes science education through philanthropic investment and specific initiatives that target certain regions or populations, including technical apprenticeships and programs which help improve the professional skills of the existing and potential employees.
- Our summer training programs targeting universities students ensures that those students receive adequate training to improve their skills and set them on the beginning of their career path. Those training programs also help us monitor the trainees identify their potential and capabilities to join TCI Sanmar's family as employees. This approach could have a positive impact on the company, and simultaneously helps the trainees to develop on both personal and career levels.
- A large proportion of our CSR activities is directed towards education as we are convinced that investing in someone's education is the greatest deed one could do. Of course, philanthropic activities are great and needed, but teaching someone a new skill which he could later capitalize on may be even greater. Securing a job may become the main source of income that could improve the standard of living and better opportunities in life for an individual.



Let us think of education as the means of developing our greatest abilities, because in each of us there is a private hope and dream which, fulfilled, can be translated into benefit for everyone and greater strength for our nation

Jhon F. Kennedy

Goal 6: Clean Water and Sanitation



- TCI Sanmar is a major producer of Chlorine and PVC in Egypt. Its products are used in producing Chlorine-based water disinfectants that maintain drinking water quality during storage and distribution.
- TCI Sanmar produces PVC which is a main component in the manufacturing of plastic pipes. Those pipes have a great impact on the efficient use of water. A recent scientific article by the University of the West of England claimed that PVC pipes can contribute directly to a large number of the 169 targets within the SDGs and have an enabling effect on others. For example, by providing safe, durable and cost-effective piping systems for drinking water, PVC pipes can help achieve Goal 6 and its targets to improve access to safe and affordable drinking water, improve water quality, and increase water-use efficiency.
- Advances in TCI Sanmar's water management improves water quality by reducing pollution through minimizing the release of hazardous chemicals & materials, reducing the proportion of untreated wastewater and increasing recycling and safe reuse.
- TCI Sanmar maintains two units of Zero Liquid Discharge state-of-the-art facilities that ensures about 80 %recycling of water used in production and that ensures that minimal water goes to the wastewater network. Using the ZLD Systems was a strategic investment made by TCI Sanmar to sustain its operations in a water stressed country like Egypt.

Goal 8: Decent Work and Economic Growth



- The safe production at TCI Sanmar is crucial to economic growth and enhancing quality of life for people. Innovation provides business opportunities and a sustainable foundation for global growth. TCI Sanmar management ensures that all employees are provided fair salaries, above the minimum wage rate, and that ensures a good standard of living for TCI Sanmar's employees.
- Through paying all taxes on time, TCI Sanmar contributes to the economic growth of Egypt and realizing the Sustainable Development Strategy 2030 of Egypt.
- TCI Sanmar upholds labor standards and respecting human rights throughout the company's operations and the entire value chain represents a substantial opportunity to advance human development.

Goal 9: Industry, Innovation, and Infrastructure



- The TCI Sanmar is strengthening its production assets to promote resiliency. The administration ensures addressing environmental and resource concerns, reducing raw material and waste disposal costs, earning new revenue from residues and by-products, supporting circular business models, and developing new business opportunities.
- TCI Sanmar's products play an important role in enabling and building resilient infrastructure solutions and by engaging with other sectors, the company can further enable open-innovation and manufacturing advancements to encourage the development of integrated and end-to-end models.
- Furthermore, TCI Sanmar has a Research and Development unit that continuously works to ensure that the company applies the latest technology models that ensure an efficient production process with maximum production and minimum waste, creating the minimum negative effect on the environment, and the maximum positive impacts on the population.

Goal 12: Responsible Consumption and Production



- **Chemical products help improve the quality and efficiency of production processes across industries.** Through petrochemicals, operations in a wide range of sectors and geographies have improved their water stewardship efforts and accelerated energy efficiency. From food packaging to prevent food loss and waste, to innovations in waste management systems (design and operate), the sector is helping to transform production and reduce the life cycle impacts of consumption.
- TCI Sanmar is committed to sustainably reduce its waste along with its negative environmental impacts, and therefore the company is working now on carrying out a **Life Cycle Assessment, LCA** study aiming at identifying the hot spots that may impact the environment in its operations to find ways to be even more sustainable. The LCA study will be also used to register and publish its first **Environmental Product Declaration, EDP** for PVC which is the main product of the company.

- **TCI Sanmar produces PVC which is the main raw material for the production of PVC cables which are easily recyclable.** Using recycled PVC helps meet resource-efficiency targets and allows the preservation of natural resources. It has been calculated that CO2 savings of up to 92% are achieved when PVC is recycled: recycled PVC's primary energy demand is typically between 45% to 90% lower than virgin PVC production (depending on type of PVC and the recycling process). Furthermore, according to a conservative estimation, for each kg of PVC recycled, 2 kg of CO2 are saved.

Goal 13: Climate Change



- TCI Sanmar is taking serious steps to reduce the impact of its operations on the environment. This is done through decarbonization initiatives, energy efficiency, reducing the footprint of the products and the development of innovative solutions to avoid downstream emissions.
- In addition, the petrochemical sector also plays a key role in the development of solutions that will enable other sectors to strengthen their resilience to climate related risks.
- TCI Sanmar is committed to sustainably reduce its waste along with its negative impacts on the environment, and therefore the company is working now on producing the **LCA** and **EPD** studies for PVC which is the main product of the company.
- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries: PVC, which is the main product at TCI Sanmar, is intrinsically a 'low carbon' plastic (only 38% of its molecular weight is carbon, the rest is chlorine and hydrogen), and it consumes less primary energy in the manufacturing phase than other commonly used plastics. LCA studies show excellent performance of PVC cables in terms of energy consumption and associated CO2 emissions compared to alternative materials.



Goal 14: Life Below Water



- The petrochemical sector **works with others in the value chain to reduce marine pollution of all kinds**, including nutrient pollution and the prevention and reduction of **ocean plastic waste**.
- TCI Sanmar has two state-of-the-art zero liquid discharge units which ensures that treated water is free of any chemicals before it is directed to waste water treatment system.
- The company ensures that none of its operations has a negative impact on biodiversity both in water or on land.

Goal 15: Life on Land



- TCI Sanmar measures and manages its environmental impacts and dependencies. This includes efforts to mitigate negative impacts that some products can have on the ecosystem and biodiversity by improving product formulations and design as well as managing such products further downstream.
- TCI Sanmar directly reduces its impacts on land and other natural resources through improving operational management and investing in activities that halt environmental degradation and protect critical ecosystems such as the project of planting 4000 trees around the factory, which was commissioned last year, which works on purifying the air and protecting biodiversity.

Goal 16: Peace, Justice, and Strong Institutions



- TCI Sanmar is focused on **maintaining standards of ethical business conduct throughout its value chain**. This is achieved through partnerships that allows the company to reduce corruption wherever it may exist in the supply chain.
- TCI Sanmar suppliers are regularly screened to ensure that none of them employ children, that they abide by national and international laws and regulations, that they maintain an ethical working environment free from any form of corruption, harassment, or racism, and a scorecard is kept for each supplier to regularly assess his performance, and if any of the supplier falls below a certain score, the contract is terminated, and a substitute is found immediately.

Goal 17: Partnerships for the Goals



STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE
THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT



Partnerships are a key enabler to **accelerate sustainable development and advance the SDGs**. TCI Sanmar has taken the initiative to:

- Develop multi-stakeholder and cross border partnerships and agreements to achieve sustainable development (e.g., Circular Economy, Water Stewardship, etc.) with multiple international organizations.
- Collaborate with downstream partners, government organizations, NGO groups and other involved stakeholders working towards sustainable development.
- Contribute to improving environmental and safety performance in Egypt through capacity building.
- Incorporate collaboration as a critical pillar of sustainability efforts/programs and share technologies/science with partners to enhance sustainable development globally.
- Encourage open innovation initiatives for the sector.



TCI Sanmar-wide COVID-19 Crises Management

Every now and then, an event occurs that dramatically changes how business is done. One of them occurred towards the end of 2019: the Novel Coronavirus (COVID-19) outbreak and pandemic. It continues to have repercussions around the world, impacting all facets of business, as well as daily life.

While the pandemic itself is not a sustainability topic, how we handle it at TCI Sanmar is. Our actions reflect

both our core values and our commitment to maintain the health and safety of our employees.

The Covid19 Pandemic and the country's lockdown started in March 2020 (at the end of our reporting period) is bound to have serious implications in the achievement of TCI Sanmar's goals for the year. Currently, there are still uncertainties as to the duration, extension, and impact of these dire circumstances.



While the pandemic itself is not a sustainability topic, **how we handle it at TCI Sanmar is.**

Management's Immediate Response to Covid-19

TCI Sanmar was one of the companies affected hardly at the beginning of the pandemic. Due to the unfortunate event of the losing our Marketing Director, the governorate issued orders that everyone inside the factory should be quarantined for 14 days until they are sure no one was infected by the virus.

Although this incident happened in Cairo, panic had spread easily due to the novelty of the situation and the uncertainty about the repercussions of the virus.

The quarantine ended once everyone in the factory was marked COVID free.

Dealing with this abrupt situation required immediate leadership actions to take place. Hence, two crisis management teams were formed and started their work immediately, namely; Covid 19 Cross Functional Team and Employees Support Team. Then they have started setting the policies and procedures to respond and manage to the New Normal.

Covid-19 Cross Functional Team

To be able to accommodate the needs of the employees quarantined within the factory's premises, a cross functional team was created, headed by the HR Department, to monitor the employees' health and needs during the entire quarantine period. The department provided the employees trapped inside with all what they could need to make sure they have a

less stressful and a more comfortable stay. They were provided with the three meals per day, water, clothes, sleeping mattresses, blankets, hygiene products, disinfectants, masks, gloves, sanitizers, alcohol, and continuous monitoring of their temperature and health in general by the assigned medical team.

Employees Support Team

A support team was created by the administration and the HR Team to follow up with the employees daily and make sure that they are safe physically and mentally. Not only was the HR department concerned by the physical safety of the employees, but also their mental health. A WhatsApp group was created by the HR Team to provide emotional support for their colleagues.

One mentor was assigned for each group of employees to support them emotionally. Awareness raising campaigns were carried out for the employees on how to deal with the new situation, how to isolate if one was in contact with a positive case, the correct hygienic procedures, how to disinfect a place, and multiple other policies and procedures.



Although the company was facing a tough financial situation,

all employees still received their full salaries, and no deductions were made.

That created more trust in the administration and increased the employee's loyalty.

Management Response to the New Normal

In setting the new policies and procedures for the new normal, the strategic decisions came mostly from the top management, but everyone in the middle and lower levels of management agreed. Communication of the new strategy was carried out to ensure that employees at all levels were well informed of the new direction

of the company. The new policies and procedures now ensure that TCI Sanmar is prepared to deal with a new wave of the virus if it happens, and this time the wave will be less costly due to the proactive laws and regulations in place.

Ensure a collaborative approach among all departments especially between health and safety department and HR department; to ensure that all TCI Sanmar's family are safe. This is achieved through ensuring that all hygienic products were provided to the employees such as alcohol, gloves, masks, and sanitizers, measuring the employees' temperatures multiple times during the day to ensure that it is in the normal range.

Using sanitizing gates at the entrance of the factory to ensure that everyone going in and out of the factory is sanitized to reduce the risk.

Perform strict monitoring and record keeping, for employees, in case they have been in contact with a positive case and ensure they are quarantined for 14 days until they are marked safe.

Carry out a Continuous follow up with positive cases and ensure they do not return to the workplace until they have totally recovered and are no risk for their colleagues.

If an employee is proven sick, the administration divides all the other employees in to three main categories:

high risk medium risk low risk

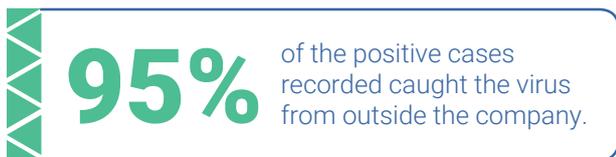
Using sanitizing gates at the entrance of the factory to ensure that everyone going in and out of the factory is sanitized to reduce the risk.

- High risk are those employees who were in direct contact with the case, they are given 14 days paid leave until they are marked safe and could return to the factory. Continuous follow up and monitoring is carried out with them.
- Medium risk are those employees who were in a meeting with the case for example, but they maintained social distancing, and they were not in direct contact with the case, so the risk is reduced.
- Low risk is those who did not meet the case at all for a few days before he/she was tested positive. If a direct family member tests positive, the employee gets 14 days paid quarantine period until he is sure that he is not infected.
- Another policy included banning the use of taxis by employees to minimize contact, and buses were provided instead by the administration as a safer means of transportation.

- If one of the employees travels abroad to visit a family member, they are quarantined upon their return and are required to have a negative rapid test so they can return back to the plant.
- Making Virtual meetings the main method of communication between the different teams and departments inside the factory.
- Physical meetings are limited to six attendees at maximum and are carried out in the big meeting room to ensure that social distancing is maintained.
- Cross functional teams meeting is limited to 30 minutes maximum while taking into consideration all the policies and procedures related to the new situation.
- Healthcare is now up front and is a central part of TCI Sanmar's CSR activities to serve our community.

Living with the New Normal

At the time of this report, we have had relatively few diagnosed individuals out of our approximately 550 employees. Using our exposure protocols, we trace the contact path for any confirmed case among employees and have acted to isolate colleagues as needed. We are staying in close contact with impacted employees to monitor their welfare. We are grateful that diagnosed employees have recovered or are recovering as expected. We continue to monitor the situation closely and make decisions that contribute to the well-being of all our stakeholders. We will also remain agile and responsive to changing business needs resulting from the pandemic.



During the engagement, the employees described the company's doctor as a

"Hero"

due to his great role during the pandemic in ensuring all the employees were sound and safe.

Operations started again after two weeks with a reduced employee's capacity. Only 1/3 of the employees returned to the factory after the quarantine, until gradually the factory started to operate again with full force. Employees were working on rotational shift basis to ensure a reduced capacity inside the plant, to decrease the probability of infection and virus transmission. Social distancing is maintained throughout the factory till date. Among the new strategies set in place is the rotation of weekends between the employees to ensure that operations continue with the minimum number of employees inside the factory to maintain social distancing and ensure that everyone is safe.

Disinfectant gates are placed at the entrance of the factory to ensure that all the employees are sanitized on their way in and out of the plant. The gates are chosen very accurately. It took the health and safety team three months of searching the most reliable

source to provide the gate to ensure that it uses the most effective and safest materials to keep the employees safe.

Daily, weekly, and monthly monitoring is carried out for employees to ensure that they are safe inside and outside the factory. TCI Sanmar's administration was highly organized and efficient in drafting policies and procedures on how to deal with the new normal, how to ensure that operations are safe and have no negative effect on the employees' health and safety, how to ensure the minimum number of cases, and to have in place procedures on how to deal with any emergency that might occur. The Health and Safety Department ensures that all employees are abiding by the regulations of sanitization and ensuring social distancing to make sure that the plant is operating safely. Investigations are continuously carried out to track any employees who has been in contact with a positive case.



Since Corona Virus pandemic was recognized, the company collaborated with the Ministry of Health and the governorate of Port Said by

providing them with ethanol and other sanitizing chemicals to disinfect the ambulances used to transport the patients to and from the hospitals, which reduced the risk of contamination.

09.

GRI Standards Content Index

 [GRI Standards Content Index](#)

 [Assurance Letter](#)



Subdivision 1



Subdivision 2



Subdivision 3

Best subdivision value



The given analytical report allows to estimate to the full a current situation both in all company, and in its divisions separately. It will allow to predict more precisely immediate prospects of development of the company at the account of preservation of positive dynamics of growth.

As a result of investigation of period to do next: raise a break-even sales level, increase incomes of direct sales, reduce costs to transportation, strengthen sale divisions, carry out personnel training.

GRI Standards

Content Index

GRI Standards	General Disclosures	Page Number
Organizational Profile		
102-1	Name of the organization	T.C.I Sanmar Chemicals S.A.E
102-2	Activities, brands, products, and services	12,13,55,65
102-3	Location of headquarters	3
102-4	Location of operations	3
102-5	Ownership and legal form	98
102-6	Markets served	74
102-7	Scale of the organization	13,17,65
102-8	Information on employees and other workers	16
102-9	Supply chain	79-83
102-10	Significant changes to the organization and its supply chain	None
102-11	Precautionary Principle or approach	47,49
102-12	External initiatives	14
102-13	Membership of associations	None
Strategy		
102-14	Statement from senior decision-maker	10-11
102-15	Key impacts, risks, and opportunities	110-111
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	25,101
102-17	Mechanisms for advice and concerns about ethics	101
Governance		
102-18	Governance structure	98-1000
102-21	Consulting stakeholders on economic, environmental, and social topics	18,25,49,101

GRI Standards	General Disclosures	Page Number
102-22	Composition of the highest governance body and its committees	98
102-23	Chair of the highest governance body	98
102-29	Identifying and managing economic, environmental, and social impacts	98-101
102-30	Effectiveness of risk management processes	110
Stakeholders Engagement		
102-40	List of stakeholder groups	102-103
102-41	Collective bargaining agreements	82
102-42	Identifying and selecting stakeholders	102-105
102-43	Approach to stakeholder engagement	101
102-44	Key topics and concerns raised	104-107
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Only TCI Sanmar Egypt
102-46	Defining report content and topic Boundaries	101,110
102-47	List of material topics	111
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	3
102-51	Date of most recent report	2019
102-52	Reporting cycle	3
102-53	Contact point for questions regarding the report	3
102-54	Claims of reporting in accordance with the GRI Standards	3
102-55	GRI content index	130-133
102-56	External assurance	134-135
Economic KPIs		
GRI Economic KPIs	General Disclosures	
201-1	Direct economic value generated and distributed	64-70
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	30,82,118

GRI Standards	General Disclosures	Page Number
202-2	Proportion of senior management hired from the local community	400
203-2	Significant indirect economic impacts	23-24,116-126
204-1	Proportion of spending on local suppliers	78
205-3	Confirmed incidents of corruption and actions taken	None

Environmental KPIs

GRI Environmental KPIs	General Disclosures	
301-1	Materials used by weight or volume	93
301-2	Recycled input materials used	93
301-3	Reclaimed products and their packaging materials	93
302-1	Energy consumption within the organization	93
302-2	Energy consumption outside of the organization	93
302-3	Energy intensity	93
302-4	Reduction of energy consumption	93
303-1	Interactions with water as a shared resource	93
303-2	Management of water discharge-related impacts	93
303-3	Water withdrawal	93
303-4	Water discharge	93
303-5	Water consumption	94
305-1	Direct (Scope 1) GHG emissions	94
305-5	Reduction of GHG emissions	94
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	94
306-1	Water discharge by quality and destination	94
306-2	Waste by type and disposal method	94
306-4	Transport of hazardous waste	94
306-5	Water bodies affected by water discharges and/or runoff	94
307-1	Non-compliance with environmental laws and regulations	94

Social KPIs

GRI Social KPIs	General Disclosures	
401-1	New employee hires and employee turnover	30-31

GRI Standards	General Disclosures	Page Number
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	28-33
403-1	Occupational health and safety management system	36-43
403-2	Hazard identification, risk assessment, and incident investigation	38-41
403-3	Occupational health services	42-43
403-5	Worker training on occupational health and safety	32
403-6	Promotion of worker health	42-43
403-8	Workers covered by an occupational health and safety management system	42-43
403-9	Work-related injuries	40
404-1	Average hours of training per year per employee	16,32-33
404-2	Programs for upgrading employee skills and transition assistance programs	32-33
404-3	Percentage of employees receiving regular performance and career development reviews	32
405-1	Diversity of governance bodies and employees	30-31
405-2	Ratio of basic salary and remuneration of women to men	29
406-1	Incidents of discrimination and corrective actions taken	29
408-1	Operations and suppliers at significant risk for incidents of child labor	29,81
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	29,81
411-1	Incidents of violations involving rights of indigenous peoples	29
413-1	Operations with local community engagement, impact assessments, and development programs	114-126
413-2	Operations with significant actual and potential negative impacts on local communities	114-126
Others		
	Sustainable Development Agenda (SDGs) Mapping	116,118-123
	United Nation Global Compact (UNGC)	116
	Complying to Egyptian Laws and Regulations	101



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Independent Assurance Statement

**To the Board of Directors
TCI Sanmar for Chemicals**

Introduction

Dcarbon is a local Egyptian sustainability and environmental consultancy firm registered under the Egyptian law no. 159 for the year 1981 and its executive regulation. Dcarbon is a certified training partner to the Global Reporting Initiative (GRI), and a GRI Gold Community member. Our focus is to assist organizations, public and private, in understanding and addressing their economic, environmental, and social impact.

TCI Sanmar for Chemicals (the ‘Organization’) requested from DCarbon to perform an independent assurance on its sustainability reporting process (‘the Report’), in order to satisfy the requirements of GRI reporting Standards **Core option**.

Scope, Boundary and Limitations

The scope of the assurance covers data and information of non-financial nature for the period started April 1st, 2019, and ends on March 31st, 2020, for operations performed in Egypt, based on the Global Reporting Initiative’s (GRI) Standards: Core option.

Material Topics raised by stakeholders, either through the organization own activities or because of business relationship across its value chain were identified with respect to the Governance, Economic, Social and Environmental impacts.

The report boundary covers impacts that are directly linked to the TCI Sanmar business operations, products produced, as well as impacts that are indirectly related to the organization’s business relationships with business partners, entities in its supply chain, CSOs and government authorities where applicable.

Assurance scope excludes:

- Data and information in the Report outside the reporting period.
- Verification statements indicating testimonials, opinions, success stories, and / or aspirations.
- Verification of claims (limited to data and information presented).

Assurance procedures

Back-end reviews and data compilation were initially conducted by DCarbon’s junior research analysts, Mr. Mahmoud Gamal El-Din, then verified and assessed by DCarbon’s Team of Experts. The assurance included DCarbon’s multidisciplinary independent team of experts in reviewing governance, environmental, social, and economic information and abiding to our values of integrity, confidentiality, professional competence, objectivity, and due attention.

The nature, timing and extent of procedures selected depended on our engagements with the organization, data provided, and the approval of the TCI Sanmar’s Sustainability Governance Body delegated by the Board of Directors.





Assurance activities procedures to obtain evidence about the reliability of the disclosures are:

- Review of internal policies, procedures, and other documents as provided by TCI Sanmar.
- Review of materiality and stakeholders' engagement framework deployed at TCI Sanmar.
- Assessment of the systems used for data collection and reporting of the standard, including data collection and/or writing prompts; where applicable or available.
- Evaluation of the processing and monitoring of data collection for disclosures.
- Assessing that the preparation of the report has been in accordance with GRI Standards: Core option.
- Reviewing the Report to ensure that there is no misrepresentation of disclosures as per the scope of assurance and our findings.

Limited Assurance was obtained regarding the disclosures covering governance, stakeholders' engagement practices, materiality assessment, scale of the organization, products, market presence, employee well-being, and management approach of activities under social investments, environmental footprint, and procurement practices.

We advise all stakeholders to review the financial performance report for assurance on other standards of practice.

Conclusion

Based on the activities performed, DCarbon Team of experts have reviewed the Sustainability Report of TCI Sanmar for Chemicals. Considering the risk of material error, we received necessary explanations from the organization to support sufficient evidence to our assurance conclusion. Based on the activities performed and evidence received, in our opinion, TCI Sanmar Report has been complied, in all material respects, in accordance with the GRI Standards for sustainability reporting criteria: core option.

Dr. Nasser Ayoub
Life-Cycle Assessment Expert
Lead Report Auditor

Dr. Ahmed Belal
Head of R&I-Lead Economic Auditor
DCarbon Co-founder





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