

MEASURING OUR **SUSTAINABILITY FOOTPRINT**



Report Parameters

This Report is prepared in accordance with
Core Global Reporting Initiative (GRI) Standards.
The report has been subjected to third party assurance by
D carbon-Egypt.

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List of Acronyms

Acronym	Word
AEP	Alco Ethylene Plant
AKC	Asahi Kasei Chemicals Corporation
BOP	Balance of Payments
CCPP	Cycle Power Plant
COVID	Corona Virus Disease
CA	Caustic soda
CSR	Corporate Social Responsibility
CSV	Corporate Social Value
CIGS	Cross-Inspection Groups System
HCl	Hydrochloric Acid
HAZOP	Hazard and Operability
IB	Inclusive Business
IDA	Industrial Development Authority
GDP	Gross Domestic Product
GHG	Green House Gas
GRI	Global Reporting Initiative
EDC	Ethylene Dichloride
EEAA	Egyptian Environmental Affairs Agency
EPD	Environmental Product Declaration
EBTIDA	Earnings Before Interest, Taxes, Depreciation, & Amortization
ETA	Egyptian Tax Authority
ESIA	Environmental and Social Impact Assessment
FY	Financial Year
CO ₂	Carbon Dioxide
ISO	International Standards for Organization
KG	Kilograms
MT	Metric Ton
MTI	Ministry of Trade and Industry
NGO	Non-Governmental Organization
NTRA	National Telecom Regulatory Authority

Acronym	Word
NO _x	Nitrogen Oxide
VCM	Vinyl Chloride Monomer Per Metric Tonne
VFD	Variable Fan Speed Frequency Drive
ZLD	Zero Liquid Discharge
SDG	Sustainable Development Goal
SO _x	Sulfur Oxide
SRS	Sulfate Removal System
TPA	Tones Per Annum
TPD	Tons per day
VCI	Value Chain Impact
OHSAS	Occupational Health and Safety Assessment Standard
OXY	Oxy Chlorination Unit
PHA	Process Hazard Analysis
PCR	Product Category Rules
PVC	Polyvinyl Chloride
PSSR	Pre-Start-up Safety Review
KPIs	Key Performance Indicators
LCIA	Life Cycle Impact Assessment
LCA	Life Cycle Assessment
LCI	Life Cycle Inventory
CaCl ₂	Liquid Calcium Chloride
ECPC	Engineering Company for Petroleum and Contracting
EOC	Egyptian Office for Contracting
GCCS	Global Company for Contracting & Scaffolding
OEM	Original equipment Manufacturer
TBT	Technical Barrier to Trade
NG	Natural Gas
PTW	Permit To Work
PMT	Per Metric Ton
GET	Graduated Engineers Training
SASB	Sustainability Accounting Standards
UNGC	United Nations Global Compact

ABOUT THIS REPORT

This is the company's fifth report that demonstrate TCI Sanmar's sustainability progress and outlines the value creation to our stakeholders for the fiscal year ended in March 2023. Some Information before 2022 and after March 2023 have been included to emphasize relevant context to the reporting period.

Sustainability Reporting Standards: The Global Reporting Initiative (GRI) standards were followed in preparing this report. The report is in line with the overall sustainable growth plan of Egypt, namely, Vision 2030, as well as the UN Sustainable Development Goals (SDGs).

This Sustainability Report contains forward-looking statements that are expected in the landscape of the petrochemical industry both nationally and regionally. These statements do not guarantee future performance, and undue reliance should not be placed on them.

Although TCI Sanmar's financial, environmental, social, and governance (ESG) performance and business model have demonstrated the ability to allow swift adaptation to change, there is no guarantee of the magnitude or the pace of such changes due to the rapid dynamics of technologies, stakeholder needs, as well as the potential undetected disruption of the country's social and economic affairs.





CHAIRMAN MESSAGE



Dear Valued Stakeholders,

Greetings, and thank you for being part of our progress.

We deem it an honor to share with you TCI Sanmar Chemical's Fifth Sustainability Report, which mainly highlights our progress throughout the last five years, in which we persisted on our path of improvement in various areas, moving towards our SDGs. Our sustainability report, which aligns with international GRI standards, provides a comprehensive insight into our environmental measures, social initiatives, and governance practices.

The calendar year 2023 has set an important landmark in cementing the relationship between India and Egypt. The visit by H.E. Abdel Fattah El-Sisi, President of the Arab Republic of Egypt, as a Guest of Honor for the Indian Republic Day on the 26th of January 2023, followed by the State Visit to Egypt by H.E. Narendra Modi, Prime Minister of India on the 24 to 25th of June 2023, stands as a testimony to the strong relations between the two countries. Besides strengthening the political atmosphere, the visits by the Heads of the States would also contribute immensely to better collaboration and industrial development of the two countries.

An investment of USD 1.5 billion has enabled the company to create world-class capacities to manufacture Caustic Soda, PVC, and Calcium Chloride Granules in its Port Said facilities. The export of around 60% of the production, brings valuable foreign currency inflow into Egypt. The domestic sales made by the company substitute imports, thus saving forex outgo for the country. The company employs around 900 Egyptians and provides indirect employment to about 1,500 people. We are privileged to be part of the industrial development of Port Said and will continue to contribute for its social and economic well-being. As a responsible corporate citizen, we give utmost importance to the environment, and our sustainability report is a statement of all our environmental and societal practices.

With an objective to improve reliability and ensure consistency of operations, the company has embarked on multiple initiatives including operational excellence program spearheaded by The Boston Consulting Group (BCG). In addition, safety has always been of paramount importance, and the company launched "SANSAFE" programme with the support of Dupont Sustainable Solutions (DSS) for reinforcing Process Safety Management and Behaviour Based Safety.

Over the past five years, TCI Sanmar has demonstrated spectacular progress in its ESG standards. As a leading chemical manufacturing company, we have made substantial strides and recognized the importance of integrating sustainable practices into our operations. We have implemented robust measures to mitigate our plant's environmental footprint, such as adopting cleaner production techniques, reducing greenhouse gas emissions, and optimizing resource utilization. With a target to reduce the overall power consumption of the complex, especially in the Caustic Soda facility, we have converted most of the electrolyzer membranes from finite gaps to zero gaps. We were also able to establish the usage of hydrogen in our boilers, to improve the thermal efficiency of the furnaces. We have installed micro-turbines to generate in-house electricity using steam, which substitutes grid power. All these measures have made significant contribution to the reduction of emissions and the efficiency of our daily operations.

The company has also prioritized social responsibility by actively engaging with local communities, promoting employee well-being while supporting education and healthcare initiatives. By issuing annual ESG reports for the last five years, TCI Sanmar has demonstrated its commitment to sustainability and paved the way for other companies in the industry to follow the practice, catalyzing positive change and contributing to a more sustainable future.

Our successful progress has also achieved significant advancements in the governance structure. As in the past years, we have established a cross-functional team that fosters sustainable practices across all departments and divisions. This team, comprising professionals from diverse backgrounds, ensures that sustainability goals are integrated into the core decision-making processes of the organization. Furthermore, we have emphasized essential functions such as Reliability and Plant maintenance to drive innovation and develop sustainable solutions. Besides achieving consistent operation close to design-level capacity, the team's primary responsibilities continue to identify opportunities for profit improvement, product quality enhancement and tracking process improvement.

TCI Sanmar is dedicated to serving the community through its CSR initiatives. CSR activities undertaken and completed by the company include, vocational training in Port Said, helping around 400 engineering graduates, a women's empowerment program to train and equip 135 women in neighborhood areas as a part of the Adaha W Odoud initiative, Measles vaccination camps for around 150,000 children and Polio vaccination campaign, etc. These CSR efforts were carried out in collaboration with reputed NGOs.

Finally, we have successfully integrated sustainability into our DNA, allowing the business to navigate the constantly changing environment of sustainable business practices. Lastly, we acknowledge the continued support and encouragement we receive from Egyptian government authorities and all our stakeholders. We will focus on continuous improvement and strive to keep high standards in sustainability.

P. S. Jayaraman
Chairman

Our Sustainability Performance at A Glance



Environmental Performance

Operational Performance

Economic Performance

Social Performance

Environmental Performance



0.05 MWh/T

Our power intensity for PVC production went down by 0.05 MWh/T

4.58 %

Our total natural gas consumption has only increased by 4.58% for 2022/2023

8.48 MJ/kg

Energy Intensity for CaCl₂ decreased from 10.15 MJ/kg to 8.48 MJ/kg.

28 mn mj

TCI Sanmar's total energy consumption from natural gas & steam is down by 28 mn mj.

1.150 mn USD

Our environmental expenditures have been increasing throughout the last 5 years with an average of 342K USD in the year of 2018/2019 & 2019/2020 in 620K. Reaching a 809K USD in 2020/2021, 1,930 mn USD in 2021/2022 and 1.150 mn USD in 2022/2023



Operational Performance

Production has been more stable and consistent in 2023 after various debottlenecking and reliability improvement initiatives.

Caustic Soda production registered an all-time high of **235,599 MT** in 2023. Similarly, PVC production was at **317,421 MT** in 2023. Additionally, the Production of Calcium Chloride recorded is **75,805 MT**.

Plant utilization increased during the year, with Caustic Soda plant utilization at around **95%** and H2 FY23 PVC plant's performance at **85%** of design capacity.

Economic Performance

The company had achieved an Earnings Before Tax (EBT) of USD **69.42** Mn compared to USD **89.51** Mn recorded in the previous year. Profit after tax was at USD **53.93** Mn compared to USD **62.16** Mn in the previous financial year.

The current assets of the company covers its current liabilities.

The company keeps a tight production timeline, demonstrating its commitment to efficient procurement, impacting the company positively in the long-term.

We successfully maintained minimal stock levels for almost a year, ensuring strong supply security for all parties involved.





Social Performance

- Our investment in vocational training programs has been significant, with a dedicated allocation of more than EGP 2 Mn across three cycles from 2018 to 2022. This commitment has successfully empowered over 300 students through training sessions in Canal Cities, specifically Port Said, Suez, and Ismailia.
- In 2022, the second round of the GET program welcomed 12 engineers, increasing to 19 engineers in 2023, carefully selected from the year's top graduates.
- The "Adaha W Odoud" initiative serves as a guiding light for promoting the development of handicrafts. In the reporting year, it provided 135 women with the opportunity to acquire diverse craft skills.
- We launched the Sansafe program, which aims to shift the mindset of all employees, including contract workers, towards achieving Zero Incidents.
- We have adopted the MySETU application to streamline data collection. This includes recording incidents, documenting training, noting unsafe acts and conditions, and tracking various internal and external report recommendations.

01

Promoting Sustainability through Effective Governance

At TCI Sanmar, we take immense pride in our reputation, which resonates strongly with our valued customers, dedicated employees, respected investors, trusted suppliers, and all the other stakeholders. This enduring reputation is rooted in our unwavering commitment to consistent value creation.

Committed to adhering to the regulations stipulated in Decree 134/2003, TCI Sanmar has taken proactive measures to establish an Occupational Health and Safety Council. This council plays a pivotal role in safeguarding the well-being of our workforce and protecting the environment in which we operate.



The corporate governance framework at TCI Sanmar is the cornerstone of our organizational structure. It is meticulously designed to oversee the effective management of the company while ensuring the realization of the long-term interests of our diverse stakeholders. Within this governance structure, we set ambitious standards and foster a culture of continuous improvement, accountability, and transparency.

At the heart of TCI Sanmar's sustainability journey lies our robust governance structure, which articulates the fundamental pillars of our commitment to value creation for all our stakeholders. Our Corporate Governance Principles provide the blueprint for our managerial structure, organizational processes, and transparency initiatives. We strictly adhere to these principles enshrined in our comprehensive governance policies and procedures. These include our Code of Conduct, Policy Statement of Ethics, Code of Corporate Governance, and adherence to industry best practices in corporate governance. These guiding documents empower us to conduct our business activities in full compliance with the prevailing laws and regulations, reflecting our unwavering dedication to ethical principles and responsible business practices.

Sustainability Management System: A Pillar of Responsibility

Establishing a robust Sustainability Management System exemplifies our dedication to sustainable governance. This system is a strategic compass, guiding us as we review plans, objectives, and processes. More importantly, it empowers us to monitor and assess the execution of our sustainable initiatives with unwavering precision. As a result, we ensure prudent utilization of resources, preservation of human rights, and generation of positive operational impacts. Under the vigilant guidance of our Health & Safety Manager and relevant departments, the outcomes of our sustainability pursuits are rigorously discussed at executive and CSR Committee meetings. We infuse our operational strategy with the imperative of sustainability by weaving the results of these deliberations into our Risk Control System.



A Symbiotic Approach to Supply Chain Sustainability

Our commitment to sustainability transcends our operations and extends throughout our supply chain. We create a symbiotic ecosystem that fosters sustainable growth by integrating sustainability criteria into our supplier, contractor, and service provider selection processes. We have diligently incorporated considerations of economic viability, sustainability practices, and ethical standards into our selection criteria. We intend to transform our supply chain into a conduit for sustainable development, minimizing adverse impacts while magnifying positive contributions.

Governance Framework

Our governance system is built on robust oversight and sustainable management. Its overarching purpose is to safeguard the company's operations while actively promoting the achievement of long-term interests for all the stakeholders. Guided by ambitious standards, our governance structure emphasizes progress, accountability, and transparency, and no conflict of interests.

Transparency and Value Creation

At TCI Sanmar, the governance structure is vital to our sustainability journey, enabling us to create value for our stakeholders continually. This structure is built upon the foundational principles that define our managerial setup, organizational processes, and transparent practices. Through our governance policies and procedures, we remain steadfast in our commitment to the highest ethical standards while complying with all applicable laws and regulations.

A- Core Pillars of Corporate Governance

Our corporate governance principles articulate the core pillars of our sustainable business approach. These principles are designed to ensure our transparent practices, responsible decision-making, and continuous success. The central tenets of our governance framework encompass:



1

Integrity: Upholding Ethical Values and Accountability

Integrity lies at the heart of our corporate governance framework. We are unwavering in our commitment to conducting business with honesty, fairness, and transparency. Our Board of Directors, executive leadership, and employees are held to the highest standards of ethical behavior, ensuring that our interactions with stakeholders are founded on trust and mutual respect. By fostering a culture of integrity, we maintain our stakeholders' confidence and contribute to our business's sustainability.

2

Stakeholders' Prosperity: Balancing Interests for Sustainable Growth

We recognize that our success is intertwined with the prosperity of our stakeholders, including customers, employees, investors, suppliers, and the communities we serve. Our corporate governance framework strongly emphasizes understanding and balancing the diverse interests of these stakeholders. By actively engaging with them, we ensure that our decisions and actions contribute to their well-being while fostering a collaborative environment that supports sustainable growth.

3

Continuity: Ensuring Long-Term Viability

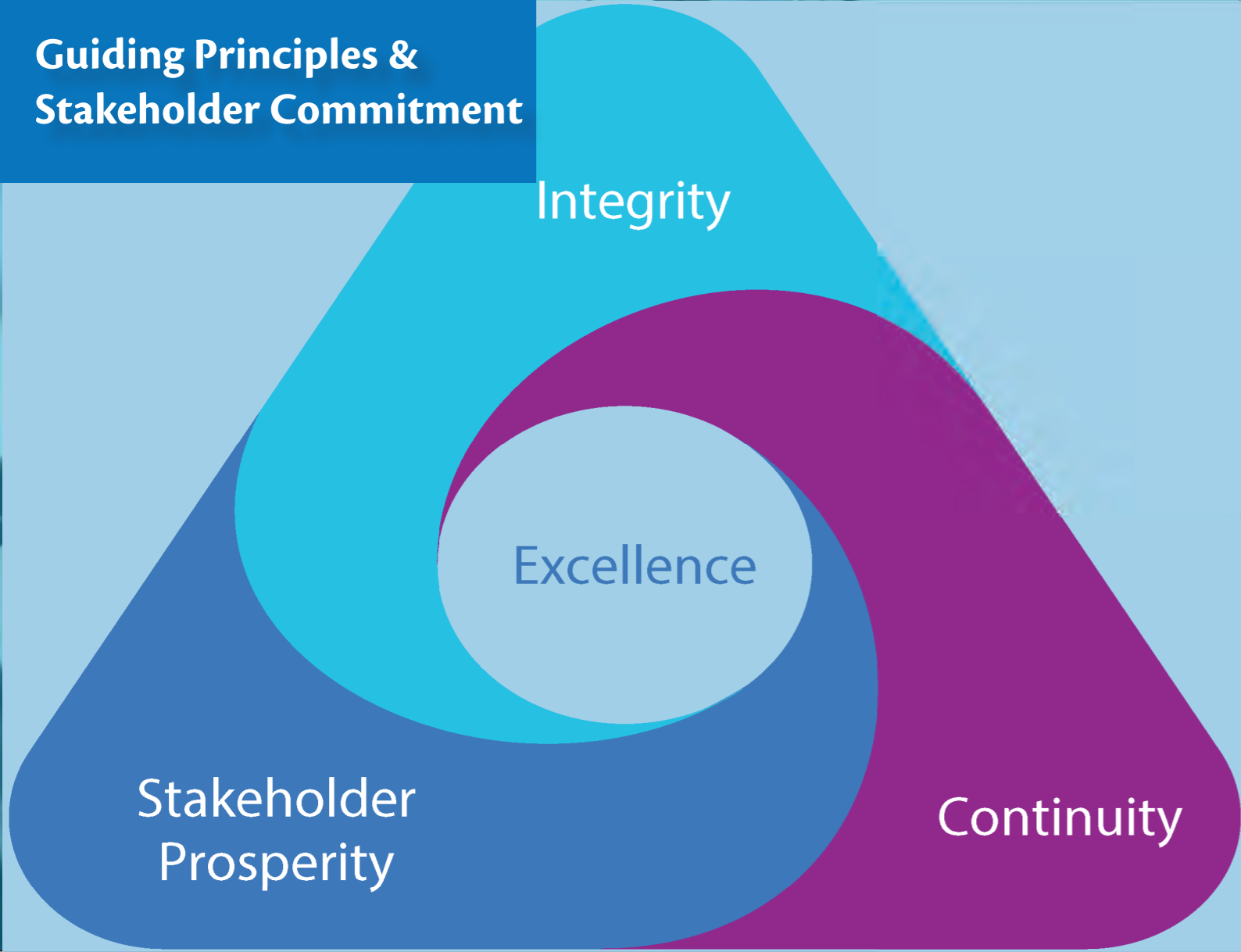
Continuity is a fundamental aspect of our corporate governance philosophy. We are committed to making decisions that generate short-term gains and ensure the business's long-term viability. Through prudent risk management, strategic planning, and responsible resource allocation, we safeguard our ability to meet the evolving needs of the stakeholders while navigating the complexities of the business landscape.

4

Excellence: Pursuing Operational and Ethical Excellence

Excellence is deeply embedded in our corporate governance approach. We strive for excellence in our operations, aiming to deliver superior products and services while minimizing our environmental impact. Our commitment to excellence extends beyond operational performance; it encompasses the ethical standards that guide our actions. By upholding the highest ethical practices, we ensure that our decision-making is legally compliant and reflects our dedication to ethical conduct.

Guiding Principles & Stakeholder Commitment



At TCI Sanmar Chemicals S.A.E., our corporate governance framework is built on strong guiding principles that reflect our commitment to sustainable business practices and responsible stewardship. These principles encompass a comprehensive approach to addressing the diverse interests of our stakeholders.

Guiding Principles	Objectives
Shareholders	Increase shareholder value by strategically optimizing resource allocation and utilization, driving sustainable growth, and maximizing returns on investments.
Work Ethics	Uphold intellectual honesty across all facets of operations, fostering a culture of ethics, transparency, and accountability. Implement continuous monitoring mechanisms to ensure the ethical integrity of our activities.

Guiding Principles	Objectives
Society	Act as a responsible corporate citizen, actively engaging in initiatives that contribute positively to the community. Strive to make meaningful social contributions aligned with our core values and business objectives
Employees	Nurture a safe, empowering working environment that fosters skill enhancement, career development, and personal growth through performance evaluation. Provide opportunities for employees to excel and thrive within a culture of inclusivity and respect.
Customers	We dedicate ourselves to achieving professional excellence in every interaction facet, aiming to meet and exceed customer expectations consistently. Focus on delivering unparalleled value and building lasting relationships based on quality and trust.

Guiding the Company's Path: The Role of the Board of Directors (BoD)

At the zenith of our organizational hierarchy, the BoD undertakes a multifaceted role replete with responsibilities aimed at supervising and guiding the company's activities in accordance with our strategic vision. Their purview extends across a broad spectrum of functions, encompassing creating and ratifying strategic directives, establishing and overseeing risk management protocols, endorsing primary budgets and internal financial policies, and developing stakeholder relations policies. These measures are diligently designed to protect stakeholder rights in concordance with official regulations while ensuring the transparent disclosure of the company's performance to our esteemed shareholders and investors.

Furthermore, the BoD assumes a pivotal role in shaping the company's mission and values, which serve as the bedrock of our corporate identity. Concurrently, our Board Committees actively contribute to implementing the company's strategic objectives, formulating, approving, and revising our corporate purpose, values, mission statement, along with integral policies and goals. The Executive Committee and CSR Committee, in particular, provide directives for our long-term operations and effective governance, holding the authority to set essential guidelines. The company's administrative structure centers on the Chairman of the BoD, who holds the highest administrative authority within the organization. This position is complemented by nine directors, each representing diverse stakeholders, ensuring a well-rounded and comprehensive approach to governance.

Board Committees: Strengthening Corporate Governance

At the zenith of our organizational hierarchy, the BoD undertakes a multifaceted role replete with responsibilities aimed at supervising and guiding the company's activities in accordance with our strategic vision. Their purview extends across a broad spectrum of functions, encompassing creating and ratifying strategic directives, establishing and overseeing risk management protocols, endorsing primary budgets and internal financial policies, and developing stakeholder relation policies. These measures are diligently designed to protect stakeholder rights in accordance with official regulations while ensuring the transparent disclosure of the company's performance to our esteemed shareholders and other stakeholders.

Furthermore, the Board of Directors is pivotal in shaping the company's mission and values, which serve as the bedrock of our corporate identity. Concurrently, our Board Committees actively contribute to implementing the company's strategic objectives, formulating, approving, and revising our corporate purpose, values, mission statement, along with internal policies and goals. The Board and CSR Committee, in particular, provide directives for our long-term operations and effective governance, holding the authority to set essential guidelines. The company's administrative structure centers on the Chairman of the BoD, who holds the highest administrative authority within the organization. This position is complemented by Eleven directors, each representing diverse stakeholders, ensuring a well-rounded and comprehensive approach to governance.

Strengthening Corporate Governance, Board of Directors (BoD) play a pivotal role in our corporate governance framework, upholding clear reporting procedures and a well-defined scope. The BoD strategically appoints committees aligned with the annual objectives and these committees serve as invaluable advisors in assessing and advancing these goals.

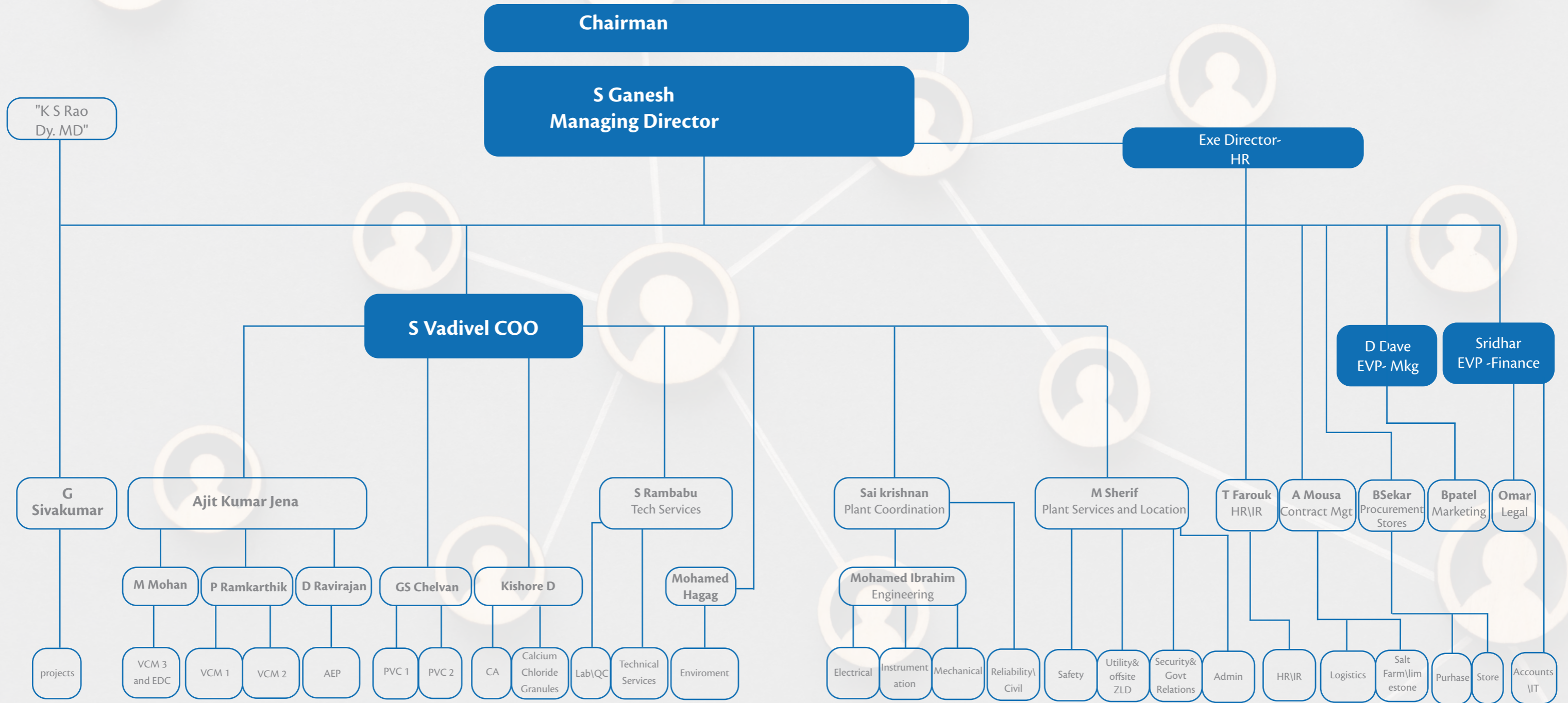
Diverse Array of Committees

- Environment Committee
- Health and Safety Committee
- Higher Committee on Training
- Internal Audit Committee
- Inventory Committee
- Human Resources Committee

These committees are the bedrock of our governance structure, ensuring that we operate with transparency, diligence, and a commitment to achieving our corporate goals. Each of these committees support the company's short, medium, and long-term objectives.



TCL SANMAR - Organization Structure



Upholding Ethical Excellence

In conjunction with our robust corporate policies, TCI Sanmar adheres unwaveringly to a Code of Conduct that guides the daily decisions and actions of our management, dedicated employees, valued suppliers, and crucial operations. Furthermore, we extend the ethical imperatives of this code to all our facets of management that ensures alignment with TCI Sanmar's standards.

Our comprehensive Code of Conduct addresses a spectrum of critical issues, ranging from our steadfast commitment to human rights to our rigorous anti-corruption protocols. TCI Sanmar's ethical practices play a pivotal role in fostering regulatory compliance and mitigating potential risks and liabilities. The company diligently oversees operations, transactions, and decisions, ensuring unwavering adherence to pertinent laws and regulations. This dedication to compliance is instrumental in minimizing the risks associated with legal disputes, thereby safeguarding our reputation and market position.

At TCI Sanmar, we aspire to cultivate a corporate culture where employees, contractors, and suppliers feel empowered to voice concerns without apprehension of reprisal. To facilitate this, we have implemented a robust whistle-blowing mechanism, enabling early detection of issues and the prevention of serious harm or damage. The results speak volumes, with our system having recorded zero incidents of corruption, bolstering our reputation for uncompromising ethical standards.

Furthermore, our commitment to ethical excellence is underscored by the annual affirmations that all employees reconfirm their commitment to ethical conduct and corruption prevention. To ensure sustainable progress, we implement tailored policies and objectives within each division and maintain a continuous, open dialogue to track and celebrate our sustainability achievements.

Stakeholders, Materiality, and Risk Management

Our comprehensive approach to stakeholder communication ensures we address a wide range of expectations while fostering transparent and mutually beneficial relationships with all relevant stakeholders.

Stakeholders	Communication Channels	Key Issues and Expectations	Responses and Initiatives
Shareholders	<ul style="list-style-type: none"> - Annual General Meetings - Information Disclosures - Annual Reports 	<ul style="list-style-type: none"> - Financial Profitability & Sustainable Business Growth 	<ul style="list-style-type: none"> - Rigorous Financial Planning and Budgeting - Efficient Management Systems - Continuous Monitoring - Resource Maximization
Board of Directors	<ul style="list-style-type: none"> - Board Meetings - Various Reports 	<ul style="list-style-type: none"> - Financial Efficiency - Corporate Governance - Compliance with Laws & Regulations - Risk Management - Safe and Efficient Operations - Sustainable Business Growth 	<ul style="list-style-type: none"> - Strategic Planning and Budgeting - Robust Management Systems - Performance Monitoring and Reporting - Cost-Effective Solutions - Resource Optimization
Employees	<ul style="list-style-type: none"> - Direct Meetings - HR Surveys - Employees' Conferences - Special Purpose Meetings or Interviews 	<ul style="list-style-type: none"> - Safe Working Environment - Attractive Benefits Package - Career Development - Training and Skills Enhancement - Recognition and Reward - Employee and Family Well-being 	<ul style="list-style-type: none"> - New Health Plans - HR Policy Enhancement - Training and Career Development Programs - Employee Recognition Programs - Family-Friendly Policies - Ongoing Employee Engagement
Clients & Customers	<ul style="list-style-type: none"> - Daily Operational Contacts - Scheduled Meetings - Regular Operating Reports - Direct Phone Calls - Emails - Customer Feedback Surveys 	<ul style="list-style-type: none"> - Product Quality - Timely Deliveries - Cost Efficiency - Safety Compliance - Environmental Responsibility - Transparent Communication - Responsiveness 	<ul style="list-style-type: none"> - International Quality Standards - Preventive Maintenance - Continuous Improvement - 24/7 Monitoring - Cost Optimization - Customer Relationship Management

Stakeholders	Communication Channels	Key Issues and Expectations	Responses and Initiatives
Suppliers and Contractors	<ul style="list-style-type: none"> - Public Tenders - Regular Contacts - Contractors Registration and Inspection Process - Correspondence - Direct Meetings 	<ul style="list-style-type: none"> - Transparent Bidding - Fair Pricing - Efficient Operations - Ethical Conduct - Timely Payments - Compliance with Regulations - Commitment to Sustainability and Human Rights 	<ul style="list-style-type: none"> - Fair and Transparent Bidding - Efficient Procurement Processes - Ethical Conduct Policies - Prompt Payments - Sustainability Partnerships - Supplier Development Programs
Banks - Financial Institutions	<ul style="list-style-type: none"> - Regular Meetings - Financial Reports - Annual Audit Reports - Feasibility Studies 	<ul style="list-style-type: none"> - Transparent Management - Professional Financial Management - Long-term Planning - Liquidity Management - Exchange Rate and Interest Rate Risk Mitigation 	<ul style="list-style-type: none"> - Financial Policy Clarity - Diversified Funding Sources - Regulatory Compliance - Long-term Financial Strategies - Risk Mitigation Plans - Collaborative Banking Relationships
Peers	<ul style="list-style-type: none"> - Market Research Surveys - Bidding Participation - Direct Correspondence - Industry Conferences 	<ul style="list-style-type: none"> - Responsible Competition - Fair Trade Practices - Ethical Behavior - Transparency - Collaboration Opportunities 	<ul style="list-style-type: none"> - Ethical Business Practices - Responsible Competition - Transparency Initiatives - Collaboration Opportunities - Benchmarking and Best Practices Sharing
Regulators and Relevant Governmental Entities	<ul style="list-style-type: none"> - Reports and Compliance Documentation - Direct Meetings - Regulatory Inspections - Audit Reports - Liaison with Government Agencies 	<ul style="list-style-type: none"> - Legal and Regulatory Compliance - Certifications and Licensing - Contribution to National Development - Community Support 	<ul style="list-style-type: none"> - Regulatory Compliance Teams - Certification Initiatives - National Development Projects - Community Engagement Programs

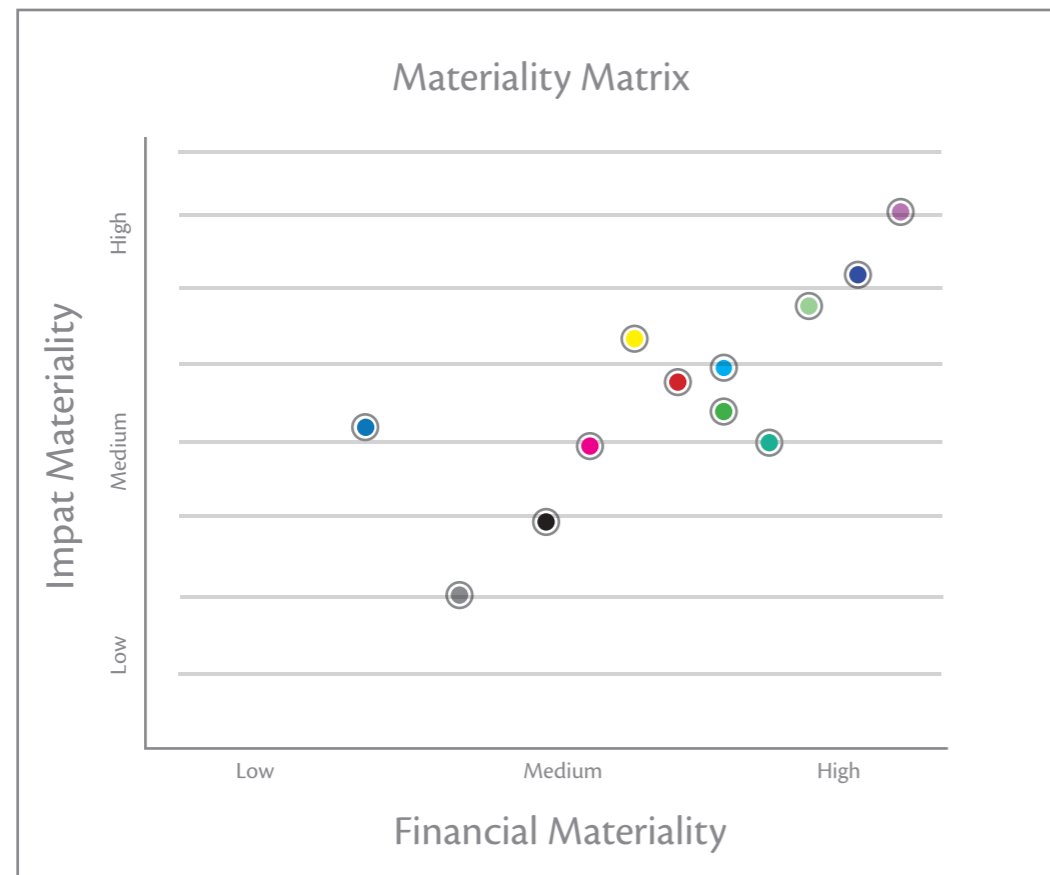
Stakeholders	Communication Channels	Key Issues and Expectations	Responses and Initiatives
NGOs and Civil Society	<ul style="list-style-type: none"> - Stakeholder Workshops - Community Engagement Forums - Partnership Meetings - Public Forums - Social Media - Environmental Impact Assessments 	<ul style="list-style-type: none"> - Social and Environmental Responsibility - Community Development - Ethical Conduct - Transparency - Collaboration for Social Causes 	<ul style="list-style-type: none"> - Community Development Projects - Ethical Business Conduct - Sustainability Reporting - NGO Partnerships - Public Awareness Campaigns
Investors and Analysts	<ul style="list-style-type: none"> - Investor Relations Meetings - Analyst Briefings - Earnings Calls - Annual Reports - Financial Presentations 	<ul style="list-style-type: none"> - Financial Performance - Corporate Governance - Risk Management - Sustainability Disclosure 	<ul style="list-style-type: none"> - Investor Relations Team - Transparent Financial Reporting - Sustainable Business Practices - Proactive Engagement
Local Communities	<ul style="list-style-type: none"> - Community Meetings - Public Consultations - Social Media - Community Surveys - Local Development Initiatives 	<ul style="list-style-type: none"> - Local Employment Opportunities - Infrastructure Development - Environmental Protection - Community Health and Safety 	<ul style="list-style-type: none"> - Local Hiring Programs - Environmental Impact Mitigation - Social Responsibility Projects - Community Health and Safety Measures
Environmental Agencies	<ul style="list-style-type: none"> - Environmental Impact Assessments - Regulatory Compliance Reports - Environmental Audits - Direct Meetings 	<ul style="list-style-type: none"> - Environmental Compliance - Conservation Efforts - Pollution Control - Resource Efficiency 	<ul style="list-style-type: none"> - Environmental Compliance Teams - Conservation Initiatives - Pollution Control Measures - Resource Optimization Programs

Double Materiality (materiality issues) :

We regularly conduct a Materiality Analysis to keep ourselves informed about our stakeholders' views on various environmental, social, and governance issues that could affect our operations. This practice, aligned with GRI Standards, fosters meaningful internal and external discussions, emphasizing diverse perspectives. We aim to identify and address significant issues today and in the future.

Our materiality analysis considers the financial aspects and how these material topics impact our financial performance. Another essential aspect of this exercise involves addressing our impact on these material topics. This comprehensive approach gives us a holistic understanding of our material issues and guides our strategic sustainability direction.

Our Materiality Analysis in 2022 led to the identification of key inputs and stakeholders. It also resulted in an updated materiality matrix graphically summarized below for clarity.



- Beyond Compliance
- Learning and Development
- Technology Product & Process Innovation
- Circular Economy
- Environmental advocacy
- Energy efficiency
- Local Community
- Supply chain and Sustainability
- Business growth & Sustainability
- Talent Retention
- Product quality
- Occupational health and Safety



Our diligent efforts involve identifying risks and opportunities to minimize adverse outcomes and emerging threats while pursuing advantageous situations. We acknowledge that risks can hinder our operations, so we carefully identify and analyze them, implementing suitable control measures. Simultaneously, we capitalize on every opportunity to gain a competitive edge in the market. We have a primary responsibility to our stakeholders, ensuring business continuity, and our risk identification process helps us to assess the significance and engage with stakeholders accurately. Additionally, we adopt a precautionary approach by introducing various initiatives to enhance operational efficiency.

Risk	Definition
Strategic Risks	All geopolitical and economic risks impact a company's strategy and, consequently, its course for growth and development.
Laws & Regulations	TCI Sanmar complies with all relevant rules and laws of the country
Financial Risks	Planning, cash flow leadership, and exchange rate fluctuations.
Products Prices Risk	Analyze product costs for inputs and finished goods.

Risk	Definition
Operational Risk	Lack of necessary chemicals or catalysts, shortages of raw materials, failure of the outside grid (the electricity network) and human mistakes.
Market Supply and Demand	The availability of the raw materials required by the petrochemical sector is subject to the anticipated rise in demand for these products. This accessibility will significantly impact the sector's positioning worldwide and grow and support several other sectors.
Exchange Rate	The exchange rate volatility of the currency.
Cyber Security and Technological Disruptions	Because they have a direct impact on the follow-up and monitoring systems used by the Plants during operations and production, cyber-attacks are regarded as a significant risk for the industry. A fatal infection on servers and networks could trigger a total crash or, worse yet, dangerous failure.
Water Scarcity	Access to freshwater is a challenge.
Asset Integrity	Deterioration or depletion of equipment.
Supply Chain Risk	Issues with the availability of packaging, spare parts, and other relevant supplies.
HR Risks	High-caliber personnel are accessible, recruited and retained.
Research and Development	Utilizing cutting-edge manufacturing methods and creating eco-friendly products in light of the issues the world's agriculture sector faces due to the growing population.



Risk Management for Sustainable Business Practices:

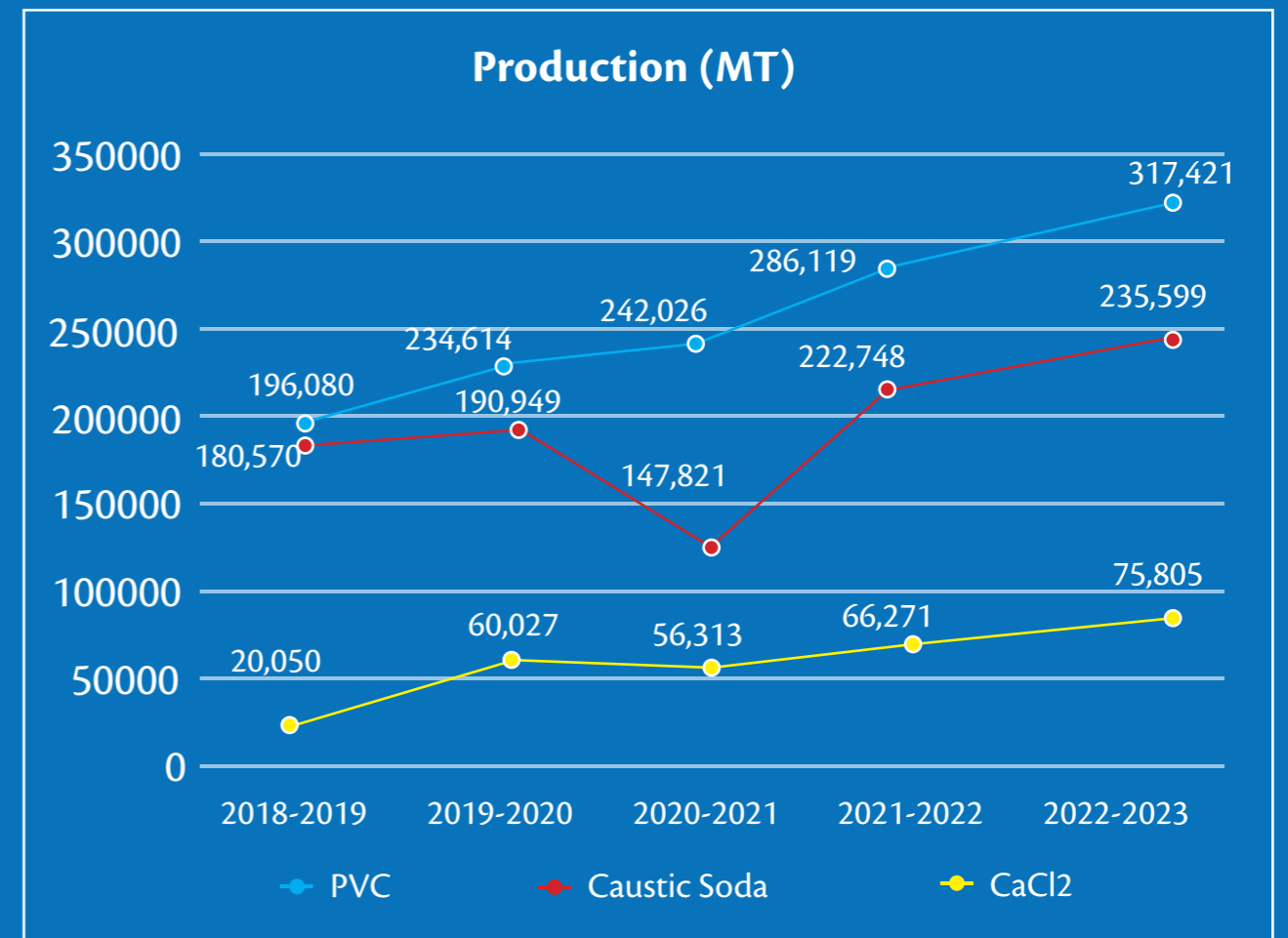
Through a network system built by our IT Department, prospective risks, opportunities, and environmental and social implications are shared with the various committees and management after being evaluated for their ability to impede or advance our business. Committees use the risk management system to track, assess, and present all pertinent risks for decision-making. Like how other risks are disclosed independently through our Risk Management System, HSE-related hazards are shared through the HSE Department. Serious concerns about the state of conformity with laws, regulations, and our code of conduct are examined by the Audit Committee. The Internal Audit Department provides the Audit Committee with reports on legal compliance status, code of conduct infractions, the investigation process, findings, and preventative measures implemented. The BoD formally reviews and discusses organizational consequences, risks, and opportunities in its quarterly meetings based on the suggestions of several Board Committees.



Manufacturing Capital Sustainable Production Performance

02

At TCI Sanmar, we steadfastly commit to sustainable practices and ensure that our day-to-day operations align with this vision. We are dedicated to transcending our traditional and sustainable approaches and embracing resource-conservative methodologies, encompassing waste management and energy conservation. Our unwavering mission is to minimize our environmental impact. To achieve this, we actively drive positive change across our value chain in four key areas: Energy, Water, Effluent, and Resources. We set ambitious goals that we relentlessly strive to accomplish, employing robust assessment and monitoring frameworks to ensure accountability. Moreover, we consistently review and refine our actions to create a world that thrives on environmental sustainability.



Over the past four years, we have successfully augmented our production capacity, as illustrated in the graphical representation, across all product categories, namely PVC, Caustic Soda, and CaCl2. Notably, our production reflects our unwavering commitment to advancement. However, we are not content and are determined to further elevate our production capacity upto our design capacity enabling us to cater to the burgeoning demands of our esteemed market effectively. Our Caustic Soda production has also experienced a substantial upsurge, surmounting previous records. The CaCl2 production has also seen a commendable increase.



Operational Performance

The enduring expansion of TCI Sanmar hinges upon the perpetual enhancement of our operational prowess. The company's BoD have formulated policies and strategies to attain the utmost level of performance. They have meticulously allocated all requisite resources and financial backing to ensure sustainable production and operations. Our fundamental catalysts for achieving excellence encompass adopting cutting-edge technologies, and maintenance management approaches. Consequently, our manufacturing processes are executed with utmost conscientiousness towards preserving the environment, safeguarding occupational health and safety of our personnel, contractors and subcontractors, and fostering development of the local community.

Technical Services: Spearheading Operational Excellence

At TCI Sanmar, our Technical Services division is the vanguard of our unwavering commitment to operational excellence and sustainability. This section of our Sustainability Report offers a comprehensive overview of our core functions, KPIs, collaborations with departmental stakeholders, and the significant milestones achieved during the reporting year.

Core Functions and Key Performance Indicators (KPIs)

In critical process and quality monitoring, our team maintains unwavering vigilance. We oversee critical processes meticulously, ensuring peak performance and unyielding quality across all our operational plants. The KPIs reflect our dedication to:

Deviation in Energy Index (Electrical Power): Encompassing CA, PVC, and CACL2, this metric underscores our commitment to operational efficiency.

Quality Metrics: Specifically, the % prime product for PVC1 and PVC2, spotlighting our relentless focus on delivering excellence.

Addressing root causes and equipment failures, we employ comprehensive analysis to identify deviations and rectify equipment issues proactively. Our continuous improvement initiatives drive corrective actions and meticulously monitor their progress.

Deviation in Energy Index

	CA	PVC	CaCl ₂
Base Year	2.53	0.67	0.27
Reporting Year	2.56	0.62	0.25
Growth Ratio	1.014	0.929	0.912
Target Year	<0.5% than RY	<0.5% than RY	<0.5% than RY

Energy Efficiency and product quality are crucial for our operations and constant improvement. The energy index values in the table above indicate the power to produce 1 ton of product on specification with our quality standards. Our yearly improvement in this metric aligns with our efforts to optimize energy consumption, utilization and reduce our overall environmental footprint.

Documentation of Standard Operating Procedures (SOPs)

Streamlining processes serves as the cornerstone of our operations. We remain steadfast in our commitment to developing and providing standardized SOPs, SOC's, and log sheets, simplifying the process of pre-commissioning and commissioning new projects. Quality assurance remains paramount, as we rigorously validate equipment data sheets prepared by our engineering contractors to ensure adherence to the highest standards.

Process Enhancement & Profit Opportunities

Our approach to process enhancement and identifying profit opportunities is rooted in data-driven insights. We scrutinize the divergence between actual and design norms, providing data-backed suggestions for corrective actions. Profit maximization, product quality enhancement, and the extension of equipment longevity consistently occupy our strategic focus.

Engineering & Project Support

Regarding engineering and project support, our proficiency in process design calculations, datasheet preparation, and the validation of design document protocols are unrivaled. Active participation in commercial plant trials and unwavering support for CAPEX projects underscore our dedication to project success.

Stakeholder Engagement

Strategic collaboration remains at the heart of our engagements with regulators, external audits, experts, suppliers, and partners. We ensure compliance and knowledge sharing, cultivating robust relationships that enrich our operations.

Engagement with Departmental Stakeholders

Our interactions with departmental stakeholders are pivotal to our success. Daily engagements with operations revolve around real-time process monitoring, in-depth analysis, and proactive deviation control. In the realm of quality control, our daily involvement guarantees the maintenance of exacting quality standards and the timely mitigation of deviations. Collaborations with external technology providers are needed to address technical inquiries and facilitate new project development, passed on to engineering contractors, as required, ensuring the seamless transfer of critical technology documents.





Risks & Opportunities


We remain acutely aware of the risks and opportunities that shape our operations:

- 1** Unavailability of Process Technology Documents (Risk): We emphasize proactive measures to address the risk of troubleshooting complications stemming from absent design documents.
- 2** Lack of Cyclic Process Hazard Analysis (Risk): Mitigation strategies remain a priority as we recognize the risk posed by the absence of PHA studies.
- 3** Employee Shortages (Risk): Our commitment to addressing workforce shortages' direct impact on process monitoring and engineering documentation remains unwavering.

- 4** Availability of Process Monitoring/Simulation Software Tools (Opportunity): Embracing simulation software tools bolsters our analytical capabilities and data storage, empowering self-sufficiency in new project development.
- 5** Planned Annual Turndowns (Opportunity): Our dedication to planned turndowns underscores our commitment to process enhancement and efficient project execution.
- 6** TCI – Technology / Engineering Services Relationship (Opportunity): A robust relationship with TCI's technology and engineering services positions us to effectively manage critical situations and avert unplanned shutdowns

The technical Services team at TCI Sanmar remains unwavering in its pursuit of operational excellence and sustainability. Through relentless collaboration and an unyielding commitment to improvement, we stand poised to scale new heights on our journey towards sustainability and success. Together, we hope to achieve more significant milestones.





Success Stories:

Apart from our progress throughout the years as the TCI Complex, we expanded to reach 400,000 mt of PVC and VCM. The management was keen to bring out many programs mainly focused on making TCI Complex the most reliable and sustainable. In 2019, the Technical Services Department was established to improve productivity, efficiency, reliability, and sustainability. Further, the Technical Services department will also be focusing on Research and Development in the future.

Some of the major areas where our team worked and made significant improvements in terms of output and cost savings are:

1- VCM-3 facility was commissioned in 2018 but experienced several reliability issues, reducing its capacity to 300 TPD against the design capacity of 450 TPD. The issues were researched and brought up with M/s Technip, the leading Engineering Consultant and numerous changes were implemented as DBN projects, increasing the plant's production from 300 TPD to 425 TPD.

2- After the propane compressor issue with the VCM3 was fixed, and with careful process monitoring, the on-stream of the VCM3 increased by 50% from the base year.

3-The VCM-1 plant was intended to generate 450 TPD, but our team was motivated and engaged in a trial to increase production from the planned 450 TPD to 500 TPD, which operated successfully for 24 hours. With M/s Technip, additional research is underway to increase production to 540 TPD.

4- The PVC-2 facility was only intended to produce 600 TPD; our team participated and executed several processes and instrumentation upgrades that increased the unit's productivity to 800 TPD.

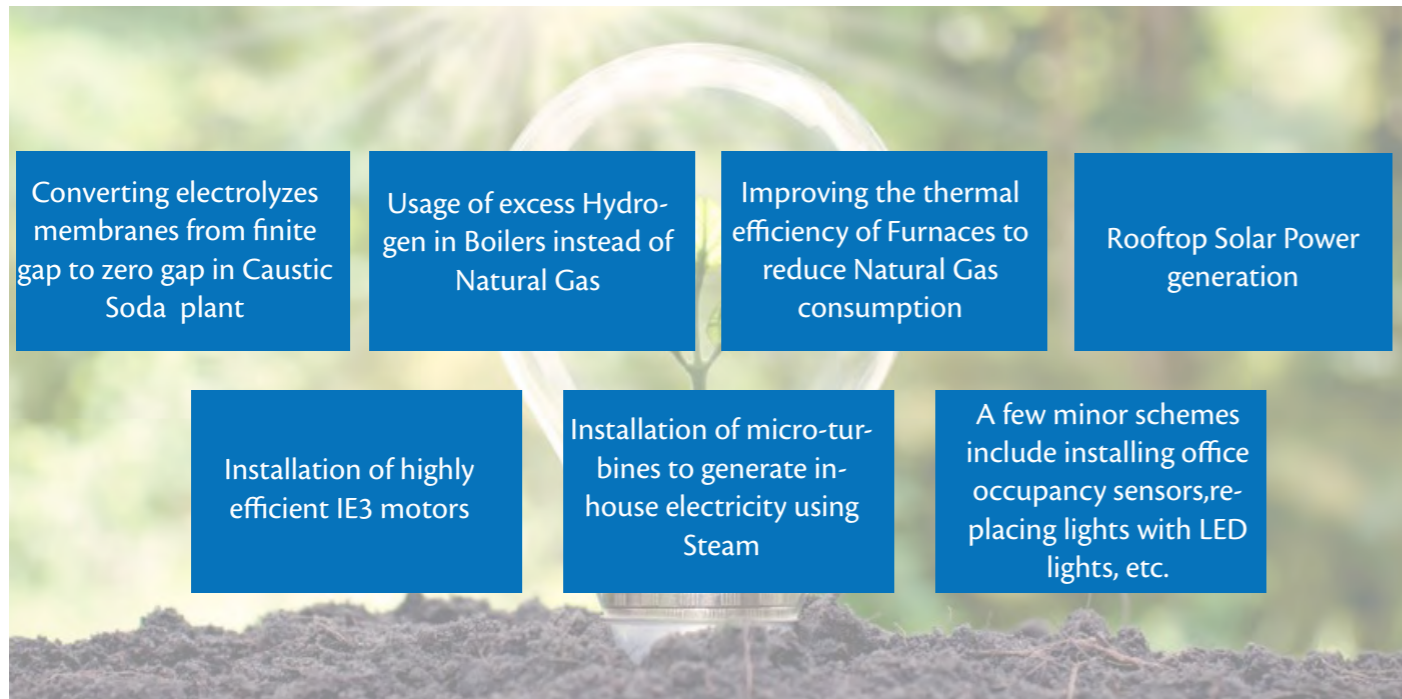
5- By using internal resources, developed new PVC grades - K57 (bottle grade) and K70 (cable grade) and by adding extra additives, created white pipe grade PVC products, the market requirements were met and sustained.

6- Implementation of replacing PVC1 high concentration initiator with PVC2 low concentration initiator resulted in various benefits such as cost saving of 10 USD/mt of PVC produced, elimination of potential hazard of storing high concentration initiator, and reduced energy intensity due to non-requirement of refrigeration containers.

7- Despite encountering numerous challenges in maintaining production levels for critical plants such as VCM-2, VCM-3, and CaCl₂, the Technical Services department remained steadfast in its commitment to enhancing energy and water efficiency. With our Chloro-Alkali (CA) plant boasting a substantial capacity of 275,000 mt per annum, responsible for Caustic Soda production, our complex is a significant electricity consumer, devouring approximately 2,000 megawatt-hours daily. Consequently, our primary objective in the following years revolved around reducing the overall power consumption of the complex, with a particular emphasis on the Caustic Soda unit.

Energy Reduction Initiative:

TCI Sanmar has hired a competent third party to conduct an energy audit for the entire complex. Several Energy Conservation programs that reduce energy use is in progress and under implementation.



1- Converting electrolyze membranes from finite gap to zero gap in Caustic Soda plant

Caustic Soda is produced by an electrolysis process where DCs of opposite potentials are passed through electrodes. Two electrodes are separated by a fine membrane through which ion transfer occurs. The current consumption for the electrolysis process will increase with an increase in the gap between the electrodes. TCI Sanmar has 11 electrolyzers (4 in the X series, 4 in the Y series, and 3 in the Z series), of which only the Z-series has Zero gap membranes (Zero Gap between electrodes). So, the power consumption for producing 1 ton of Caustic is 2330 kWh, and the power consumption for other finite gap membrane electrolyzers (X&Y-series) is 2460 kWh. So, replacing X&Y series electrolyzers with Zero gap membranes will have a saving potential of 130 kWh/t of Caustic production.

- As Phase-1 implementation, Electrolyzers – C, G & H are converted to Zero Gap membranes, decreasing power consumption by 9.8 Mn kWh per annum and profiting USD 0.34 Mn per annum.
- As Phase-2 implementation, other electrolyzers in the X&Y series (Electrolyzer - A, B, D, E, and F) will also be converted to Zero Gap membranes, which is expected to decrease the power consumption by 16.34 Mn kWh and USD 0.56 Mn per annum.

2- Usage of excess Hydrogen in Boilers Instead of Natural Gas

In Electrolyzers, Hydrogen gas is liberated as a byproduct of Caustic production. This Hydrogen gas is partly used for Hydrochloric Acid Synthesis and partially lost into vent gases. Hydrogen gas has a high calorific value, which can be used as a substitute for natural gas in boilers for producing steam. The scope of this project is to utilize Hydrogen as a replacement for Natural gas in Boiler-D&E. This will reduce the NG consumption by 24000 m³/day, which greatly reduces the Carbon footprint.

3-Improving the Thermal Efficiency of Furnaces to Reduce Natural Gas Consumption

A natural gas firing furnace is used in VCM-2 to crack EDC vapors into VCM and in the Alco-Ethylene Plant (AEP) for vaporizing Ethanol. Natural gas is combusted inside the furnace with controlled airflow, and generated flue gas will be sent to the atmosphere through a stack. The airflow rate can be adjusted by damper valves installed at the stack. Damper valves are operated automatically, and airflow is adjusted by monitoring the excess Oxygen that goes along with flue gas. If there is excess Oxygen, the amount of NG required will also be increased due to additional heat needed to heat the excess air. The audit outcome has identified 6% excess O₂ in flue gas. So, this project involves installation of a new O₂ analyzer in the stack and linking it with a damper control valve to optimize the airflow drawn into the furnace. This will reduce the natural gas consumption by 135 Nm³/hr, significantly reducing carbon footprint. Finally, Stack analyzers have been installed, and Air-Fuel control is maintained.

4- Solar Power Generation

TCI Sanmar consumes approx. 2000 MW of electricity per day. This project generates renewable energy of 24 MW per day by installing solar power panels on rooftop of the premises. It accounts for a 1% direct carbon footprint reduction. Finally, the conceptual note development and economics study is in progress.



5- Installation of Highly Efficient IE3 Motors

TCI complex has a vast number of motors in operation in various plants. Over ten years, technology has improved, and new design motors (IE-3) were invented, which are meant to run with more than 90-95% efficiency. Some of the old identified engines of low efficiency (<90%) and high capacity (>30 kW) will be replaced with new design IE-3 engines to reduce the overall power consumption of the complex. Motors are ordered and received, so the replacement is in progress as per the individual plant's annual turndown plan.

6-Installation of Micro-Turbines to Generate In-House Electricity Using Steam

TCI Sanmar has seven boilers and primarily produces 20 bar/G steam, considered High-Pressure Steam (HPS). HPS is further let down into Medium Pressure Steam (MPS) of 10 barG and Low-Pressure Steam (LPS) of 4 bar/G. For pressure let down, Pressure Reduction and De-superheating systems (PRDS) are being used conventionally. Pressure reduction by the control valve is the basic mechanism of the PRDS, but the steam's enthalpy (heat energy) is lost in the system. To conserve this enthalpy, a micro-turbine will be used where pressure reduction takes place by rotating a turbine, which is connected to a generator. Micro-turbines will be installed in 5 different pressure let-down stations generating 2.15 MWH of electricity.

In addition to these major schemes,

- 1- Occupancy sensors have already been installed in offices, automatically turning off the empty rooms' electricity supply.
- 2- LED lights were installed to replace conventional high-power-consuming lights.
- 3- A few of the less efficient running pumps and fans were overhauled to consume less energy.

Having already implemented several ENCON schemes to enhance thermal energy efficiency as part of our energy audit, we have also enlisted the expertise of M/s Forbes Marshall to conduct a comprehensive Steam and Condensate audit. The objective is to optimize the thermal efficiency of our boilers and other steam consumers while improving condensate recovery to reduce water consumption. This audit has yielded 9 ENCON schemes, each designed to maximize energy conservation and operational efficiency.

ENCON Schemes (for Steam)	Saving in Natural Gas (%)
Improvement in the condensate recovery system	3 %
Flash steam cascading with LP steam network	1 %
Main line steam trap management	0.2 %
Condensate and flash steam recovery from mainline traps	0.8 %
Process steam trap management	0.4 %
Attending redundant steam lines in plants	0.2 %
Reduction in steam-specific consumption by pressure optimization	1.1 %
Steam reduction for DM water heating – PVC1	0.3 %
Improvement in Dryer-E HTHW system	1.4 %
Boiler load management and performance improvement	1 %
Blowdown management in boilers	0.3 %
Total	9.7 %

To sum up, this will reduce Natural Gas consumption by 7.2 Mn Nm3 per annum, significantly reduces carbon footprint. Our team is still active and working on new developments to improve the systems, which will enhance the sustainability of this facility in terms of safety, reliability, efficiency, and profitability.



MAINTENANCE & REPAIR

Maintenance

Maintenance plays a crucial role in achieving a company's goals and objectives. We are proud of our technically advanced maintenance teams, known for their expertise, experience, and adherence to strict procedures. As we deal with intricate assets, our maintenance approach goes beyond ensuring the asset's well-being and incorporates the safety of our employees. Our proactive strategy involves constant monitoring of machinery and equipment and implementing regular rotational checks to identify and address potential faults before they arise. We ensure that our engineering strategies and processes align with our business objectives and operational requirements, such as price, quality, and delivery targets. This enables us to function and compete in the market effectively. We are dedicated to continuously enhancing equipment operational conditions and refining our maintenance practices. Finally, after completing the job, we ensure that the equipment and its surroundings are in optimal operating condition, maintaining a high standard of performance and safety.

Throughout our endeavors, our department has engaged in extensive stakeholder communication to ensure the seamless maintenance of our daily operations. As a procurement department, we have collaborated with various internal stakeholders to acquire the necessary materials and supplies for our organizational needs. On the other hand, as external stakeholders, we have an annual maintenance contract with the Manufacturing and Maintenance Company specialized in engineering, project construction, fabrication, painting, and testing & maintenance activities in Petrochemicals and Power Industries (MENCO) . , Engineering Company for Petroleum and Contracting Services (ECPC), Egyptian Office for Contracting (EOC), Global Company for Contracting & Scaffolding (GCCS), and Mohsen Ghazal Atiah CO.

	KPI	Base year (BY)	Reporting Year (RY)	KPI Performance (Growth Rate)	Target Year (TY)
1	PM%	70%	90%	28.57	100%
2	PM/M	30/70	70/30	5.54	96/40
3	Manpower Utilization	90%	95%	5	97%
4	URGENT	30	10%	-66	4%
5	IN LACD	80	80%	0	95%
6	OVER TIME	40	5%	-45	2%
7	GRAY INVENTORY	35%	0%	0	0%

The above KPIs provide insights into the performance and success of preventive maintenance programs, helping to identify areas for improvement and track progress over time. We measure the percentage of planned preventive maintenance tasks completed within the scheduled time frame. It indicates how well the maintenance team adheres to the planned maintenance schedule and ensures that maintenance activities are carried out as intended. By closely monitoring these preventive maintenance KPIs, we can gain valuable insights into how well our maintenance programs work. This enables us to identify improvement opportunities and make informed decisions to enhance our maintenance processes and allocate resources more efficiently.

When an objective shows a significant deviation from its desired target or performance level, it is marked with the label "Urgent." This indicates a potential problem, risk, or opportunity that requires immediate action. By identifying and flagging specific KPIs as Urgent, we ensure that these areas receive the necessary attention and resources to address any issues promptly. The effectiveness of our maintenance program is directly proportional to the decreasing percentage of Urgent KPIs.



The following are some instances of how the maintenance staff has improved our workflow and procedures over the reporting period:

Introduction of Work Order System

The introduction of the work order system aimed to improve the overall management and execution of work requests and tasks within our organization.

The primary objectives of implementing this system were:

- Streamline work order management and improve the system.
- Facilitate better communication and collaboration among various disciplines.
- Ensure accurate tracking, documentation, and analysis of work orders.
- Optimize resource allocation and prioritize tasks effectively.
- Enable data-driven decision-making and historical analysis.

Implement An Advanced Work Selection Process For Maintenance Work

- Updating our internal process for reporting field notifications and ranking them according to possible effects. As a result, most work that doesn't need to be shut down is routed immediately to maintenance for quick execution, which deprioritizes operations.
- The method of notification and prioritizing was successful in keeping track of all tasks completed, supporting preparation for the following year, ensuring maximum adherence to the PM schedule, and improving the health of the equipment. Lower labor expenses due to better workforce utilization. An emergency work order is twice as expensive as a typical one.

Rolling Out a Long-Term Maintenance Schedule

Long-term integrated planning has several benefits, as follows:

- Improved wrench time, leading to a 5% reduced maintenance spending.
- Reduces activity duplication; several CM activities get covered under PM activities.
- Fewer breakdowns as prescribed, leading to improved operational efficiency





5- Establishing a Centralized Document Repository

- Easy availability and access to equipment manuals and job cards will improve wrench time as technicians and planners do not spend time gathering data.
- High maintenance quality as OEM prescribed repair followed; equipment history considered for any special instructions.

6- Establishing an Inspection Department

- Improved Safety: Inspection departments helped ensure the plant operates safely by identifying and correcting potential hazards.
- Reduced Downtime: Inspection departments helped to prevent unplanned downtime by identifying and repairing equipment problems before they caused a breakdown.
- Increased Efficiency: Inspection departments helped ensure the plant operates efficiently by identifying and correcting inefficiencies.
- Reduced Costs: Inspection departments help to reduce costs by preventing unplanned downtime, identifying and correcting inefficiencies, and improving product quality.
- Compliance with Standards: Inspection departments help ensure the plant complies with all applicable standards.



Procurement Excellence: Pioneering a Resilient and Sustainable Supply Chain

At TCI Sanmar, our supply chain is not just a functional component; it is the lifeline of our operations, a dynamic and interconnected ecosystem that orchestrates the sourcing, production, distribution, and timely delivery of goods and services. Our unwavering commitment is to ensure that the right products and services are available and readily accessible in the right quantities, at the suitable locations, and precisely when needed. This comprehensive overview delves into the intricate web of our supply chain, emphasizing its pivotal role in our success and our relentless pursuit of excellence and integrity.

Responsibilities:

At the core of our responsibilities lies strategic sourcing and the meticulous selection of suppliers. We meticulously evaluate supplier criteria, considering price competitiveness, unwavering commitment to quality, and dependable delivery capabilities. Post-selection, we engage in contract negotiation and terms establishment, crafting agreements that align with our organizational goals while ensuring fiscal prudence. Our approach is characterized by rapid dispute resolution and deft handling of performance issues, fostering a collaborative ecosystem that thrives on mutual success. We steadfastly adhere to compliance, ensuring our procurement practices mirror legal, regulatory, and company policies. The department also spearheads the development and execution of procurement strategies, a dynamic process that continually optimizes cost efficiency and operational fluidity. Amid an ever-evolving business landscape, we remain vigilant, continuously analyzing market trends and scrutinizing supplier performance to identify potential risks and opportunities. Collaboration is inherent in our DNA, as we harmonize our efforts with other departments, particularly Finance and Operations, ensuring procurement seamlessly aligns with the organization's overarching mission.

Functions:

Our multifaceted functions encompass a broad spectrum of activities, commencing with the rigorous identification and evaluation of potential suppliers. This process extends to nurturing ongoing supplier relations and perpetual performance monitoring. We serve as gatekeepers of purchase order management, meticulously reviewing and endorsing purchase orders, ensuring precision, and actively tracking order fulfillment. Contract management, a pivotal function, involves the art of contract inception, negotiation, renewals, and continuous compliance monitoring. Inventory management is a forte, with meticulous oversight of stock levels, optimized inventory turnover, and minimal stockouts, ensuring an unobstructed supply chain. Our unwavering commitment to cost-efficiency shines through the relentless analysis of market trends, rigorous cost/benefit assessments, and identification of cost-cutting opportunities without compromising quality. In risk management, we methodically assess supplier risks, constructing robust risk mitigation strategies to ensure unwavering business continuity despite potential disruptions. Finally, we streamline our processes through standardization, technology leverage, and automation to enhance efficiency and effectiveness.

Key Performance Indicators:

Our performance is quantified through a set of KPIs, each reflecting our dedication to excellence:

- 1** **Cost Savings:** Measurement of the percentage of cost savings realized through our procurement strategies, a testament to fiscal responsibility.
- 2** **Supplier Performance:** Tracking supplier metrics, including on-time delivery, product quality, and responsiveness, ensures peak supply chain efficiency.
- 3** **Purchase Order Cycle Time:** Quantifying the time from purchase order placement to goods or services receipt, highlighting our commitment to streamlined procurement timelines.
- 4** **Contract Compliance:** Evaluation of the percentage of contracts adhering to agreed terms and conditions, affirming our commitment to contractual integrity.
- 5** **Procurement Process Efficiency:** The analysis of time and resources required to complete procurement processes reflects dedication to operational excellence.

Significant Changes to the Organization's Supply Chain:

TCI Sanmar is embarking on a localization initiative, producing select spare parts in-house. This strategic move enhances self-reliance and results in substantial savings, representing our commitment to adaptability and cost-effectiveness in the ever-evolving global marketplace.

Supplier Screening Process:

Our supplier screening process is a meticulously structured protocol designed to engage with partners who resonate with our values and meet stringent criteria. It begins by methodically defining specific requirements, encompassing quality standards, product specifications, delivery timelines, and financial robustness. Potential suppliers undergo a rigorous initial evaluation through processes such as Requests For Information (RFIs) and Pre-Qualification Questionnaires (PQQs). This evaluates fundamental criteria, including experience, legal compliance, financial strength, capacity, and alignment with our requirements. Once selected, we maintain unwavering vigilance through regular monitoring, ensuring sustained compliance and performance. This includes periodic audits, performance evaluations, and open communication channels to address emerging concerns promptly.



TCI Sanmar's procurement excellence is not just about buying; it's about orchestrating a dynamic, resilient, and sustainable supply chain. Our commitment to transparency, risk mitigation, and collaboration underscores our unwavering dedication to delivering quality and value to our customers while upholding the highest standards of integrity.

We navigate toward a future where sustainability and excellence harmoniously coexist, laying the foundation for enduring success.

TCI Procurement Strategy: A Beacon of Resilience

Our procurement strategy is a testament to precision and foresight. Rooted in systematic supply chain management principles, we proactively identify and mitigate supply chain risks. This intricate process entails a rigorous examination of system adequacy, the comprehensive evaluation of ESG criteria, and the perpetual refinement of risk profiles during supplier selection. Our dedication to transparency shines brightly in our approach to due diligence within the raw material supply chain. Here, we adhere to international guidelines prescribed by the United Nations and The Organization for Economic Co-operation and Development to ensure the vigilant management of our suppliers' ESG activities across the entire value chain.

Procurement Categories: The Tapestry of Our Supplier Landscape

Within TCI Sanmar's sprawling supply chain ecosystem, our suppliers and contractors find their niches within five distinct procurement categories:



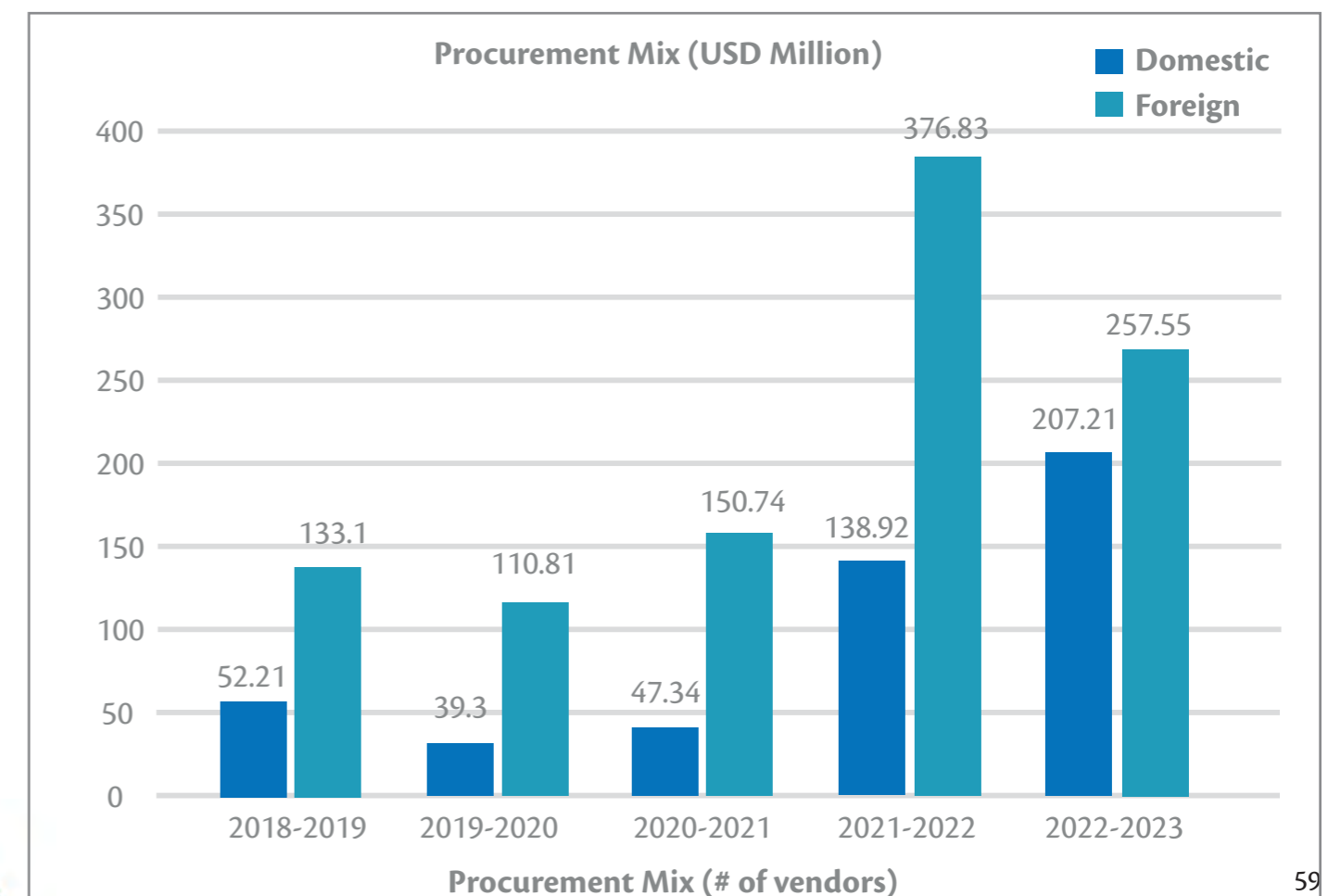
Each category serves as a vital cog in the wheel of our supply chain, contributing to our organization's harmonious and uninterrupted functioning. These categories encapsulate the diverse spectrum of our procurement requirements, with suppliers and contractors specializing in various facets of our multifaceted business.

Supplier Landscape Overview: Nurturing Local Economies

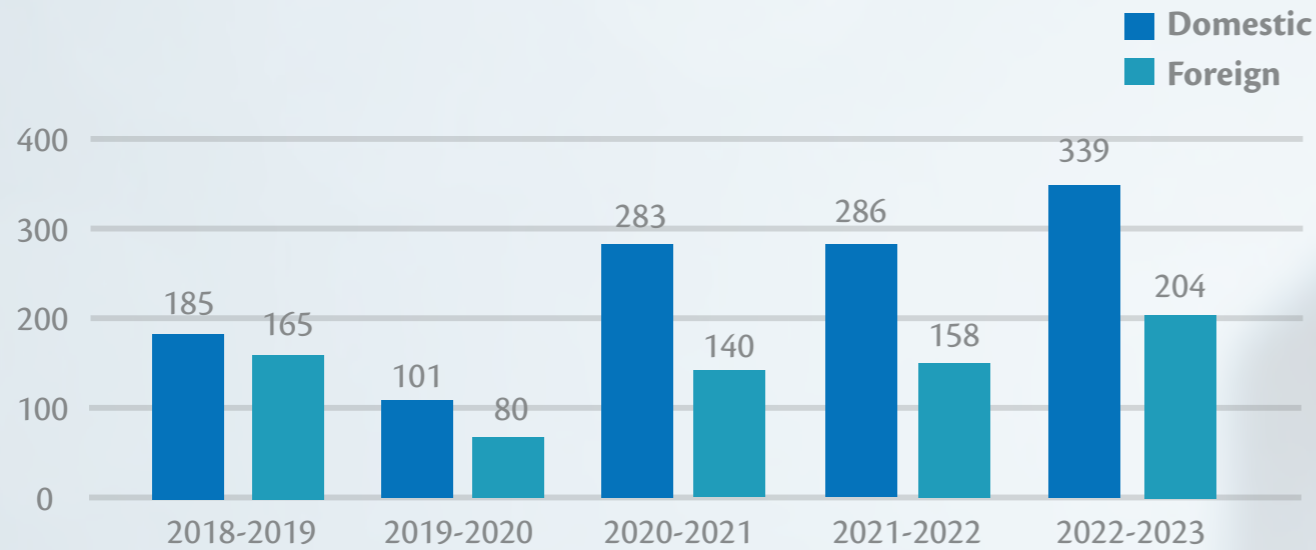
Within the Egyptian landscape, a significant proportion of our suppliers call this nation, their home. Cairo takes the lead as our primary hub, followed closely by Port Said. This geographical distribution underscores our steadfast commitment to engaging with local suppliers. This strategic manoeuvre not only bolsters the resilience of our supply chain but also injects vitality into local economies, fostering robust community relations.

Our voyage towards sustainability spans diverse horizons. We steadfastly reduce carbon emissions by infusing innovative processes and embracing green fuels and sustainable materials. We conscientiously reduce indirect emissions by expanding our embrace of renewable energy sources while ensuring comprehensive compensation for any inevitable emissions. Furthermore, we actively engage with customers and society through exhaustive Life Cycle Assessments (LCAs), which provide a quantitative evaluation of our product's environmental footprint across its entire supply chain journey, from the inception of raw material sourcing to the culmination of product development.

Charting Our Success Journey from 2018 to 2023:



Procurement Mix (# of vendors)



The surge in the number of local vendors compared to foreign vendors can be attributed to several compelling factors. First and foremost, we are increasingly seeking alternative vendors and contractors as a strategic approach to cost optimization and sustainable business development. By engaging with local suppliers, we can often reduce operational expenses, minimize shipping and import-related costs, and foster stronger community relationships. Moreover, the trend towards supplied materials indigenization has played a pivotal role in this shift. These twin pillars of cost-effectiveness and sustainability are driving the increasing preference for local vendors in today's dynamic business landscape.

Quality Excellence at TCI Sanmar

The Quality Control Department plays a vital role within our organization. Its primary objective is to ensure that our products, which include Caustic Soda, CaCl₂ granules, HCl, sodium hypochlorite, and PVC, meet the required quality standards before they reach our valued customers. To achieve this, our responsibilities include supporting production by conducting sample analysis. For example, when assessing the Final PVC product, we follow the licensor analysis manual from INEOS. Similarly, for CaCl₂, we adhere to the Zirax analysis SOP manual.

This rigorous approach guarantees that our products meet customer specifications and are of the highest quality while maintaining a strong focus on safety protocols.

We also have a strategy to reduce defects, ensure supplier quality, and contribute to cost efficiency. All work together to align with our overarching commitment to excellence and innovation.

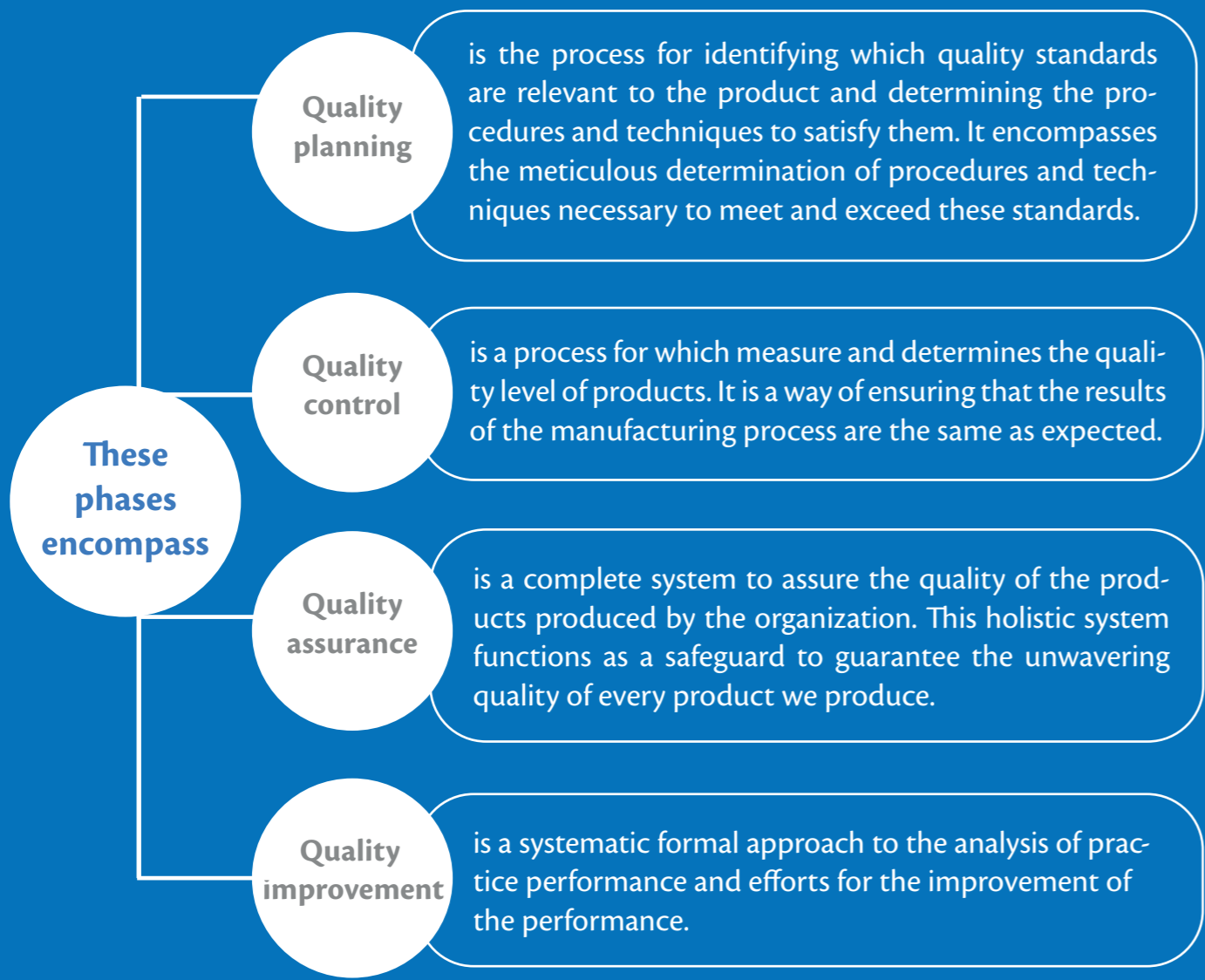
Our approach is twofold. First, we prioritize defect reduction and minimizing customer complaints by identifying and addressing root causes, fostering an excellence-focused organizational culture.

Second, we closely monitor supplier quality, setting precise specifications for each raw material, serving as benchmarks for evaluation. We collect representative samples from each batch, subjecting them to comprehensive testing in our advanced laboratories. For instance, when handling raw salt, we visit the source, collect samples from identified heaps, and conduct TCI-spec-based analysis to confirm loading and unloading procedures.

We emphasize collaborative relationships with suppliers to ensure quality adherence. Our proactive approach to quality extends to cost reduction efforts. Identifying and rectifying quality issues early in the production process minimizes the need for excessive processing and overproduction, directly translating into significant cost savings.

Additionally, innovation and continuous improvement are central to the quality department's pursuit of excellence, as we are connecting quality tools and embracing innovative solutions, such as integrating new materials. This approach aligns with the plant's broader commitment to operational excellence, fostering a culture where ingenuity drives progress and empowers the team to stay at the forefront of the industry.

At TCI Sanmar, our comprehensive Product Quality Management System comprises four essential phases, each integral to maintaining the highest standards throughout our operations. These phases encompass:



Furthermore, in 2023, our department achieved significant milestones and notable accomplishments.

Better PVC Color Quality: We improved the quality of PVC product K6701+, making it more suitable for European white pipe applications. The quality score Whiteness Indices (WI) went from 79% to 86%. Elevating WI scores can position us as a top white pipe manufacturer. Enhancing product whiteness improves visual appeal, meeting market demands, potentially expanding our presence, and establishing trust in the industry.

New PVC Grades: We supported the introduction of new PVC product grades, K5701 and K7001, enhancing the range of products available.
Safety and Quality Management: We applied a TBT management approach to meet safety and quality standards. TECHNICAL PARIER TO TRAD

Gas Cost Reduction: An initiative was taken to reduce the cost of carrier gas for a specific process. They replaced expensive helium gas with more cost-effective internal nitrogen gas, saving money.

LIMS Implementation: We introduced a new LIMS system to manage and improve the quality control process.

Innovative Test Method: We implemented a new "fish eye" test to examine PVC resin quality. This test was carried out using a 2-roll mill method, to ensure product quality.

These achievements show how the Quality Control Department improved product quality, managed costs, enhanced safety, and introduced new methods to ensure the best possible outcomes.

Sales and Marketing

Remarkable Achievements and Unwavering Commitment

At the heart of our organization's growth and prosperity lies our Sales and Marketing department—an agile and dynamic force that propels us forward. Our mission goes beyond mere transactions; we are dedicated to facilitating the seamless flow of goods and services, anchoring our business while cultivating profound customer satisfaction and unwavering loyalty. To achieve this, we embrace a comprehensive array of pivotal responsibilities.

Market Research Excellence: We tirelessly pursue market knowledge, employing various tools and methodologies to decipher our esteemed customers' ever-evolving preferences and behaviors.



Product Promotion Mastery: Our dedicated team leaves no stone unturned in promoting our offerings, ensuring their precise and impactful delivery to intended audiences.

Sales and Marketing Synergy: We masterfully orchestrate the intricate symphony of sales and marketing efforts across our diverse product portfolio, harmonizing our actions with strategic objectives.

Exemplary After-Sales Service: Our commitment extends beyond the point of sale; we toil diligently to ensure our customers experience unparalleled post-sales service, addressing their needs and concerns with unwavering promptness.

Relentless Customer Satisfaction: Our overarching aspiration is not mere customer contentment but the relentless pursuit of exceeding customer expectations. We believe in delivering an experience that transcends the ordinary, consistently delighting our discerning clientele.

Results and Progress Evaluation

Our journey is guided by KPIs, which are the compass for evaluating our department's growth and performance. These KPIs provide a tangible yardstick, enabling us to measure our progress precisely.

Safety Training for the Marketing Team: Safety training remains a fundamental pillar of our commitment to employee well-being and professional growth.

Annual Sales / Dispatch Plan: We meticulously monitor our performance in this area.

Net Realization Improvement: It underscores our unwavering dedication to optimizing sales for maximum profitability.

Continuous Soft Skill Training for Marketing: Our investment in enhancing the skills of our marketing team remains ongoing, ensuring their continual growth and development.

Proactive Management of Risks and Opportunities

Proactively navigating the complex landscape of material topics, risks, and opportunities defines the ethos of the Sales and Marketing department. Our astute management ensures we deftly handle challenges while harnessing growth prospects.

Customer Complaints (Risk): Quality-related complaints represent a substantial challenge that can shadow our KPI performance and overall customer satisfaction if not scientifically and promptly addressed.

Employee Shortage (Risk): Resource scarcity looms as we diligently strive to fulfill customer and management demands with finite resources. Over time, this may impede our overall performance, including our KPIs.

Regulatory Requirements (Opportunity): Regulatory requirements emerge as strategic opportunities to demonstrate our adaptability to new systems and requirements. This adaptability fortifies our market position, ensuring compliance and continued relevance.

Main Achievements: Elevating Excellence

The Sales and Marketing department's unwavering commitment to excellence and dedication to our organizational goals have yielded commendable achievements over the past three years.



Calcium Chloride (CaCl₂):

- We orchestrated a comprehensive restructuring of the administrative order flow, optimizing efficiency throughout the supply chain.
- Our dedication to process optimization resulted in higher sales prices, marking the highest sales prices since the inception of plant operations.
- Remarkably, we maintained nearly zero stock in our warehouse for almost 12 months, a testament to our efficient supply chain management.

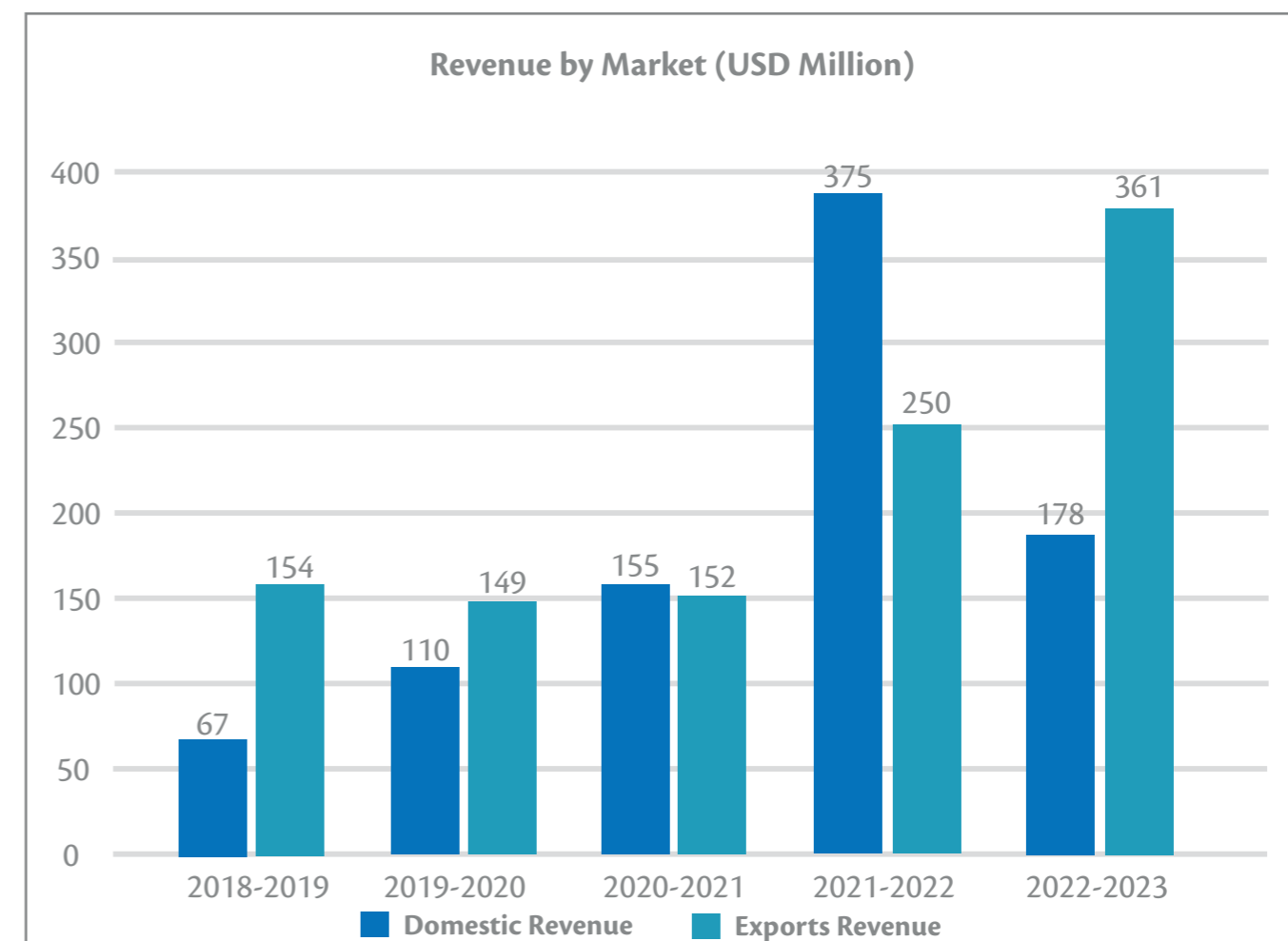
PVC (Polyvinyl Chloride):

- We achieved exemplary consistency in all PVC types and grades, assuring globally recognized quality standards.
- Pioneering the development of new products, PVC k70 & PVC k57, we successfully ventured into new markets and applications, such as cables, profiles, and compounding.
- Our efforts expanded domestic and export markets, consolidating our market share.
- Remarkably, we achieved nearly zero stock for almost 12 months, ensuring robust supply security for all stakeholders.

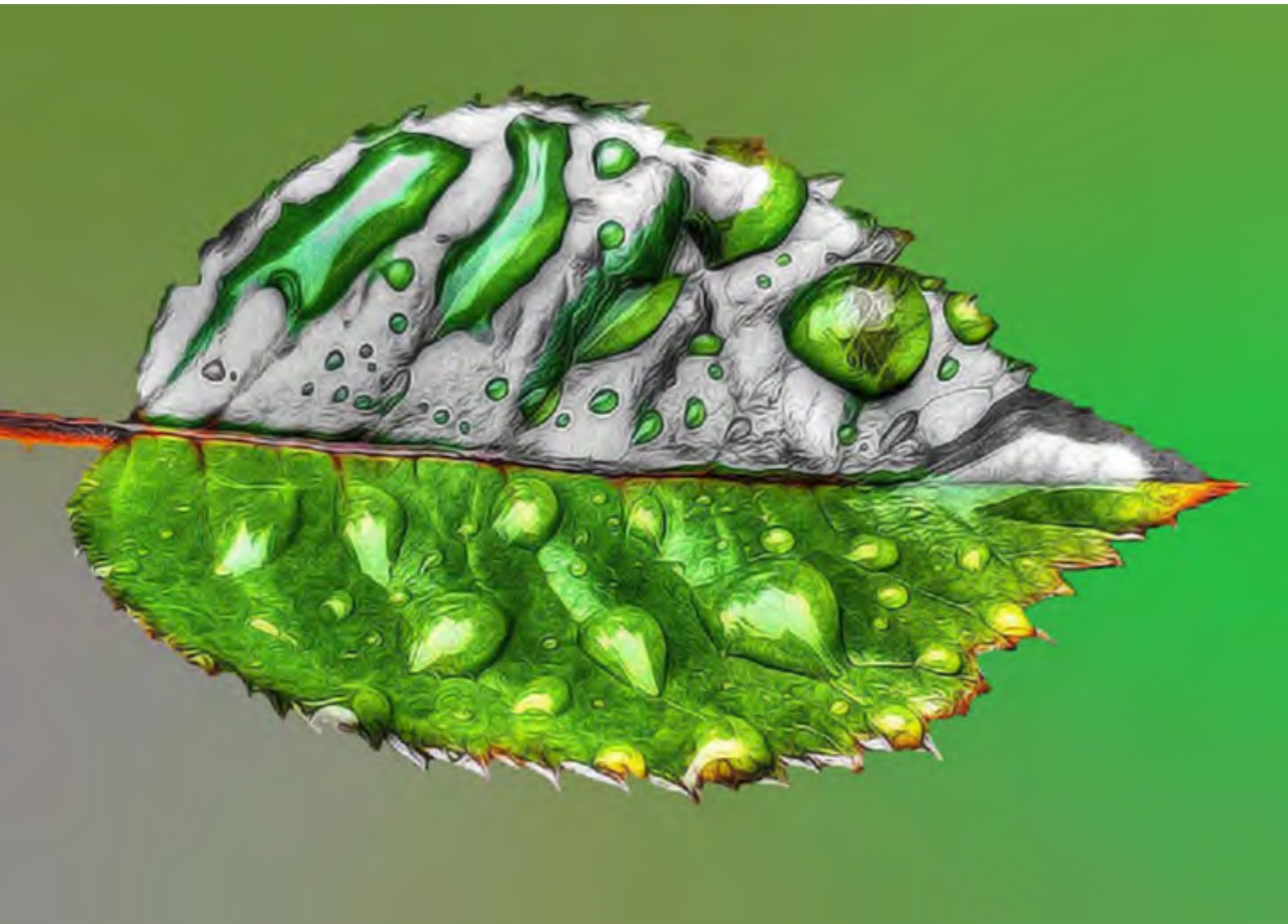
Chlorosulfonic acid (HSO₃Cl), Chlorine (Cl₂), Hydrochloric Acid (HCl), Sulfuric Acid (H₂SO₄), and Sulfuric Anhydride (SA):

- We delivered consistent sales growth across multiple product lines, with specific figures provided for each.

Our Sales and Marketing Department relentlessly upholds the highest standards of excellence, ethics, and customer satisfaction. These achievements underscore our unwavering commitment to realizing our organizational vision while actively contributing to broader sustainability goals.



The above graph illustrates our revenues in both domestic and international markets throughout the last five reporting years. It has been clear that our domestic revenues have decreased compared to the previous year. This is mainly due to our focus on export revenue, which will positively impact the domestic market by providing more foreign exchange.

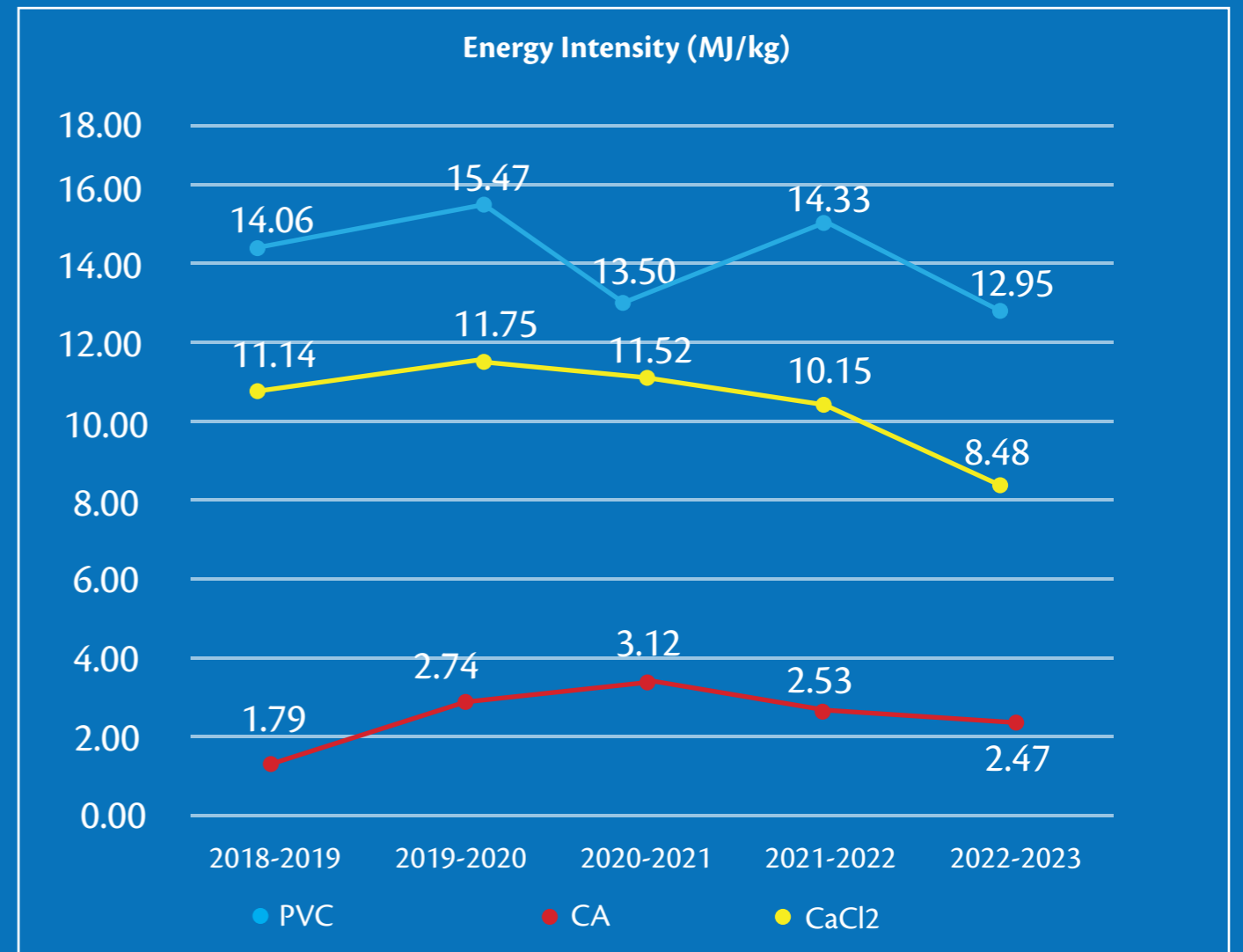


Natural Capital Energy Management

03

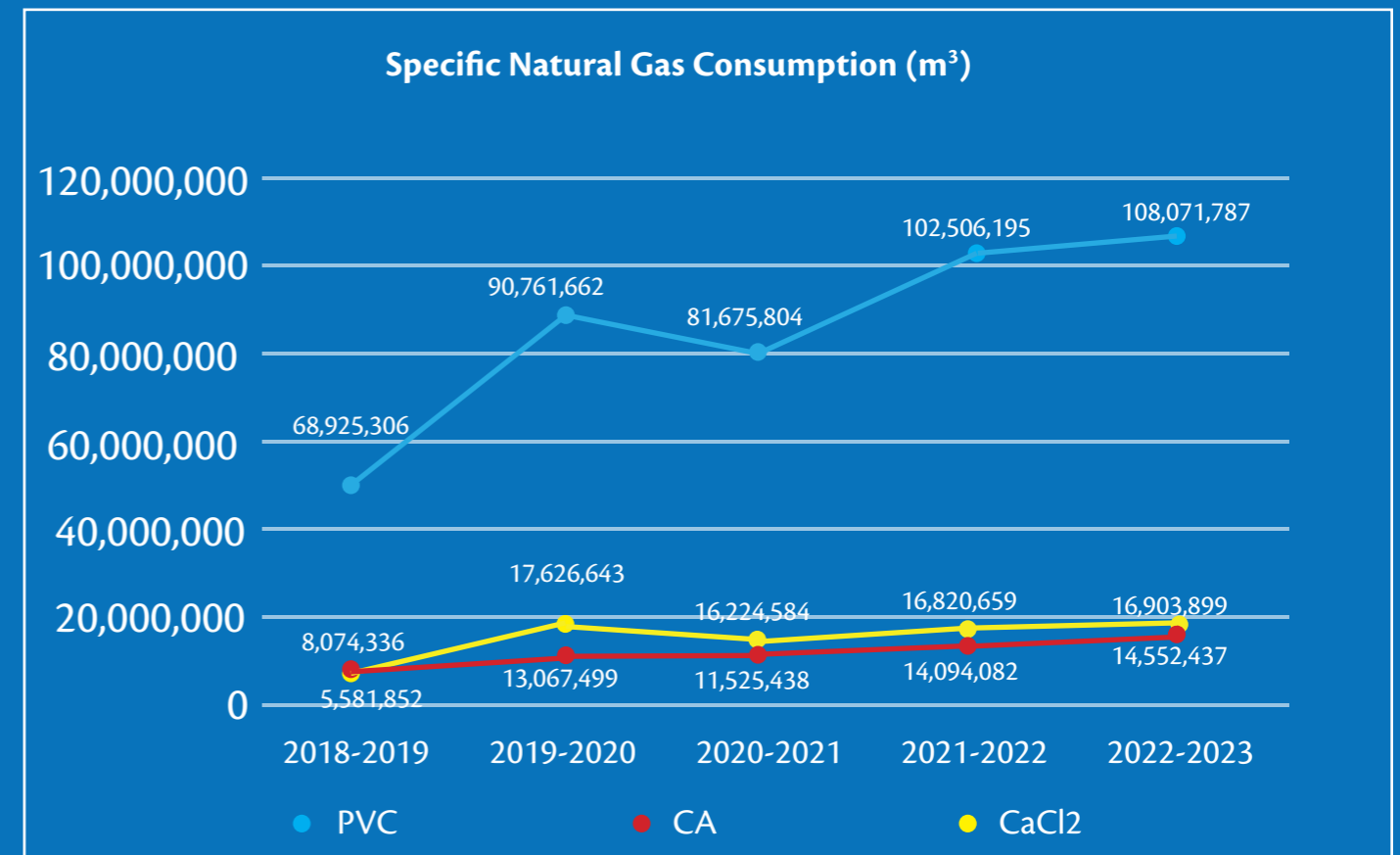
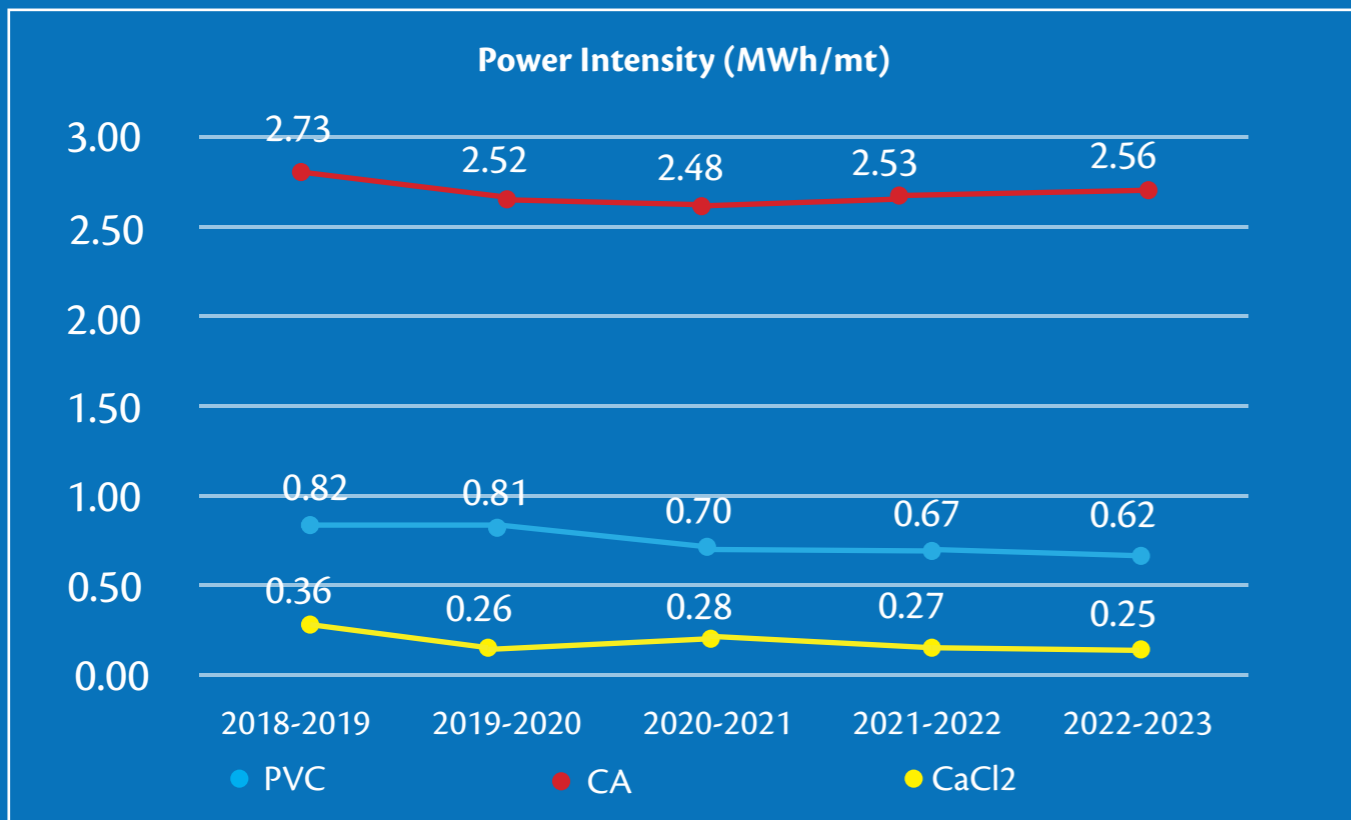
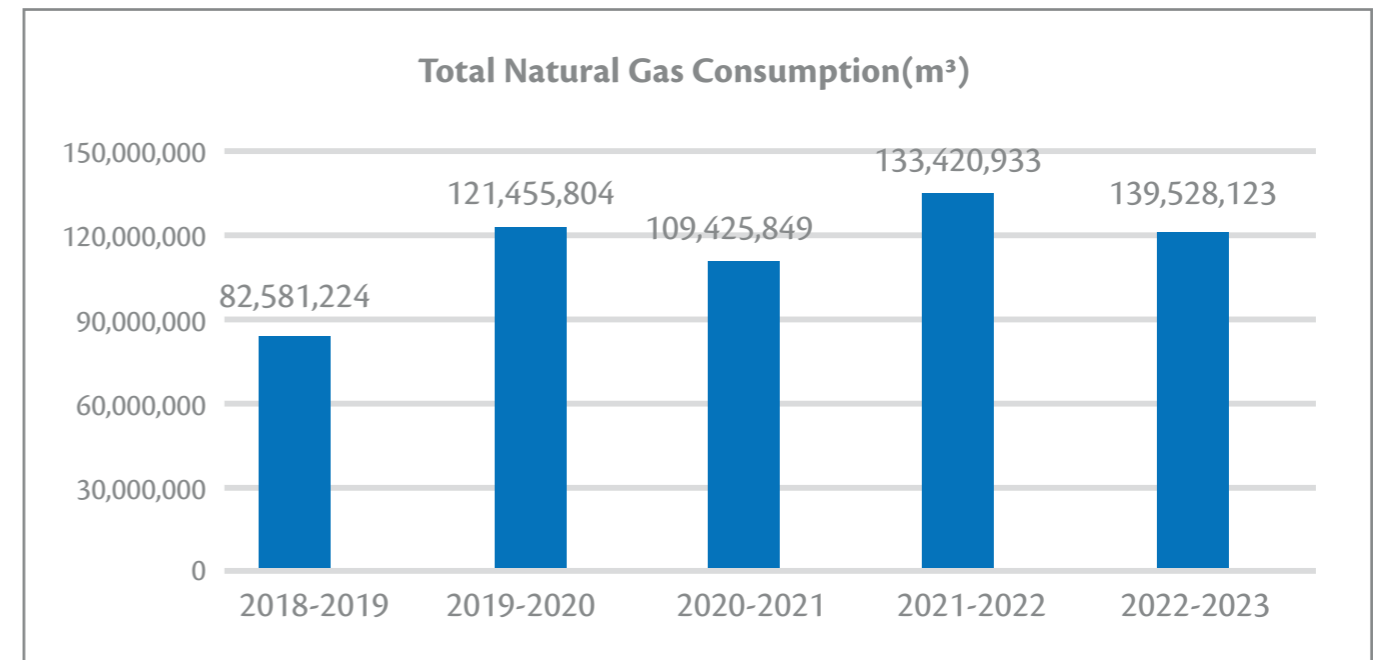
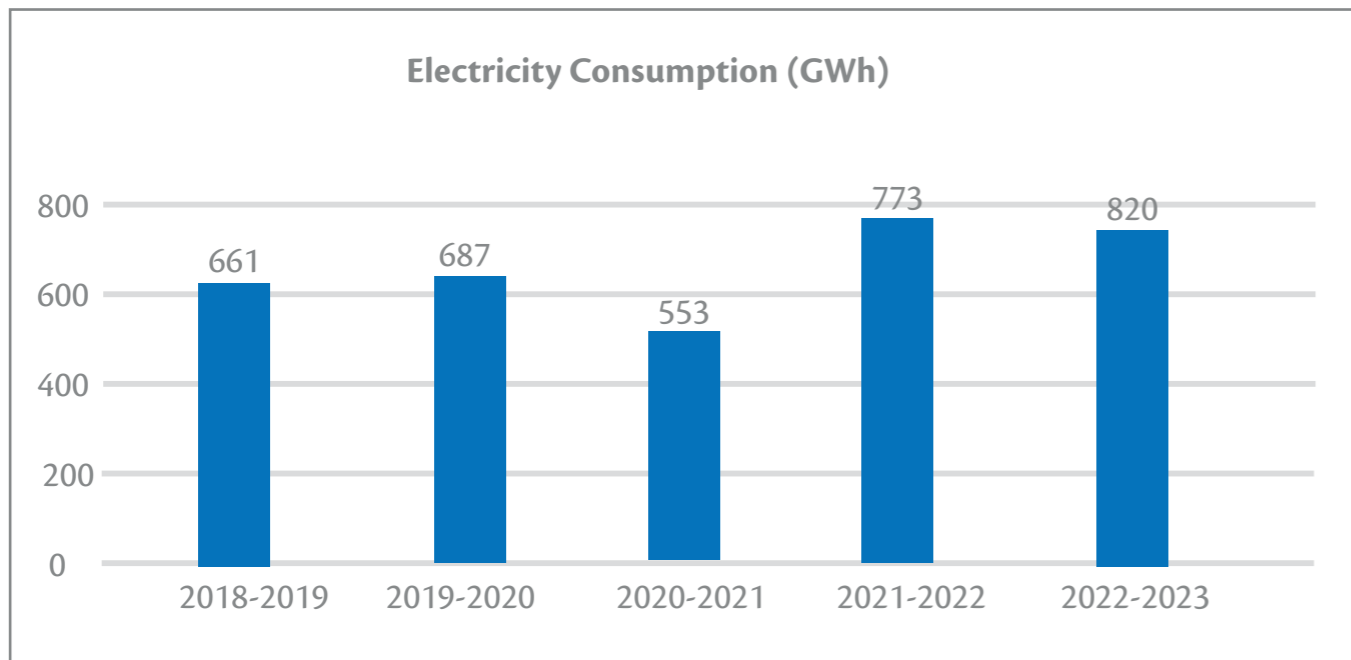
Over the past five years, we have significantly focused on energy management in operations to improve our environmental impact further. We achieved a remarkable shift in energy consumption patterns, particularly in PVC production.

Originally a chloro-caustic soda blend factory, Sanmar has evolved into a leading PVC producer, incorporating petrochemicals and green ethylene into its production processes. This shift to green ethylene in 2018-2019, along with adding a new, highly efficient PVC production line in collaboration with Ineos, a UK-based PVC technology producer, is a testimony to our dedication to advanced sustainable practices.



PVC had the highest energy intensity; previously, it stood at 14.33 MJ/kg of manufactured product. Today, PVC production's energy intensity has decreased to 12.95 MJ/kg, a substantial reduction from past years. This happened through the evolution of our production processes. Starting with the shift to green ethylene in 2018-2019 and now with the addition of a new, highly efficient PVC production line in collaboration with ENYAS, a UK-based PVC production expert.

An energy conservation plan was initiated and guided by the ISO 50001 energy audit. The relationship between production and energy intensity has been pivotal in justifying these efforts. Our continuous endeavors over the past five years resulted in tangible improvements in energy efficiency. Notably, Caustic Soda production upgrades were done on the Electrolyzer series. This significantly reduced electricity consumption. The improvement is critical as Caustic Soda production accounts for 80% of our overall electricity consumption.

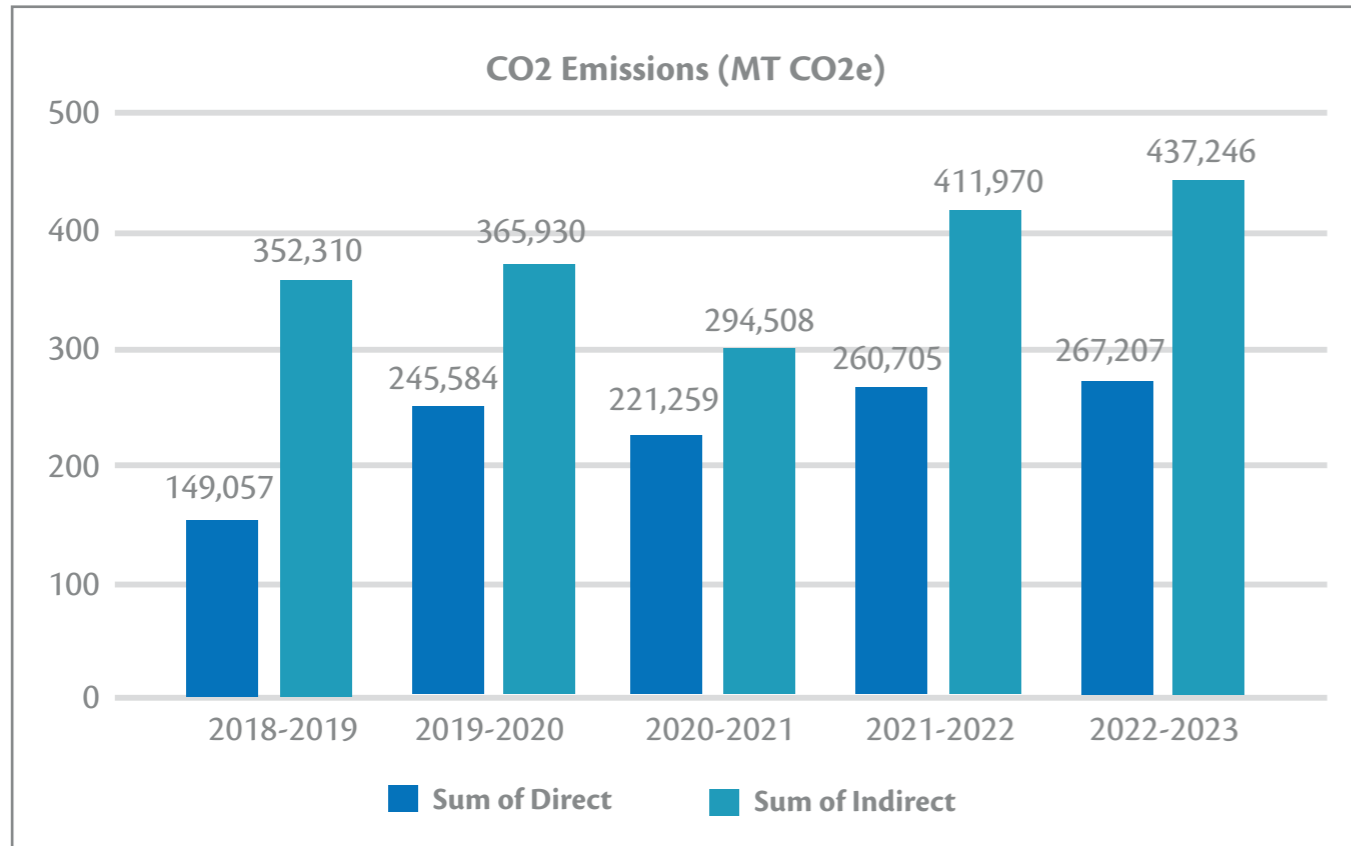


As shown in the above graphs, Sanmar has also focused on optimizing natural gas usage through process improvements, driving higher efficiency across our production processes. Thermal efficiency enhancements in the boiler systems, specifically focusing on reducing steam condensate losses, have been crucial in our process improvement journey. The introduction of hydrogen as a fuel in the boiler, a byproduct of chlorine and Caustic Soda production is currently under study, highlighting our commitment to innovative sustainable energy sources.

These improvements are reflected in the NG consumption for PVC production, as CA and CaCl2 consumption remained steady despite our growth in production, due to the efficiency improvements and advancements in our production process.

Air Emissions

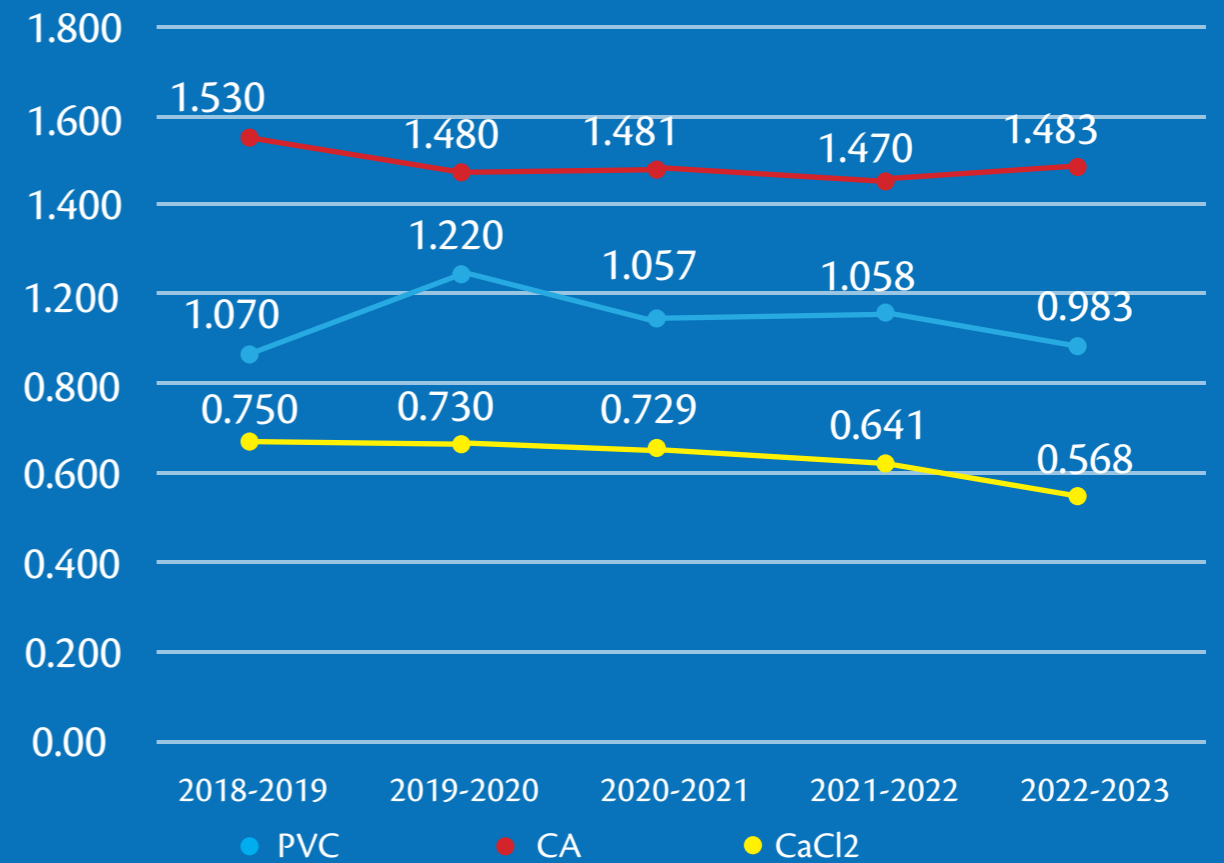
Sanmar has reevaluated natural gas emission factors based on in-house chemical analysis rather than relying solely on database information. This thorough approach ensures a more accurate understanding of our production's impact on air quality and specific carbon footprint.



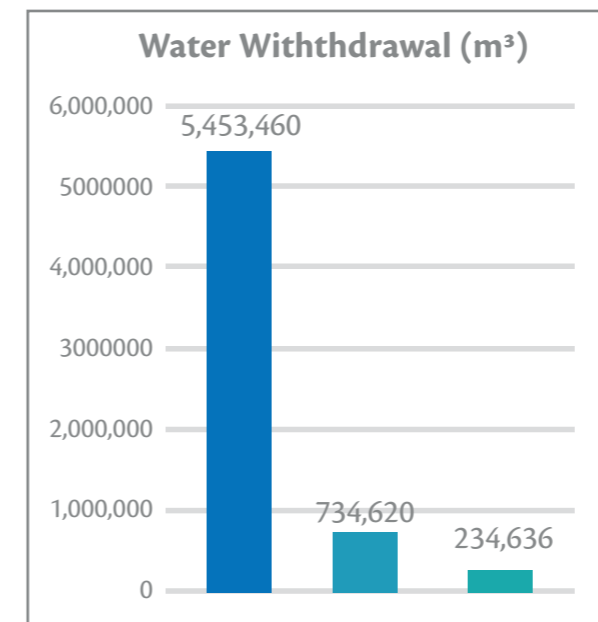
At Sanmar, we continuously monitor our air emissions, focusing on GHG emissions and other critical pollutants. The data from 2022/2023 highlights our achievement of a significant reduction in emissions. In the PVC production process, the carbon footprint per kg of PVC produced went down from 1.058 kg CO₂e to 0.983 kg CO₂e due to our approach to emission management and improvements.



Carbon Footprint (kg CO₂e/Kg)



Water Management



■ Sum of Municipal Water
 ■ Sum of Reused Water
 ■ Sum of Borewell Withdrawal

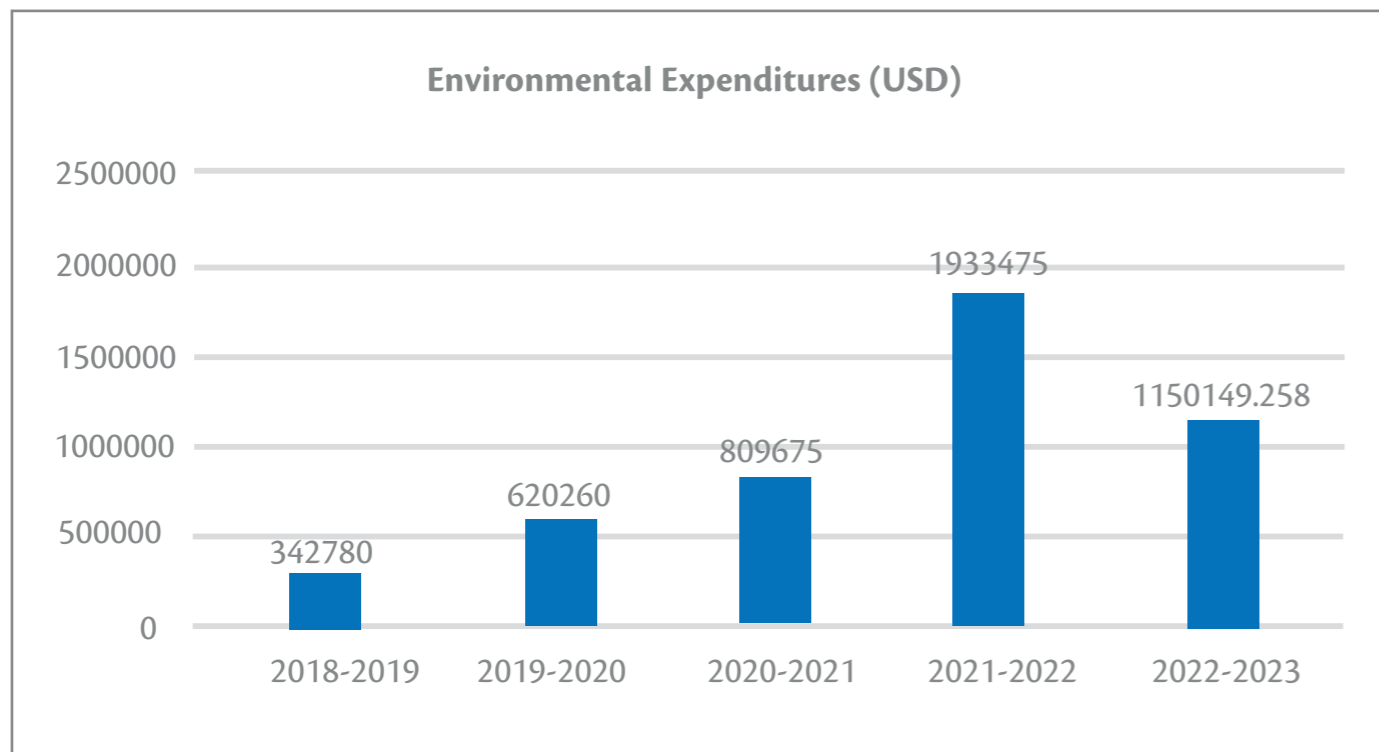
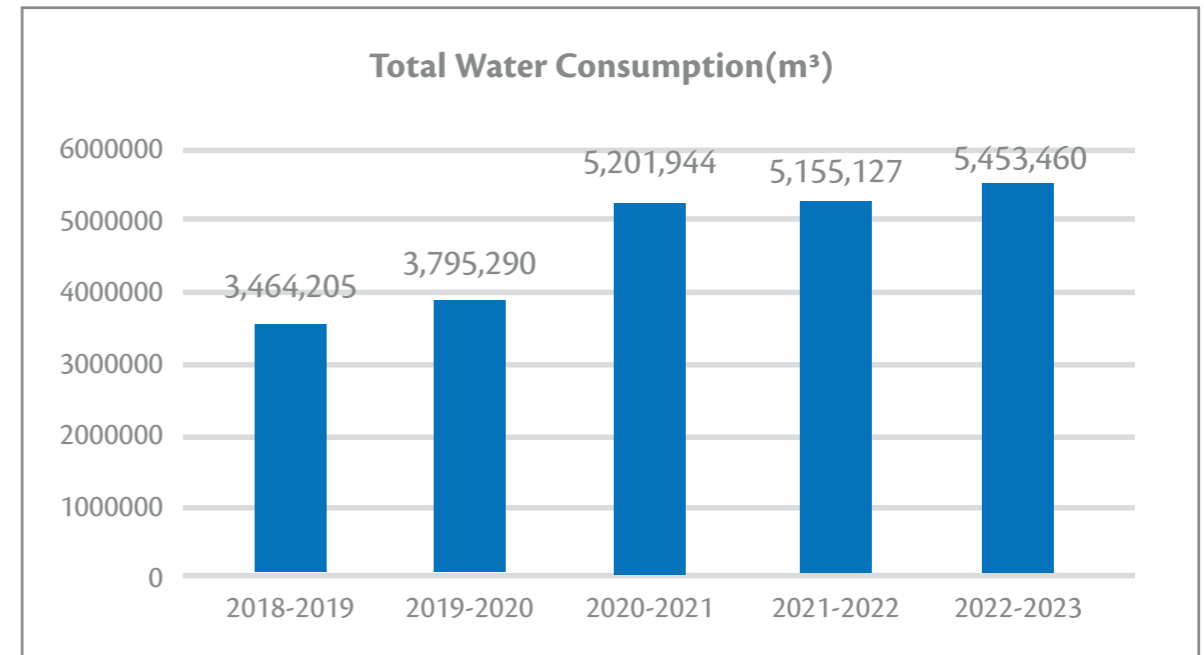
Operating in a water-stressed country in an industry with high water consumption rates makes it essential to manage water carefully. We at TCI Sanmar, are part of the national efforts to secure access to quality water. Hence, all our production sites have implemented water-saving strategies, such as using closed-loop systems to decrease water withdrawal in extrusion operations tremendously.

We have implemented a strategic wastewater management approach that recycles, recovers, and reuses wastewater for industrial purposes. We also source our water from bore wells and have implemented a project (with a total cost of USD 1.3 Mn) to dig a bore well inside our plant. The water from bore wells has saved an amount of 234,646 m³/year of water withdrawn from the municipal water network grid.

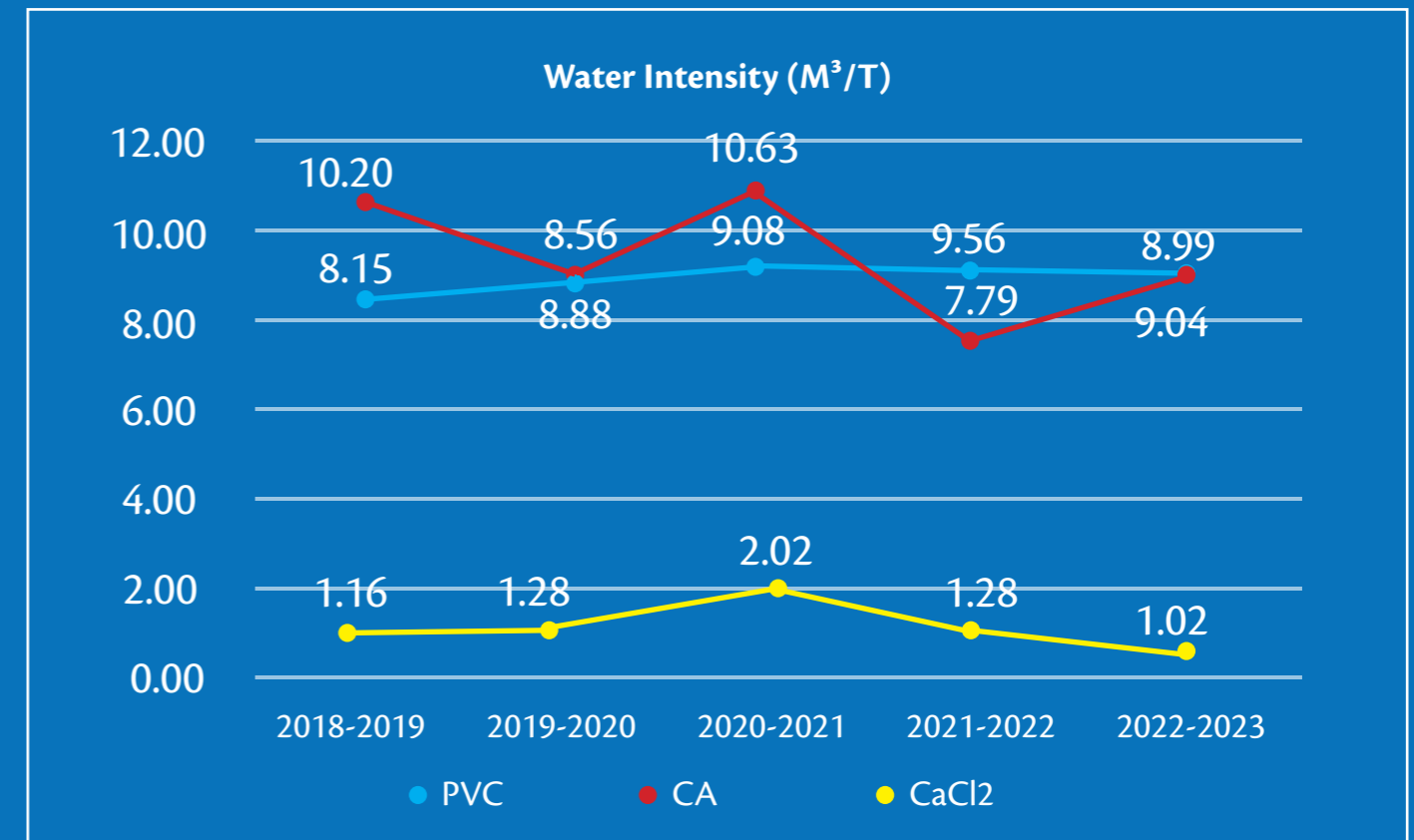
Building an established wastewater reduction ZLD 1 plant, with a capacity of 8,500 m³, we constructed and operated ZLD 2 with a capacity of 6,000 m³. We also upgraded the ZLD 1 treatment system capacity to increase the annual water recovery.

TCI Sanmar's water withdrawal this year was divided into three categories. We have withdrawn 5.4 Mn m³ of municipal water, 0.73 Mn m³ of recycled / reused water, and 0.23 Mn m³ of bore well water withdrawal. We established a water Recovery System to maximize the usage of treated water by installing a Reverse Osmosis (RO) System and two Zero Liquid Discharge (ZLD) systems.

The ZLD plant is a state-of-the-art wastewater treatment facility that significantly limits its wastewater and works on providing processed wastewater, which is usable in many operations of the plant with a recovery of 90%.



Overall, our expenditure for the ZLD project over these installments exceeds USD 256,410 to ensure that the finest technology is adapted to our recovery system. This aligns with our annual environmental spending for improving our environmental impact. As of 2023, we have spent over 1.150 Mn USD into environmental investments. For the ZLD project, we also look forward to increasing the concentration cycle of cooling towers from 3 to 4 or 5 cycles, saving 396,000 m³/year of water.



Finally, our Effluent Treatment Plants (ETP) and Sewage Treatment Plants (STP) will be rehabilitated to improve the effluent quality and help decrease the quantity of effluents discharged. The total investment for both ETP and STP exceeds USD 1.2 Mn, saving around 330,000 m³/year of water to save water consumption and adhere to the Egyptian sustainability goals on the Egyptian Vision 2030.

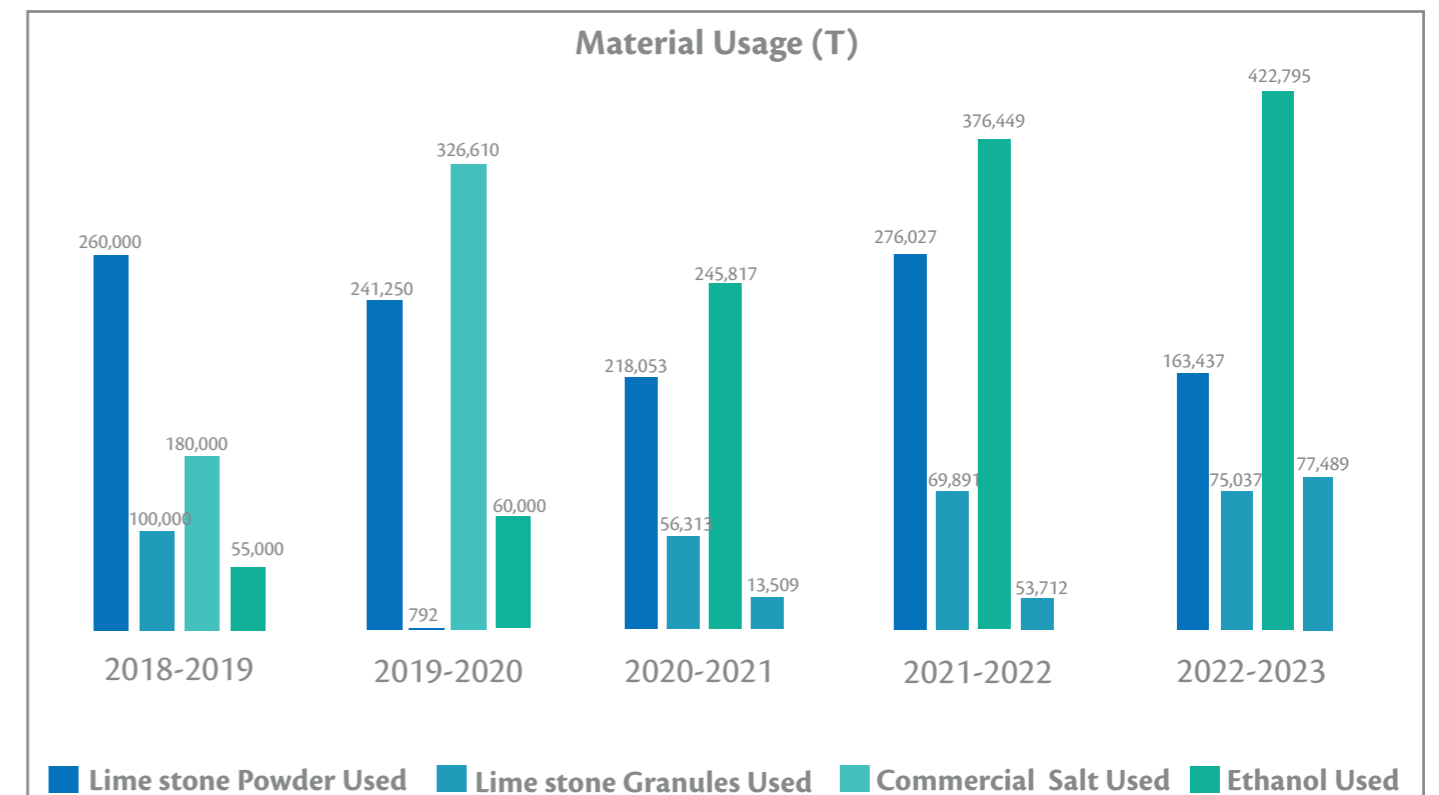


In addition to the reutilization of treated water within the industrial processes instead of discharging it into the public sewer network, this initiative will also result in the conservation of natural water resources. It will introduce sustainable chemical usage in the treatment process, facilitated by installing an automatic chemical injection system instead of manual injection.

The selected location for the treatment plant lies in the southwestern corner of the facility, covering an area of approximately 1800 m2. This strategically chosen site will treat sewage originating from the factory alongside the industrial wastewater stemming from various sources, including brine purge, hypo water, acid water, storm water, and RO reject.

Waste Management

Sanmar's waste management approach demonstrates our dedication to environmental responsibility. We are dedicated to improving our waste management system. The disposal process for the hazardous waste of contaminated limestone has been improved to be more sustainable



In the past year, Sanmar has successfully enhanced its waste management systems, promoting recycling, sorting, and reuse practices. This effort led to a significant decrease in hazardous waste generation. We successfully disposed of 10,840 mt of organic liquid, we also disposed of 23,462 mt of neutral sludge and 225 mt of empty bags. Other types of waste added up to an amount of 534 mt.

Financial Capital

04

This report section comprehensively analyzes our organization's financial performance and position. In today's dynamic business landscape, financial data plays a crucial role in evaluating the success and sustainability of any enterprise. By examining these essential indicators, we can gain valuable insights into our organization's overall financial strength, identify areas of improvement, and make informed decisions to drive future growth. Through a meticulous examination of our financial data, this section aims to provide stakeholders with a clear understanding of our financial standing and our commitment to transparency and accountability.

Our financial highlights:

- The country faced a challenging forex situation during FY 23 following the Russia-Ukraine war. Specifically, the Egyptian pound experienced a significant depreciation, declining from EGP 18.25/USD as of March 31, 2022, to EGP 30.90/USD as of March 31, 2023. This depreciation immediately impacted the company's pre-tax profit, resulting in a decrease of USD 19.73 Mn. However, it is worth noting that any devaluation of the Egyptian pound has positive implications for the company's operations, given its USD-based balance sheet.

- The Egyptian economy endured a tumultuous year due to the Russia-Ukraine war and various macro-economic factors such as high inflation and interest rates. These factors led to increased import costs, forex outflows, a shortage of forex, and, subsequently, the depreciation of the Egyptian pound against the USD, contributing to high inflation. To manage the forex situation, the Egyptian government and central bank implemented a range of measures, including introducing import regulations through letters of credit (LC), interest rate hikes, and controls on foreign exchange outflows. Although the LC requirements were later relaxed,



the forex situation remains challenging. In response, the company shifted its focus towards exporting products to fulfill its foreign exchange obligations. In FY 22, PVC export sales accounted for approximately 36% of total PVC sales, significantly increasing to around 70% in FY 23. The percentage of export sales to total sales rose from 40% in FY 22 to 67% in FY 23.

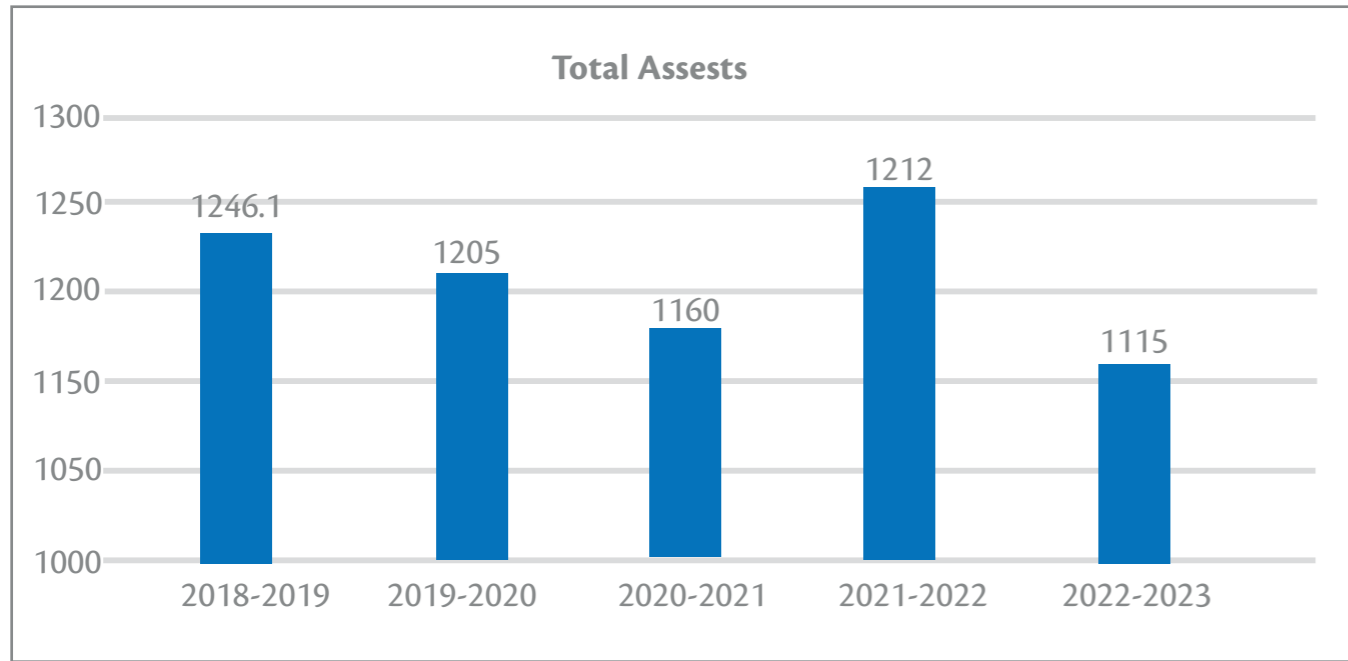
- Despite intermittent disruptions caused by geopolitical events, such as the earthquake in Turkey and China's zero COVID policy, the demand for Caustic Soda and PVC remained strong. These events also affected product prices, particularly in China, where domestic demand was impacted by the zero COVID policy, leading to an overflow of Chinese PVC into other markets and subsequently causing a sharp decline in prices in June '22. Adhering to prudent accounting policies, the company wrote down the inventory value to USD55.39 Mn in June '22.

- Caustic soda prices, which were in the range of USD 650 - USD1000 /MT during Q1-Q3 of FY23 due to higher gas prices in Europe, softened to ~ USD 500 /MT by the end of FY23.

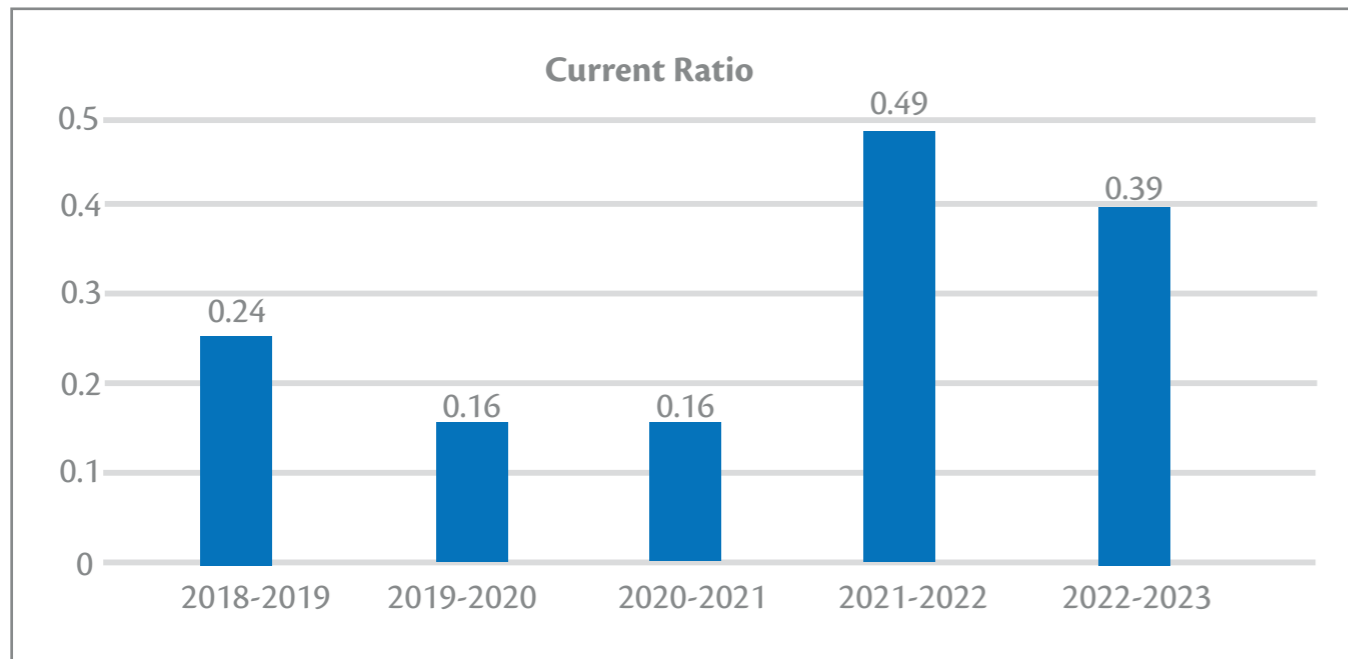
- EDC (feedstock for PVC) prices, which were ruling high at ~ USD 950 /MT during the beginning of FY 23, moved downwards in tandem with a fall in PVC prices, though with a lag, and were at ~USD320 /MT at the end of FY 23. The company also increased its in-house EDC production from ~98,000 MT in FY 22 to ~138,000 MT in FY 23, optimizing its EDC basket.

- The Egyptian government, through the export development management fund, had included the company's products of PVC, caustic soda, and calcium chloride for the export incentive scheme at the rate of 14%, 15%, and 15%, respectively, with effect from July '2021 for three years. The company received EGP 475 Mn (~USD 23 Mn) net of costs this year. Further disbursements pertaining to FY 23 are expected in FY 24.

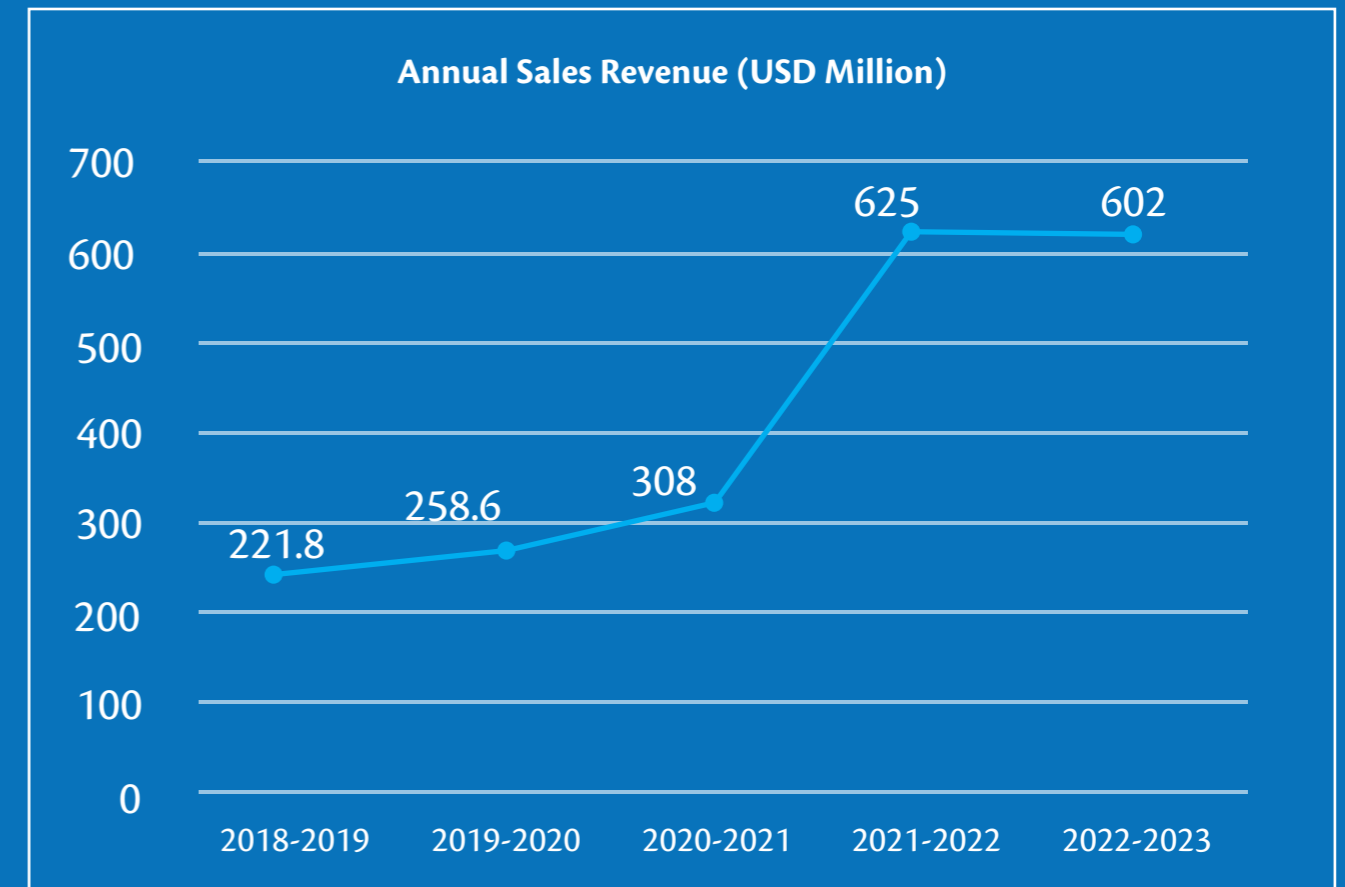
- The company had achieved earnings before tax (EBT) of USD 69.42 compared to USD 89.51 Mn in the previous year. Profit after tax was at USD 53.93 Mn compared to USD 62.16 Mn in the previous financial year



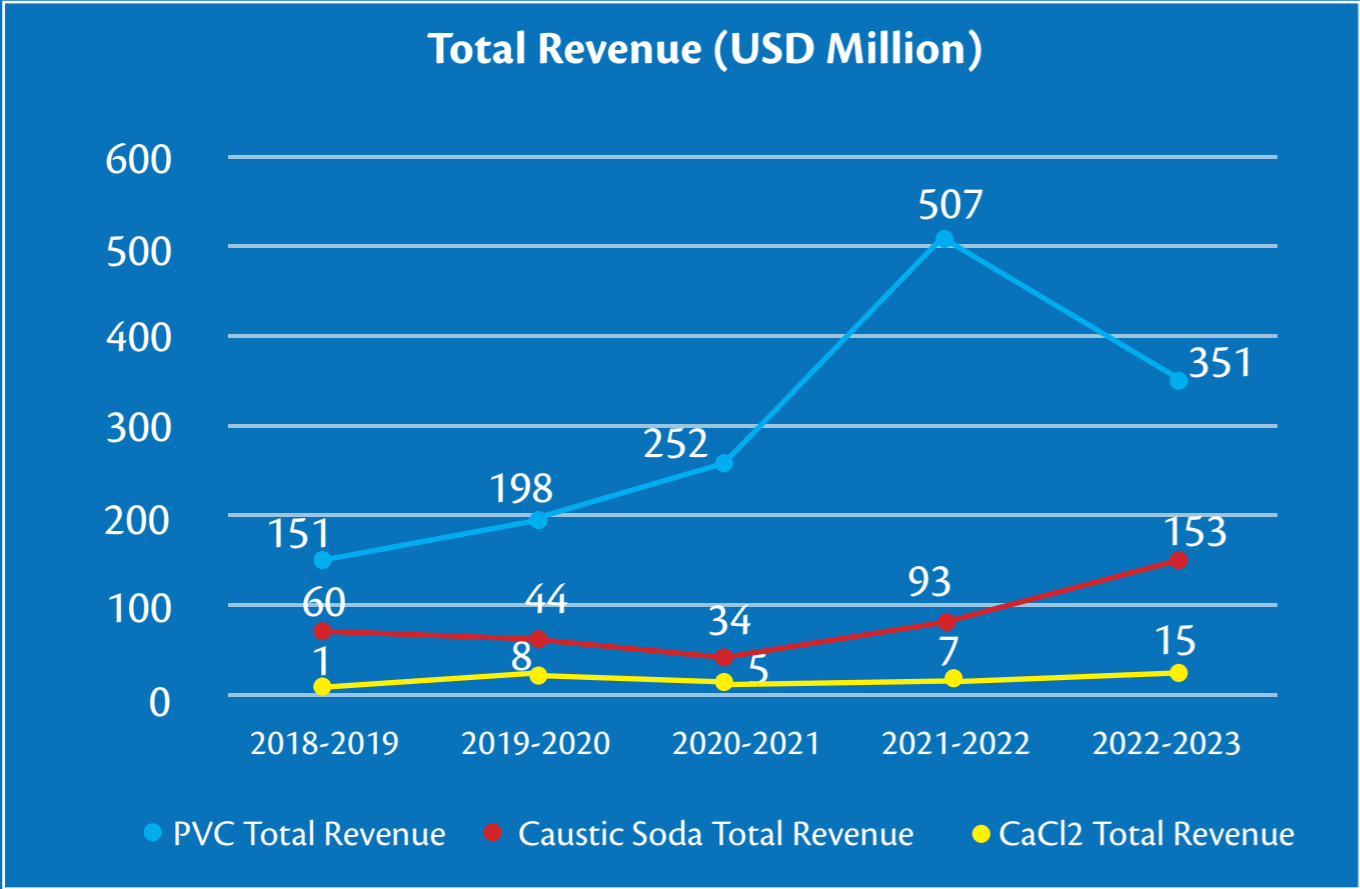
Throughout our journey, we succeeded in having a higher number of assets throughout the last few years. During the year 2022-23 we didn't have any major capex investment. Normal Depreciation on PPEs coupled with optimization of current assets resulted in a decrease of total assets during 2022-23.



The current ratio is a key financial metric that measures a company's ability to meet its short-term obligations with its current assets. This graph represents the current ratio over a specific period, which offers valuable insights into the liquidity position of an organization. Over the last five years, we have proved the organization's ability to manage its short-term liquidity needs.



The sales revenue graph visually represents a company's financial performance during a specific timeframe, indicating its proficiency in generating income from its offerings. Notably, our company's performance has exhibited a positive trajectory from 2018 to 2023, culminating in a remarkable revenue achievement of USD 602 Mn in FY 2023. While there has been a decline in our revenues compared to the previous year, it is essential to consider the underlying factors responsible for this trend. One prominent cause can be attributed to the lower PVC prices that prevailed throughout the financial year 2023. Despite this, our sales volume experienced a notable increase, compensating for the reduced prices and contributing to our overall performance.



The above graph shows the sales of PVC, Caustic Soda, and CaCl2 has improved substantially. We have succeeded in increasing CaCl2 and Caustic Soda total revenues, while the PVC total revenues decreased due to price changes. However, the sales volumes have increased steadily over these years.



Human Capital and Intellectual Capital

Empowering our diverse human capital is central to our commitment to labor practices and equal opportunities. We recognize that a thriving workplace offers employment and nurtures a positive impact on our workforce through strategic employment practices. These practices ripple through our supply chain, influencing employees' careers, personal development, and the very fabric of our organizational culture. At the heart of our approach lies unwavering transparency, robust communication, and steadfast dedication to nondiscrimination, diversity, equity, inclusion, and equal opportunity.

Strategic People Management

Management of our people is fundamental to executing our strategies and realizing our expected outcomes. Our approach transcends traditional Human Resources (HR) practices; it embodies the ethos of valuing our professionals and creating an environment where everyone can realize their full potential. We aspire to set a benchmark in these practices, thereby enhancing our brand reputation.

Collaboration and Innovation

In today's landscape, collaboration and innovation are paramount. Our HR strategies align seamlessly with the unique challenges within each business segment. We commit ourselves to rendering our people management processes agile, efficient, and harmonious with the best market practices. This commitment ensures that employees and leaders enjoy an enriched experience within our organization.

Strategic Vision

Our Strategic Plan for 2023-2027 underscores a substantial HR challenge: enhancing productivity while preparing our workforce for business sustainability and fortifying our cultural evolution. This commitment is a testament to our unwavering belief in our human capital as the driving force behind our continued success.

ESG: Fostering Socioeconomic Development

Our dedication to Environmental, Social, and Governance (ESG) principles is a testament to our commitment to contribute to the socioeconomic development of our nation significantly. Our focus extends to promoting well-being and safeguarding human rights. We are unwavering in our journey to advance diversity and inclusion, particularly concerning individuals with disabilities, and to address racial and gender disparities.

Preserving Our Core Values

Amidst the ever-evolving landscape, we remain steadfast in preserving and reinforcing the timeless values that define us. Our culture thrives on innovation, resilience, and an unwavering commitment to excellence in both technical and economic spheres. As a united team, we harness our collective strengths to create value for our organization and stakeholders. Throughout this journey, we hold to our paramount values: respect for people and the environment, with safety as our highest virtue.

Demographics, Recruitment, and Retention

Our commitment to diversity is tangibly reflected in the demographics of our workforce. We provide detailed insights into the age and gender distribution of our employees over multiple reporting periods. This transparency ensures our progress towards a diverse and inclusive workforce remains visible and accountable.



New Hires and Employee Retention

We take pride in our recruitment practices, prioritizing equal opportunity and inclusion. Our commitment to diversity is not just a statement but a practice reflected in the statistics of new hires categorized by age and gender. We also address employee turnover rates, which are pivotal in maintaining a healthy work environment.

Additional Benefits by Location

Recognizing that different locations may have unique needs and regulations, we provide information on additional benefits specific to certain jobs or areas. We elucidate the reasons behind these considerations, fostering transparency and fairness.

Supporting Parenthood with Parental Leave

We support our employees during significant life events, such as parenthood. We present statistics on the number of employees entitled to parental leave, those who took parental leave, and their rates of return to work.

Fostering Career Development and Performance Reviews

Employee growth and development are pivotal to our culture. We highlight the percentage of employees receiving regular performance and career development reviews, categorized by age and gender.

Equal Pay for Equal Work

At TCI Sanmar, we uphold the principle of equal pay for equal work. We do not differentiate between men and women in basic salary and remuneration. Our adherence to this principle is rooted in internal policy and legal requirements.

Eliminating Discrimination, Ensuring Accountability

Discrimination has no place within our organization. We detail our nondiscrimination policy, complaint procedures, and mechanisms for safeguarding whistleblower privacy. Importantly, we proudly report that no cases of discrimination were reported during the reporting period. This reflects our unwavering commitment to equality and inclusion in all operations.

Diversity of Governance Bodies and Employees: A Comprehensive Overview

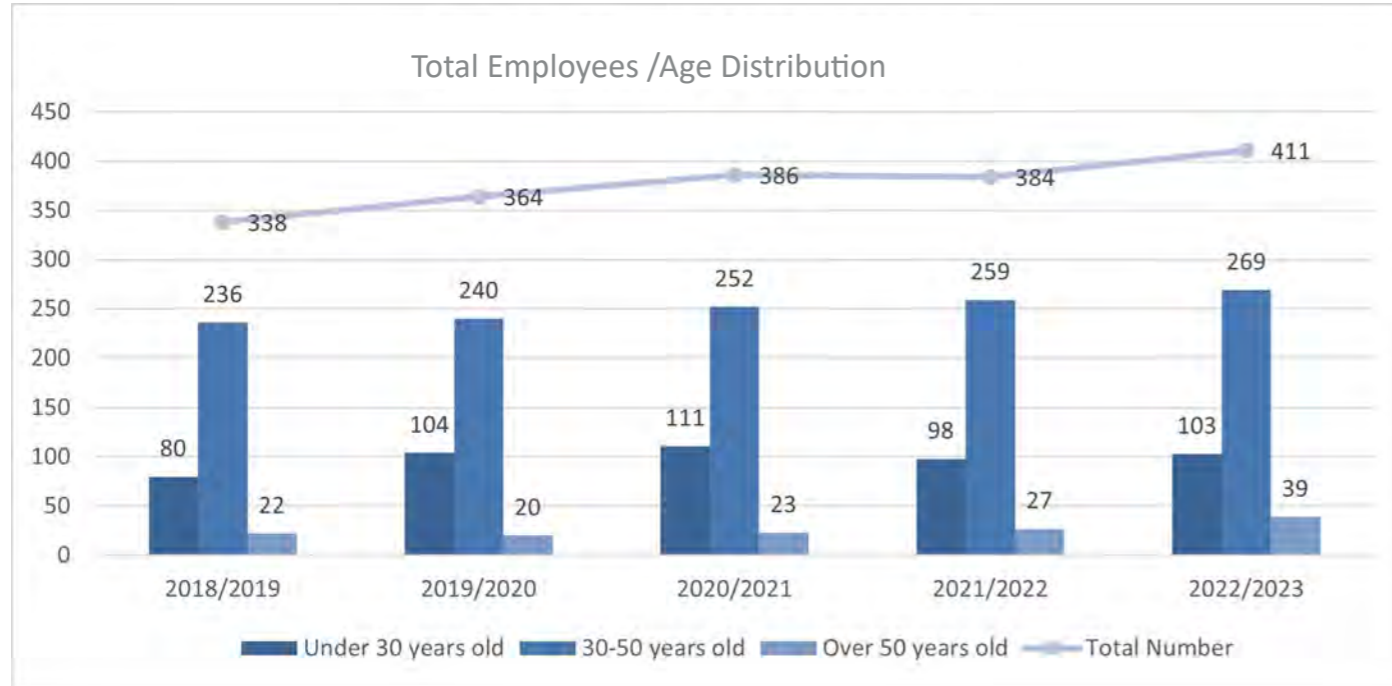
At TCI Sanmar, we are dedicated to fostering a diverse and inclusive workplace and committed to transparency in sharing our progress. Our employee demographics, new hires, turnover rates, and benefits provided are a testament to our unwavering commitment to these principles.

Human Rights

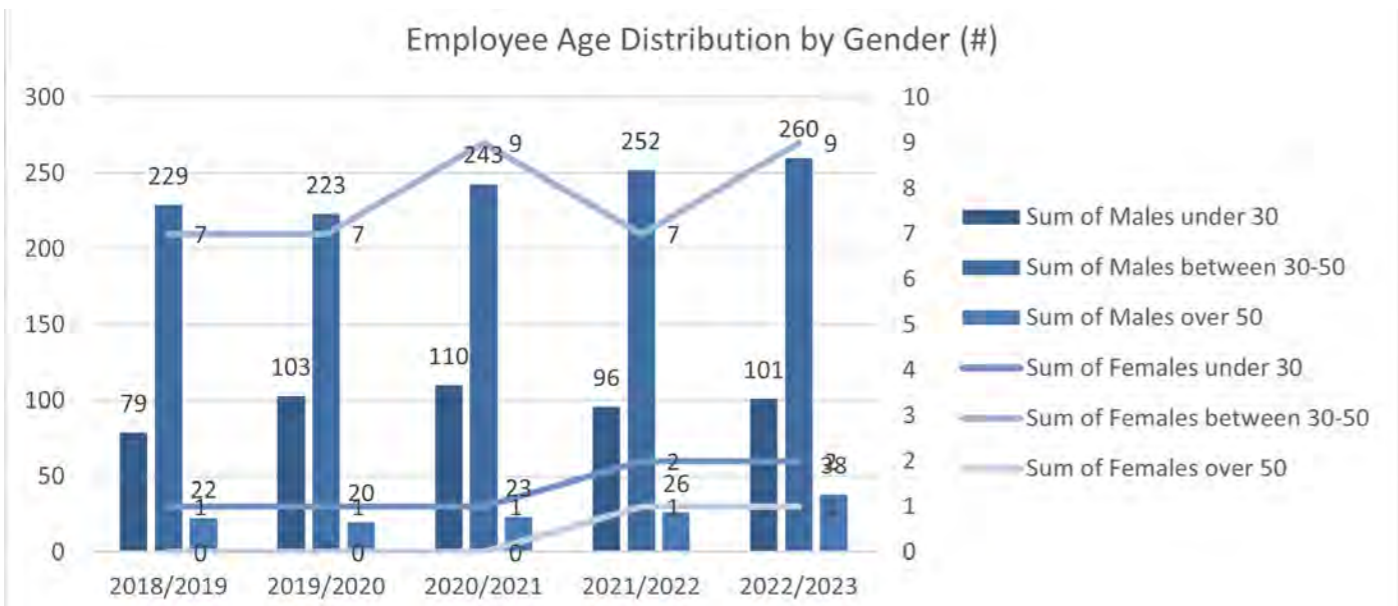
At TCI Sanmar, we highly value each employee as an integral part of our business, embracing diversity. Our HR department is dedicated to ensuring that all decisions related to hiring, selection, development, and advancement are solely based on merit. We are committed to fostering an inclusive workplace, free from discrimination based on factors such as race, religion, gender, age, national origin, or sexual orientation. Upholding the principles of Human Rights, we believe in treating everyone with dignity and respect, maintaining safe working conditions in the communities where we operate. Our commitment extends to fair compensation, equal opportunities for male and female workers, and a firm stance against child and forced labor. We actively ensure that our suppliers adhere to these principles, and we maintain a work environment that is free from any form of sexual harassment.



Employee Demographics



The Confluence of Power and Experience



The age distribution of male and female employees within our organization has evolved significantly over the years, culminating in a noteworthy concentration of individuals between the ages of 30 and 50, signifying a blend of experience and dynamic capabilities.

The Powerful Factors of the age group:

01

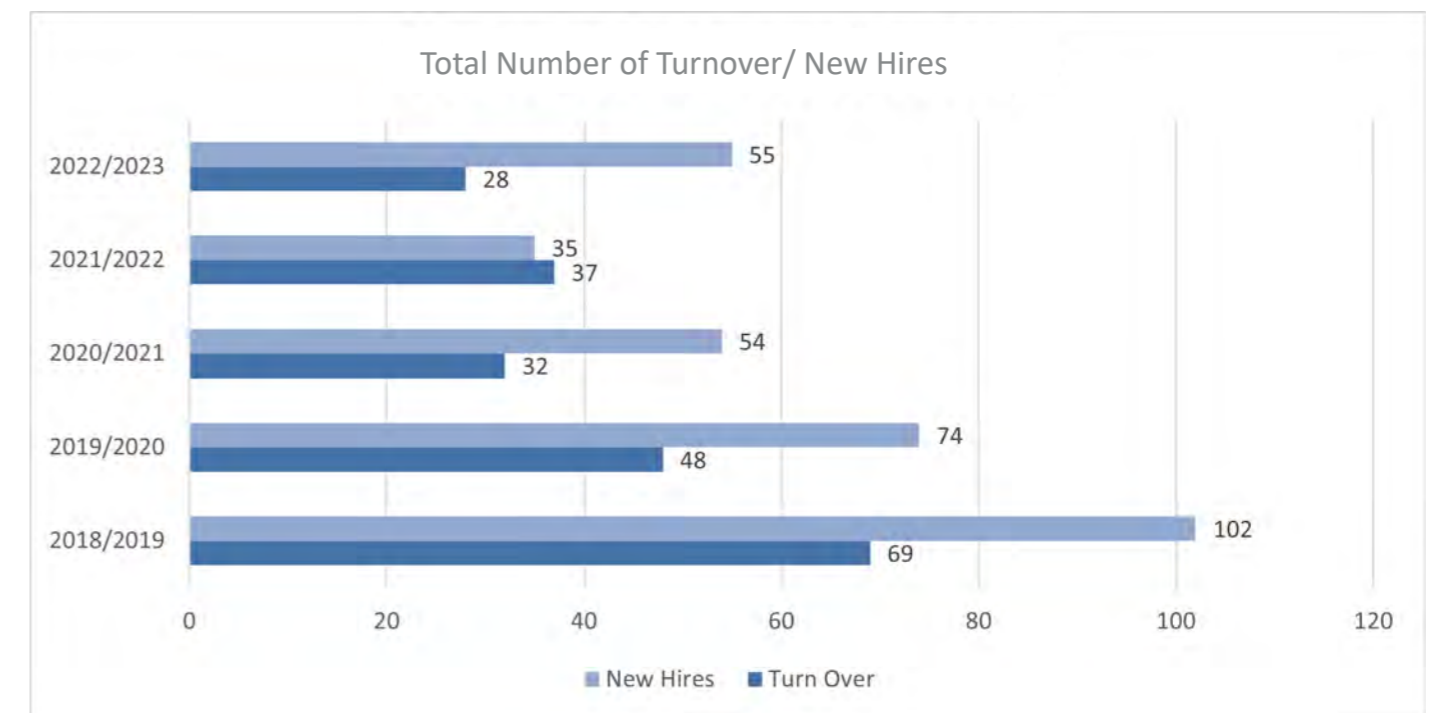
Experience: Seasoned professionals in this age group have accumulated industry-specific knowledge and likely weathered various professional challenges. Their experience is valuable in mentoring younger colleagues and steering the organization toward its goals.

02

Adaptability: Adapting to new technologies, trends, and methodologies is a hallmark of individuals in this age range. They bridge the gap between traditional and modern approaches, fostering a well-rounded, forward-thinking workforce.

03

Leadership: Many employees in this age group are at a stage where they can take on leadership roles. Their combination of experience and vitality enables them to effectively guide teams and initiatives.



We acknowledge the potential negative consequences of a high turnover rate, which include jeopardizing the company's ongoing operations, disrupting workflow, and negatively affecting our financial performance. To address this issue, the HR department has taken steps to enhance employee satisfaction and simultaneously reduce turnover through the implementation of the employee satisfaction concept. As a result we have managed to decrease our turnover rate and have more new hires throughout our journey.

Benefits Provided to Full-time Employees

We believe in providing comprehensive benefits to our employees to ensure their well-being and security. Here is a breakdown of the benefits we offer:

- Provided to employees, not mandatory by National Law.

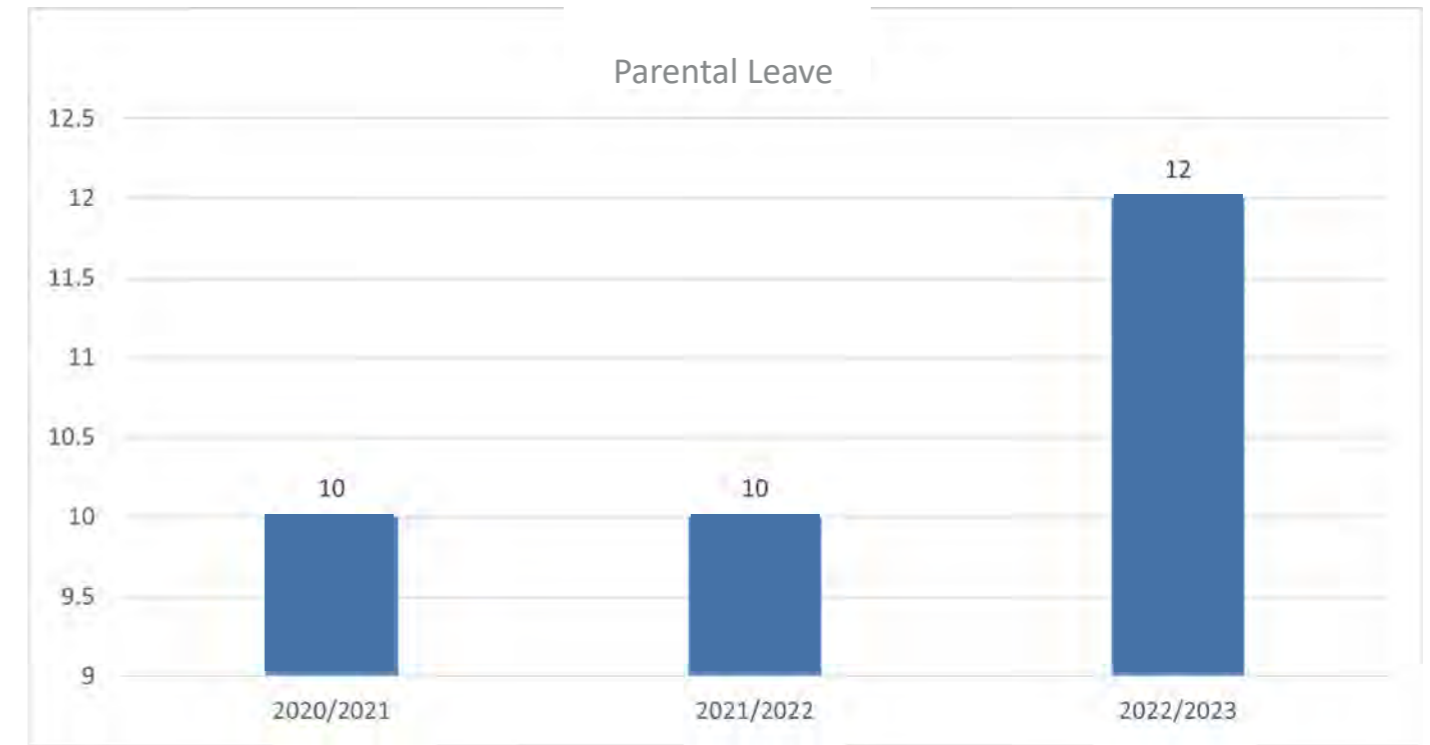
LIFE INSURANCE
- Provided to employees & mandatory by National Law.

HEALTHCARE
- Provided to employees, not mandatory by National Law.

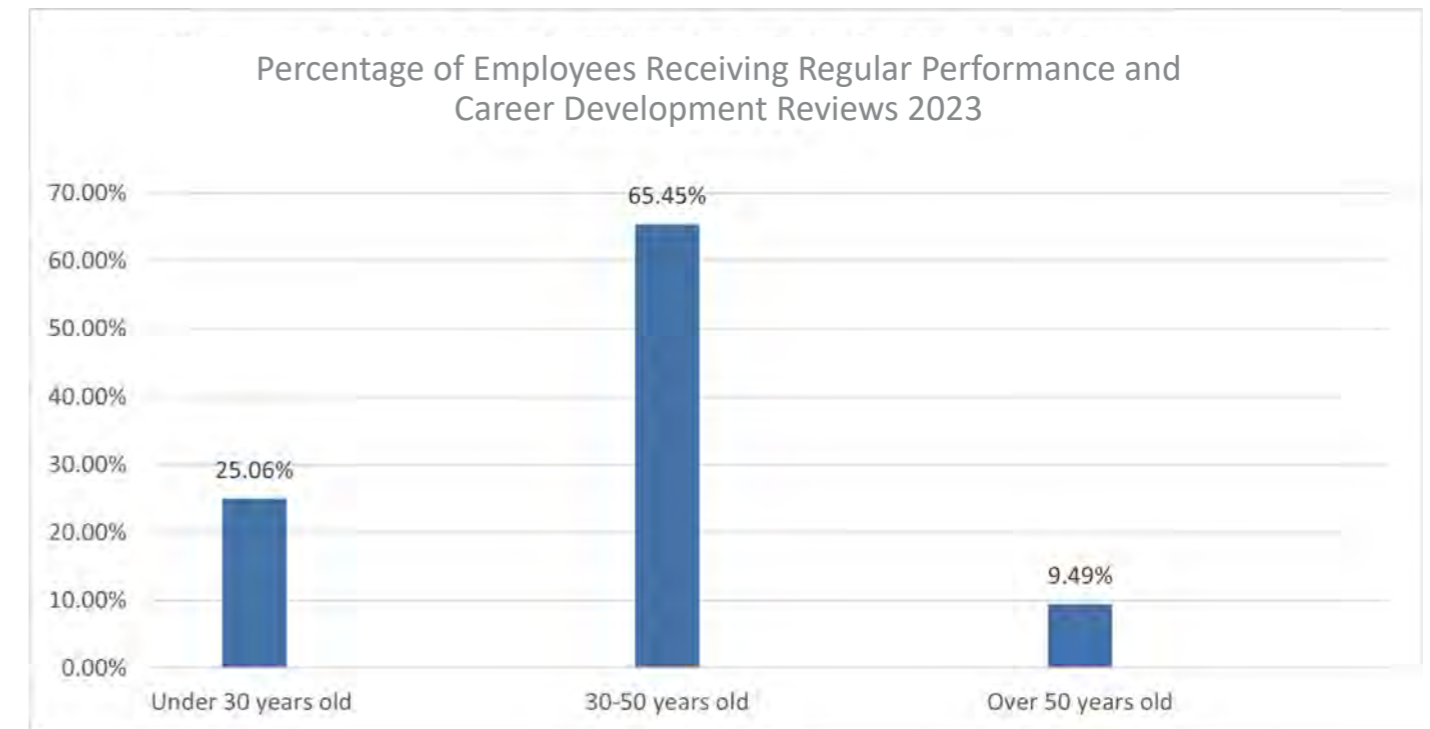
DISABILITY
- Provided to employees, not mandatory by National Law.

PARENTAL LEAVE
- Provided to employees, not mandatory by National Law.

REDUNDANCY PAYMENTS

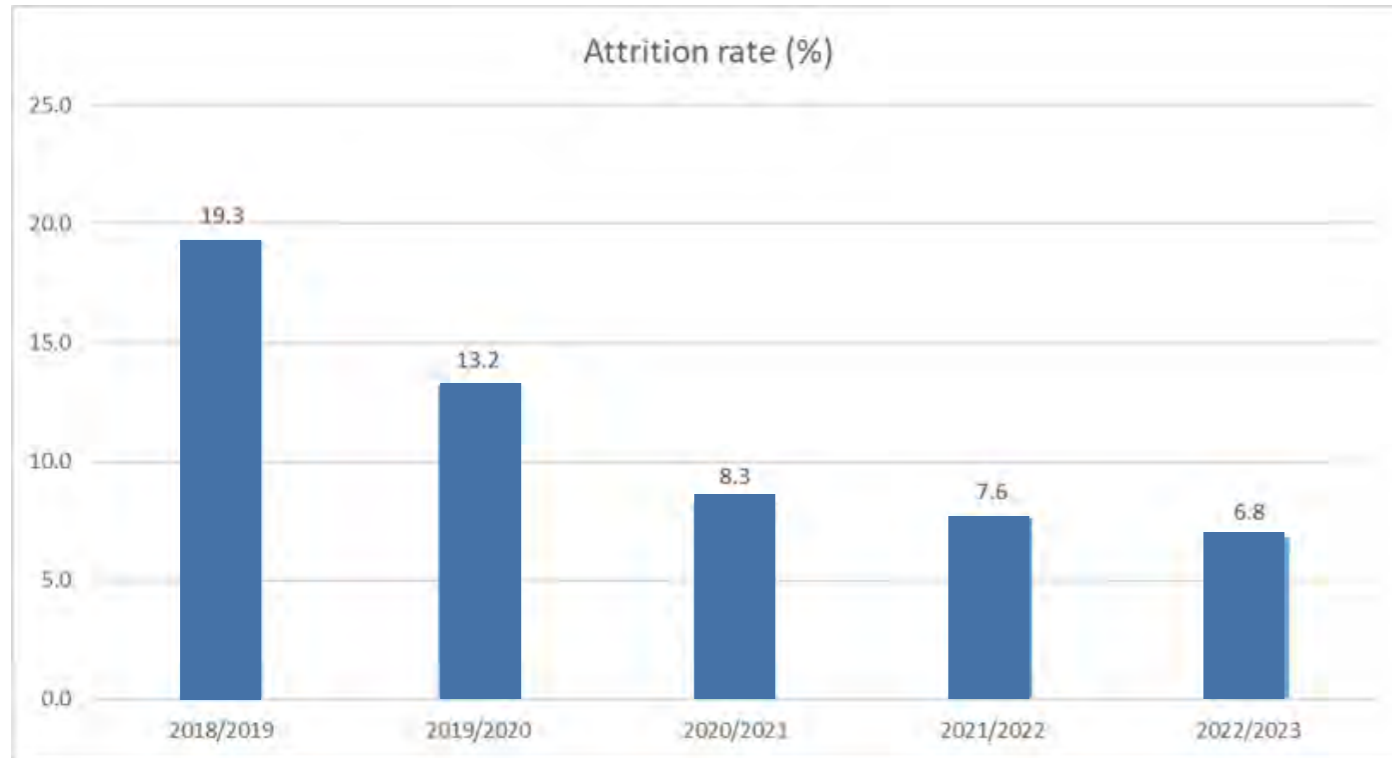


Parental Leaves reflects a commitment to nurturing a society where individuals can actively participate in the early years of their children's lives without compromising their professional growth. It symbolizes a shift towards a more inclusive and progressive approach to work policies, demonstrating a genuine understanding of the multifaceted



At TCI Sanmar, we are proud of our diverse workforce and our commitment to equality, inclusion, and transparency. This data reflects our ongoing efforts to create a workplace where all individuals can thrive, regardless of age or gender. We will continue to drive positive change and strive for excellence in all aspects of our operations.

Employee Profiles



Over five years, from 2018 to 2023, an intriguing and positive trend emerged within our organization: a substantial reduction in total resignations. This shift in employee retention is a significant milestone that showcases the effectiveness of our efforts to create a more engaging and satisfying work environment.

We implemented a series of measures to address the root causes of attrition. These measures included:

1. **Enhanced Employee Engagement:** We initiated programs to boost employee engagement, providing opportunities for professional growth, open communication channels, and recognition for outstanding contributions.
2. **Improved Work-Life Balance:** Recognizing the importance of work-life balance, we introduced flexible work arrangements and wellness programs to support the overall well-being of our employees.
3. **Enhanced Career Development:** Our organization invested in professional development opportunities, offering training, mentorship, and career progression paths to employees.
4. **Feedback and Surveys:** Regular feedback collection and employee surveys allowed us to identify areas requiring improvement and to make data-driven decisions.



Prioritizing Occupational Safety and Health

Cultivating a Culture of Safety - SANSAFE Journey

SANSAFE represents a bold initiative to transform our organizational culture into one defined by safety and operational excellence here at TCI Sanmar. Our vision is to foster a culture of Felt Leadership and collective Risk-Based Thinking, reinforcing line ownership and building resilient processes that drive the commitment of every employee.

This commitment extends to safeguarding themselves, our facilities, and the broader community while pursuing the aspirational goal of achieving "Zero Incidents" sustainably. In pursuit of achieving a world-class Safety Culture at TCI with the paramount objective of attaining Zero Incidents, we have enlisted the expertise of dss+ (formerly known as Du Pont Sustainable Solutions +), recognized globally as leaders in this field.

They will guide us through our transformational journey to implement "Process Safety Management and Behavior-Based Safety," hereafter referred to as PSM & BBS.

Since the start of SANSAFE in April 2022, this journey has imparted valuable safety and operational insights to our employees on-site.

It has instilled a culture of "Risk-Based Thinking" during the planning, design, and execution of daily work within our Plant teams. Multiple training programs and Safety Culture Assessments conducted by dss+ have been instrumental in prioritizing our training and learning methodologies, thus shaping our implementation strategy.

The primary challenge in this program revolves around shifting the mindset of all employees, including contract workers, towards achieving Zero Incidents.

Hence, the program is structured to instill the belief that "zero" incidents at TCI Sanmar is attainable.



Program Objectives:

- 1 Foster a safe workplace culture through effective interactions with employees and contractors.
- 2 Implement and continually improve incident reporting and investigation processes.
- 3 Develop, deploy, and enhance standards, rules, and procedures for safety and achieving Zero Incidents.
- 4 Prevent catastrophic events, injuries, ill health, environmental damage, facility loss, and legal issues.
- 5 Oversight by the CSMSC for contractor engagement and safety.
- 6 Ensure personnel are trained for safe job execution
- 7 Managed by a committee with key members

SANSAFE program led many capability development Training programs as an ongoing process. The Plant Implementation Committee will be the Front-line change agents in executing the change in procedures and initiatives coming up through SANSAFE.

Prioritizing Occupational Safety and Health



Foundational Capability Development Training provided under SANSAFE:

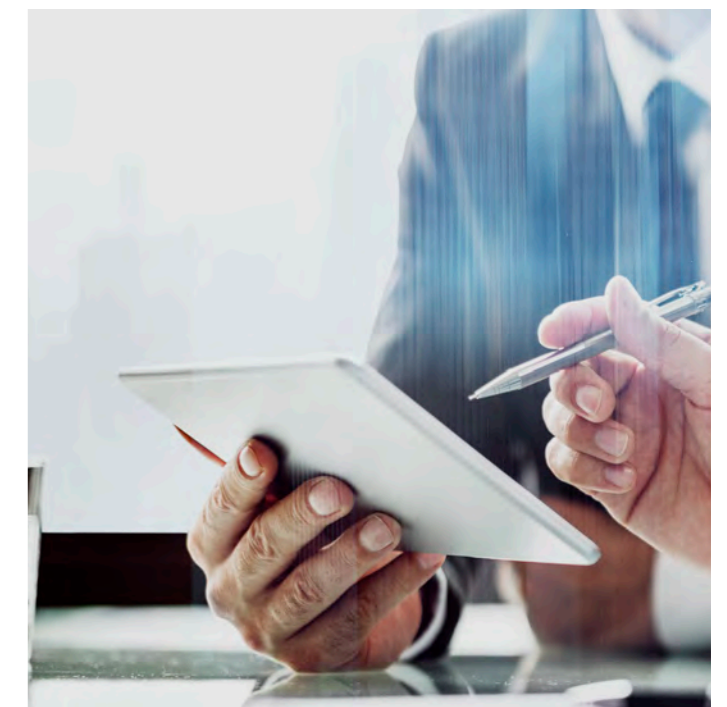
	Foundational Capability Building Training Name	Sessions	Status	Employees
1	Leading Safety Efforts for Line Managers	2	Completed	52
2	Training on Incident Investigation	1	Completed	25
3	High-Risk Activity Standard Training	7	In-progress	40
4	Process Safety Management Training (PSM)	1	Completed	29
5	Process Hazard Analysis (PHA) Training	1	Completed	19
6	Process Technology (Process Safety Information)	1	Completed	17
7	Mechanical Integrity and Quality Assurance (MIQA) Training	1	Completed	33
8	Failure Mode Effects Analysis	1	Completed	30
9	Actions Employees Can Take (AECT)	6	Jun-Dec '23	
	Total	21		245

Process Safety Management DAY Celebrations:

To take SANSAFE into ground-level employees – we conducted Shop floor personnel strongly engaged through various Technical Process Safety Events and Celebrations followed by Rewards and Recognition. – One instance is “PSM Day.” we celebrated this event across the Site on 18th May 2023, which primarily focused on bringing awareness to the Plant Teams and Operators on the ‘14 Elements of PSM Cycle’ and their inter-dependency to ensure TCI Sanmar is an incident-free workplace .



Kick-starting the SANSAFE journey on an energetic note, we are now on a course to achieve the Culture Transformation aimed at Safety and Operational Excellence. With the sustained practice of the SANSAFE program and establishing more ground-level mind penetration, we are sure to achieve a sustainable "Zero Incident" Goal with happy and engaged employees proud of their achievements.



Achievements and Positive Outcomes:

Safety Interactions:

The Leadership team and employees invested over 40,000 minutes in Safety Interactions to enhance our Safety Culture. This commitment led to a remarkable 35% reduction in unsafe acts per hour from October 2022 to July 2023.

Incidents Management

Incident reporting at the Site improved by 60% between Sep 2022 to July 2023 which enables us to focus on finding immediate Root Causes for preventing similar incidents in the future.

Standard Rules and Procedures:

The in-house Task Team Gap analyzed 6 high-risk standards using checklist-based systems that enhanced improvement and compliance in Personal Protective Equipment (PPE), Permit to Work, Work at Height, Road Safety Standards, etc.

Process Safety Management and Barrier Health Management: We implemented a comprehensive system and follow-up procedure to address critical aspects of process safety, including the management of vital equipment, centralized storage of process safety information, protocols for handling bypass situations, procedures for managing changes, and standards for conducting pre-startup safety reviews. These efforts are all aimed at identifying, comprehending, evaluating, and ultimately reducing the risks associated with our operations.

Contractor Safety Management

Contractor compliance notably improved, particularly in terms of Personal Protective Equipment (PPE) adherence and the timely closure of permits at our workplace. Our efforts have led to a 75% increase in the prequalification of contractors. Moreover, we are actively working towards achieving a rate of over 90% through ongoing training initiatives and a consistent review of performance at the grassroots level.

CAPABILITY AND COMMUNICATIONS

We've initiated a range of measures, including One-Page Learning Systems, monthly Cross-Function Training, and the regular distribution of PSM Awareness Magazines to the shop floor, and this has led to a successful commencement of risk-focused awareness initiatives.

Efficiency in EHS&S: Introducing MySETU Modern Solution

This year, we are adopting the MySETU application to streamline data collection, encompassing incident records, training documentation, unsafe acts and conditions, and tracking various internal and external report recommendations.

Traditionally, attempting to manage EHS&S data with tools like Excel or Access proves time-consuming, cumbersome, and prone to errors. Conversely, legacy software systems designed to automate EHS&S processes often entail lengthy implementation cycles and hidden costs that may not justify their investment.

Forward-thinking businesses recognize that environmental health, Safety, and Sustainability (EHS&S) go beyond buzzwords; they are essential for ensuring both short-term compliance and long-term business continuity.

MySETU's cloud-based EHS&S and Risk Management Software is built on these insights. It offers modern managers a cost-effective and efficient solution to swiftly implement industry-standard best practices and manage compliance needs on their computers, tablets, and mobile phones.



1-Occupational Safety and Health Given Highest Priority

While striving for safety excellence at TCI Sanmar, our primary focus is empowering our employees to champion safety in every aspect of their work. We believe that safety isn't just the responsibility of the safety department; it's a collective commitment that starts with each individual. To achieve this, we have put in place a comprehensive approach that encompasses various key elements:

•**Empowering Employees:** We encourage and enable our employees to take ownership of their safety and the safety of those around them. This means fostering a culture where safety is ingrained in every task, from the routine to the complex.

•**Risk Assessment:** Our employees are trained to conduct thorough risk assessments before undertaking any task. This proactive approach ensures that potential hazards are identified and addressed before they lead to incidents or near misses.

•**Incident Investigation:** Learning from past incidents is crucial for continuous improvement. Therefore, we conduct rigorous investigations into all incidents to understand their root causes and prevent recurrence.

•**Safety Standards:** Adhering to safety standards is non-negotiable. We ensure that our employees are well-versed in safety standards and protocols and hold them accountable for their application in their daily activities. We also conduct Regular internal inspections and audits at all our premises to verify compliance with safety standards. This proactive approach helps us identify and rectify unsafe conditions and practices promptly.

•**Correcting Unsafe Acts and Conditions:** Unsafe acts and conditions are not tolerated. We prioritize identifying and correcting these issues to create a safer work environment.

•**Safety Leadership:** We believe in distributed safety leadership rather than relying solely on a safety department. Regardless of their role, every employee is encouraged to be a safety leader and play an active role in maintaining a safe workplace.

Our Health and Safety Department has a dynamic role in achieving this approach, as its responsibilities encompass a wide range of tasks aimed at maintaining a safe and compliant working environment.

Here's a narrative breakdown of their key functions:

- . Controlling all activities by permit to work (PTW) system to be safe
- . Review all risk assessments
- . Review and follow up on all recommendations for all incidents
- . Identify affecting people from potential hazards
- . Display the health and safety law and performance
- . Communication with employees (through TBT and training)
- . Provide training for all employees and contractors levels
- . Auditing and reviewing all health and safety systems
- . Regular inspection and contractor monitoring
- . Provide all suitable personal protective equipment.



On a national scale, TCI Sanmar diligently observes the regulations the General Administration of Civil Protection set forth. This entails the meticulous application of firefighting precautions in line with both Egyptian fire protection standards and NFPA standards. Furthermore, we are unwavering in our adherence to Nuclear and Radiological Regulatory standards, meticulously implementing all mandated safety measures. To keep such a high level of compliance, TCI Sanmar signed several contracts for Fire-fighting Equipment Maintenance and Nucleonic Radiation Source Supervision.

In TCI Sanmar, it is vital to comply with all applicable legal and statutory requirements related to Health and safety. This is achieved within our plants by creating a culture of learning and practicing Health and safety systems among all our employees where employees at all levels are responsible for the Company's Health and safety performance and compliance.



2-Enhancing Employee Well-Being at TCI Sanmar

We provide select staff access to non-occupational medical and healthcare services through company clinics, referral systems, health insurance, or financial contributions. For further promotion of worker's health, employees are provided with private medical insurance facilities they use on a case-to-case basis.

TCI Sanmar developed its occupational health and safety system as a commitment to conduct all its business activities in such a manner to ensure the health and safety of its employees and the community. Our HSE practices are designed to take care of occupational health, environmental, and safety aspects related to Chlorine gas and VCM in the handling and manufacturing process. This is the result of keeping all processes and handling two materials in closed systems, fixing the gas detecting system in our workplace, and providing emergency management tools to be used in case of any emergency.

Top management at TCI Sanmar demonstrates their dedication to safety through their active involvement in safety-related activities. This includes engaging in safety interactions, leading the SANSAFE project, reviewing plant safety performance, and maintaining open communication regarding safety plans and improvements with employees at all levels.



Furthermore, TCI Sanmar's management conducts weekly safety walk-throughs across the plants, making their commitment to safety visible and tangible. They systematically visit each plant to assess its safety standards, discuss immediate safety concerns, and offer support to plant teams as needed. During these walk-throughs, management interacts with employees and contractors to ensure the safety message resonates with all partners.

To streamline this process, a consolidated sheet is generated to monitor all observations and points requiring improvement. These observations are discussed monthly, and the progress is closely monitored. All These actions send a powerful message to all employees, emphasizing that safety is a core company value and an integral part of the business.

Though we have few hazardous chemicals, we maintain a rigorous safekeeping system that mitigates accidents. The main two hazardous chemicals used at TCI Sanmar are (1) Chlorine and (2) VCM. Chlorine and VCM are handled in a cool, dry, well-ventilated, and away from sunlight, heat and ignition sources. Moreover, we established a gas leak detection system that ensures no asphyxiation or explosion incidents would take place.

These precautions are supported by the permit to work (PTW), a formal system stating precisely what work is to be done, where, and when. A responsible person should assess the position and check safety at each stage. The people doing the job sign the permit to show they understand the necessary risks and precautions.

TCI Sanmar ensures a reliable management system across the entire plant. The safety and physical integrity of all its employees, as well as that of visitors and contractors, is a top priority for the company.

Types of injuries, injury rates, occupational diseases, lost working days, absenteeism, and number of work-related deaths.

		2020-21	2021-22	2022-23
SANMAR Employees	Number of fatalities as a result of work-related ill health	0	0	0
	Number of cases of recordable work-related ill health	0	0	1
	Main types of occupational health-related work diseases	0	0	0
Contractor	Number of fatalities as a result of work-related ill health	0	1	0
	Number of cases of recordable work-related ill health	6	3	2
	Main types of occupational health-related work diseases	0	0	0

3-Ten Safety Fundamental Rules

The TCI Sanmar Corporate Safety Department established ten crucial safety cardinal rules, which are the cornerstone of our commitment to enhancing safety levels and the overall safety performance of our employees and contractors. These cardinal rules encompass a range of critical areas, including mandatory personal protective equipment, confined space entry, work at heights, work permits, and change management.

confined space entry, work at heights, work permits, and change management. To promote awareness and compliance with these cardinal rules, TCI launched numerous awareness campaigns and implemented a disciplined system to address violations. These rules have been distributed to all employees and contractor workers in the form of pocket cards, and they are prominently displayed as screen savers on all desktop and laptop computers used by TCI Sanmar employees.

4-Inspection System

Ensuring the reliability of safety tools and equipment is a top priority for TCI Sanmar. To achieve excellence in safety, we have implemented a comprehensive inspection program. This program involves the active participation of our Operations, Maintenance and Safety departments, who collectively are responsible for inspecting and verifying the condition of safety tools and equipment.

Key components of our inspection program include:

Self-contained Breathing Apparatus (SCBA), Air Trolleys, and Emergency Escape Breathing Devices: These critical safety equipment items undergo regular inspection and calibration to ensure their readiness for routine and emergency use

Lifting Gear, Tools, and Equipment: Monthly inspections and annual calibrations are conducted for all lifting gear, tools, and equipment, with particular emphasis on overhead and mobile cranes. This approach is designed to prevent serious lifting incidents.

Electrical Tools and Equipment: Stringent inspections are carried out to ensure the safety of all electrical connections, focusing on preventing failures, loose connections, or cuts. Maintenance procedures adhere to the Lockout-Tagout-Test-Observe (LOTOTO) procedure, prioritizing the safety of all employees, contractors, and visitors.

In collaboration with our employees, we have established a unique Cross-Inspection Groups System (CGIS) designed to systematically capture this knowledge through audits conducted by various teams from each plant.

The CGIS involves four team members from each plant, including a plant manager and three engineers/supervisors. Each team conducts monthly audits of a different plant according to a predefined schedule. Audit reports are then submitted to the area owner and the safety department. The area owner assumes responsibility for addressing all reported actions and provides feedback to the safety department. The safety department oversees and monitors the system, presenting its performance in safety management steering committee meetings as a proactive indicator. The outcomes derived from these audits guide the implementation of appropriate measures to enhance occupational safety.

Notably, all audit groups have achieved a 100% audit completion rate and have successfully closed approximately 90% of identified observations. As a recognition of their outstanding efforts, awards have been announced and conferred upon the two best-performing groups.



5-Raising Awareness through Training

At TCI Sanmar, we recognize that the personal behavior of each employee is paramount in ensuring ongoing occupational safety. Therefore, we place a strong emphasis on proactive accident-prevention training programs. These initiatives encompass various topics, including workplace safety, process safety, plant safety, and standard operating procedures. The overarching objectives of these programs are as follows:

1. Continuous Enhancement of Operational Proficiency: This commitment aims to optimize performance and ensure the highest safety standards.

2. Adherence to Stringent Safety Protocols: We are resolute in our dedication to adhering to the strictest safety measures mandated by regulations and industry standards.



Since the inception of these initiatives in 2022, a remarkable total of 34,429 hours have been dedicated to worker training in occupational health and safety and process safety management. We have implemented a comprehensive training structure beginning with induction safety training on an employee's first day at TCI Sanmar. This foundational training is then complemented by specialized instruction tailored to specific job roles and responsibilities. These include vital components such as chemical and electrical hazard training, first aid procedures, and the safe handling of hazardous materials.

Our commitment to employee development extends into a monthly personnel training program across all our facilities. Every team member has access to these essential sessions. Our diverse training agenda comprises programs to enhance employee capabilities and safety awareness. These programs encompass:

Training Category	Training Program	Target Group	Training Hours Objective	TCI Sanmar Employees Actual Training	Contractors Employees Actual Training
General Safety	Firefighting	TCI Sanmar & Contractors Employees	8hrs./per employee Annually	3648	12450
	Emergency Plan				
	Chemical Hazard				
On the Job Training	Various			1715	10272
Process Safety Management Training	Basic Safety Incident Investigation PSM			1456	
Technical Safety	Confined Spaces		16hrs./per contractors employee Annually	457	767
	Radiation Hazards				
	Work Permit System				
	Work at Height				
Training Actual/ Plan				7276 / 3860	23489 / 20275

Intellectual Capital

At the heart of our organization lies a deep commitment to nurturing our intellectual and human capital. We firmly believe that our people are our most valuable assets, and we spare no effort in investing in their growth and development through a comprehensive range of training programs. These initiatives enhance their knowledge and skills and prioritize their well-being and mental health.

Our commitment to nurturing human and intellectual capital is evident through various training programs spanning technical and soft skill domains. In our unwavering dedication to achieving excellence and fostering a safer, more efficient workplace, we have thoughtfully crafted a diverse portfolio of training initiatives, equipping our workforce with the essential tools for success.

Pursuing Excellence via Technical Training

Technical excellence is the foundation of our operations, a principle we hold in high regard. Our Technical Training initiatives encompass a wide range of critical areas, including:

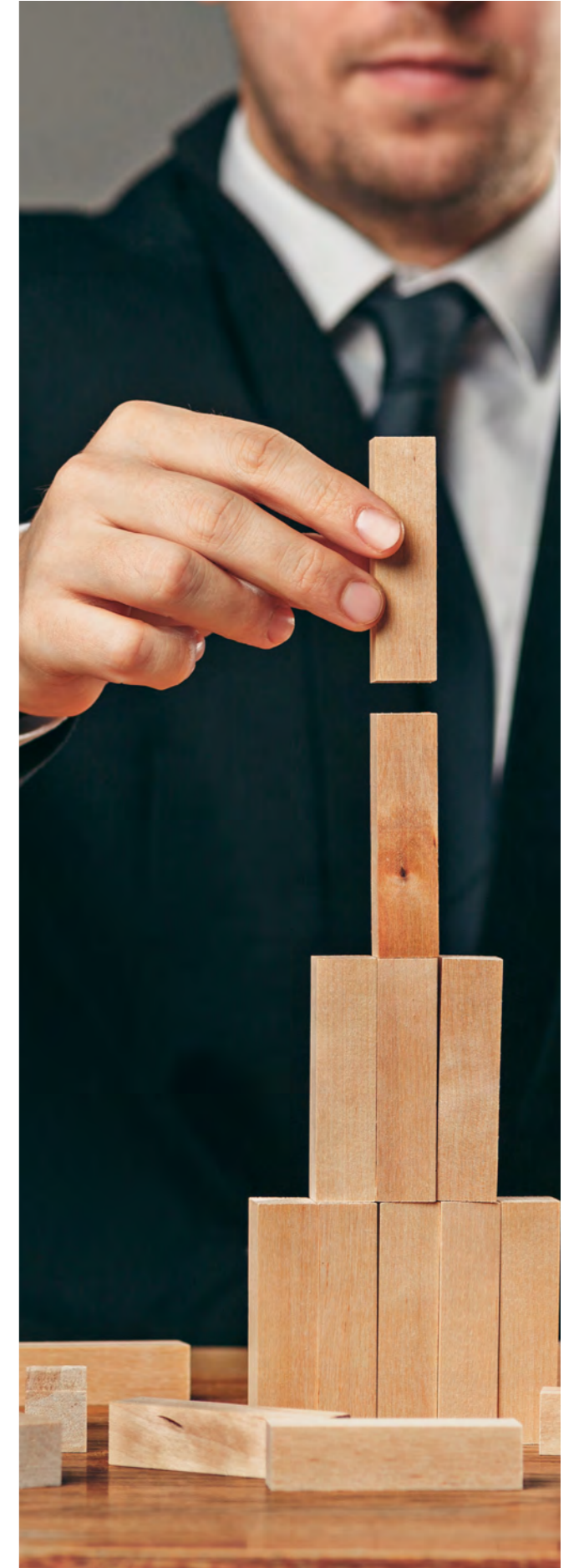
- 1 Radiation Hazards
- 2 Work Permit Systems
- 3 Foundational Capability Building Training
- 4 Leading Safety Efforts for Line Managers
- 5 Incident Investigation Training
- 6 High-Risk Activity Standard Training
- 7 Process Safety Management Training (PSM)
- 8 Process Hazard Analysis (PHA) Training
- 9 Process Technology (Process Safety Information) Training
- 10 Mechanical Integrity and Quality Assurance (MIQA) Training
- 11 Failure Mode Effects Analysis Training
- 12 Actions Employees Can Take (AECT)

These targeted training programs equip our technical staff to execute their roles with precision and safety at the forefront. Doing so ensures that our teams are prepared and exceptionally well-prepared to tackle challenges and consistently exceed expectations.

Capacity Building and Beyond

Our CSR initiatives extend our commitment to nurturing intellectual and human capital to future generations. We invest in the intellectual and human capital of tomorrow through collaborations with institutions like the Arab Academy for Science, Technology, and Maritime Transport. Our vocational training program empowers youth with adaptable skills, including welding, language proficiency, and technical expertise. As well as other training programs for the engineering and science faculty in Port Said governorate, contributing significantly to Egypt's workforce.

Our dedication to cultivating a skilled and empowered workforce remains unwavering as we look forward. This commitment not only fuels the success of TCI Sanmar but also bolsters the prosperity of Egypt as a whole. Our focus on knowledge and skills development aligns seamlessly with national development strategies, ensuring our active role in creating a brighter and safer future for all. We forge a path toward continuous learning, growth, and sustainable success.



Our Collective Corporate Value (CSR)

The TCI Sanmar Social Policy centers on the well-being of our employees and individuals in our local vicinity. We address their security, education, employment, health, and overall welfare needs. Our Social Policy actively responds to global challenges, such as social, demographic, and economic changes and issues related to poverty, migration, and globalization.

Our extensive network of stakeholders encompasses a diverse range of groups on a global scale, including local communities, suppliers, consumers, non-governmental organizations, civil society groups, academia, multilateral organizations, governments, customers, employees, and shareholders. At TCI Sanmar, we actively engage in ongoing dialogues with these stakeholders through various platforms, forums, and meetings. These interactions are a driving force behind our CSR strategy and align with our commitment to advancing our community. We are committed to sustainability as we carry out impactful development initiatives that benefit Egypt and the local Port Said community.

In line with our active stakeholder engagement, our CSR strategy focuses on three core pillars: Education, Health, and Women Empowerment.



شهادة تقدير



تتقدم الهيئة العامة للاستثمار والمناطق الحرة بأسمى معاني الشكر والتقدير

إلى شركة / تي سي اى سانمار للكيماويات

عن أداءها الرائد في مسابقة التميز في مجال المسؤولية المجتمعية للشركات

في مصر عن العام ٢٠٢١

الرئيس التنفيذي للهيئة العامة للاستثمار والمناطق الحرة

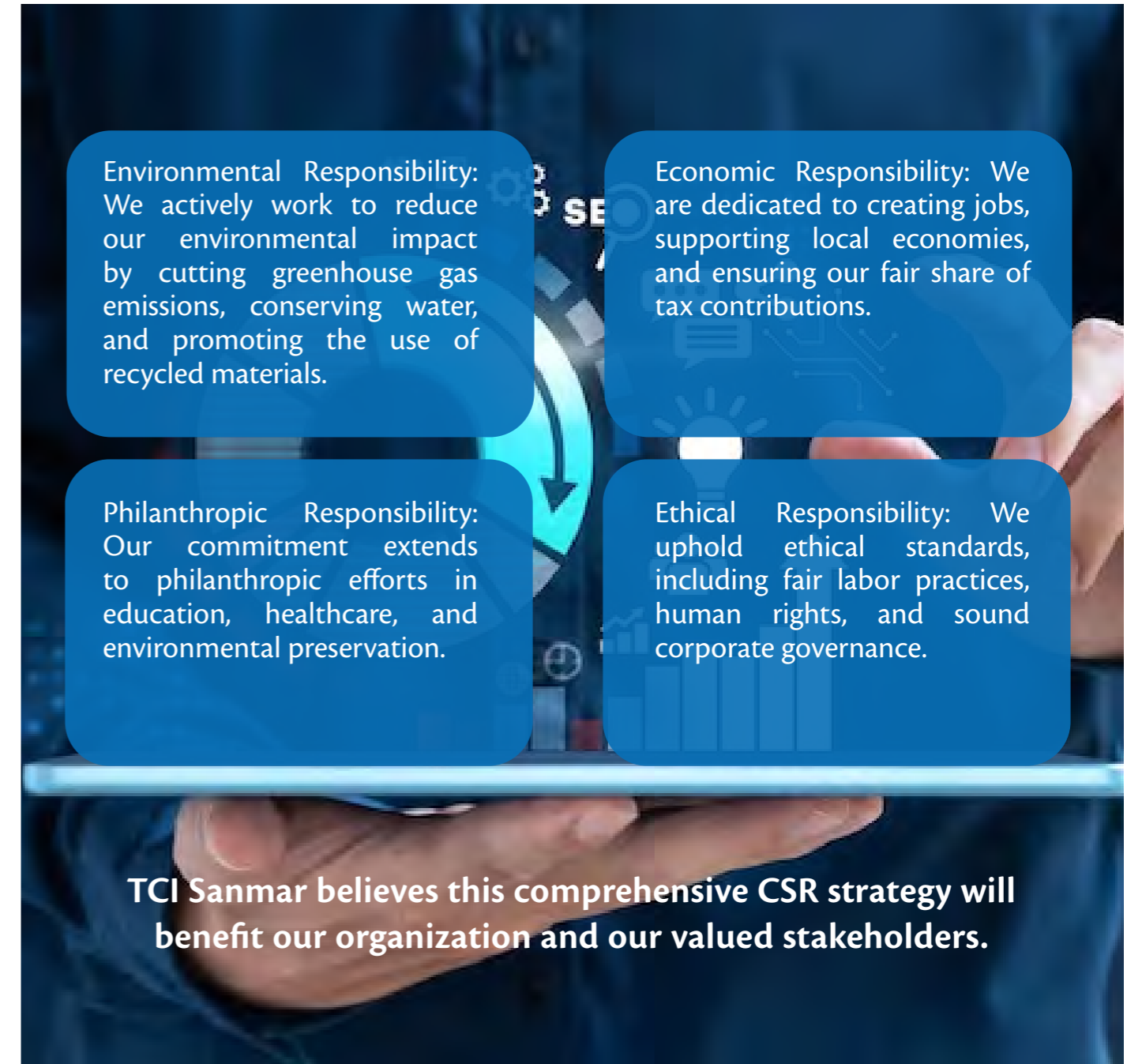
السيد الأستاذ/ حسام هيبه

حسام هيبه

Note: This Certificate have been awarded in 2021 and announced in 2023 due to Covid-19 Pandemic.

CSR Strategy Overview:

TCI Sanmar's CSR strategy underscores our unwavering commitment to social and environmental responsibility in the modern era. Recognizing the integral role of CSR in building trust and fostering sustainability, our strategy revolves around four key areas:



Promoting Well-Being: Our Commitment to Health

Taking a proactive approach, we have also arranged on-site vaccination campaigns in collaboration with the Ministry of Health. Additionally, TCI Sanmar has actively participated in the polio vaccination campaign, impacting the lives of 101,000 children within the Port Said governorate.

An integral part of our health-focused initiatives involves establishing and maintaining a green area. With around 6000 trees surrounding the plant between the industrial zone and Emirati residential area, this initiative serves a dual purpose. It contributes to environmental protection, adds beauty to the surroundings, and aids in combating climate change through carbon dioxide absorption.

As part of our Corporate Social Responsibility program, TCI Sanmar has contributed significantly by gifting an Ambient Air Quality Monitoring station to the Egyptian Environment Affairs Agency, intended for installation in the Emirati residential area. This initiative serves a dual purpose by continuously monitoring the ambient air quality within the area while extending its benefits to the broader community of Port Said.

The substantial investment of over USD 300,000 in this project underscores our commitment to supporting the local community and ensuring their well-being. By providing accurate and real-time air quality data, we aim to enhance the quality of life for residents and contribute to a healthier environment. This initiative exemplifies our dedication to social responsibility and sustainable practices, reinforcing our commitment to the communities we serve.



Empowering Women for a Brighter Future

TCI Sanmar has partnered with The National Council for Women in 2023 to champion women's empowerment through various initiatives. The "Adaha W Odoud" initiative stands as a beacon for fostering handicraft development, offering 135 women the opportunity to acquire diverse craft skills, including loom beadwork, accessory making, burlap bag design, leatherwork, painting on canvas, and stained glass. These Workshops were held in Port Said's Kaboti area and are designed to elevate participants' proficiency and provide them with valuable economic support. The photo below displays the results achieved by female participants in this workshop.



Our collaboration aligns seamlessly with Egypt's Vision 2030, reflecting our deep commitment to advancing female empowerment and improving the quality of life. The products created by the participants in these workshops are showcased through National Council for Women exhibitions, facilitating financial independence.

In the beginning, our priority was Education

Aligned with Sustainable Development Goal 4 (Quality Education), we recognize the pivotal role of education in driving economic growth and human capital development. Our belief in the transformative power of quality education goes beyond manual tasks and basic production processes. Through our education programs, we aim to enhance skills, boost performance, and elevate human capital. By nurturing the potential of individuals, we create opportunities for secure employment and brighter futures.

1-Vocational Training Program

A key initiative within our education pillar is our vocational training program, conducted in collaboration with the Arab Academy for Science, Technology, and Maritime Transport. This program is a testament to our technical and vocational training leadership. Designed to empower the youth with adaptable skills, it encompasses areas such as welding, language proficiency, computer literacy, technical expertise, and life skills. This holistic approach equips the next generation to respond effectively to the dynamic demands of the job market. Our dedication extends beyond individual growth, with a commitment to enriching Egypt's collective business and industrial landscape.

Our investment in this transformative program has been substantial, with a dedicated allocation of over EGP 2 Mn spanning three cycles between 2018 and 2022. This commitment has been accomplished, as we have successfully empowered over 300 students through the training sessions across Canal Cities - Port Said, Suez, and Ismailia.

We plan to continue the journey in the second half of 2023 with the fourth wave of vocational training for around 100 students. This achievement resounds with our overarching pledge to bolster our ranks and uplift Egypt's business and industrial tapestry. This vision aligns seamlessly with the National Strategy for Sustainable Development: Egypt Vision 2030 and the National Program for Structural Reforms, which recognize the pivotal role of technical education and vocational training in bridging the gap between academia and the labor market. With unwavering resolve, we strive forward, nurturing a skilled and empowered labor force that serves as the foundation of TCI Sanmar and the entire spectrum of Egypt's economic progress.



2- Graduated Engineers Training (GET) Program:

Building on the success of the GET initiative in India within the Sanmar Group, we have introduced the GET program in Egypt. This endeavor aims to nurture emerging engineering talents, cultivating creativity and innovation. The program's structure encompasses Classroom training, Plant Training, and On-the-Job Training and Project assignment.

The following are samples of training we provided to our GET trainees:

- 1 Heat Exchangers.
- 2 Storage tank.
- 3 Process and Control.
- 4 Blowers and compressors.
- 5 Pumps.
- 6 Safety reflects systems.
- 7 Distillation design – Basic Features.
- 8 Fluid Dynamics.



In the first round, eight engineers were selected through rigorous screening and testing from different locations within the canal cities – Port Said, Suez, and Ismailia. Reflecting the diversity of engineering disciplines, these talents are poised to expand their skills and generate fresh ideas within their work domains. The second round in 2022 welcomed 12 engineers, and in 2023, this number reached 19 handpicked from the best graduates of the year.

In the 2022 round, our trainees were exposed to training in three plants, and in 2023, we expanded their exposure and experience by providing training in eight plants.

We also coordinate with Egyptian universities by arranging regular visits for undergraduate students to our site, including health safety and environment orientation and an overview of the petrochemical industry.

Mapping TCI Sanmar's Activities with ESG Frameworks

TCI Sanmar Sustainability Performance

Massive problems related to the economy, society, and the environment threaten our globe. The Sustainable Development Goals (SDGs) establish worldwide goals and aspirations for 2030 to address these. They provide a rare chance to end severe poverty and put the planet on a sustainable course. We made huge progress in sustainable development in the past five years by abiding by our successful comprehensive sustainability strategy aligned with the organization's goals. This includes setting targets, identifying critical areas for improvement, and establishing action plans to achieve sustainability objectives.



Our passion is to foster a culture of continuous improvement and innovation by staying up to date with emerging sustainability trends, technologies, and best practices. This allows us to explore opportunities for innovation and implement new strategies or technologies to drive sustainability performance. Throughout the last reporting periods, we faced climate change and environmental impacts as the energy costs have increased, which could impact the financial performance. In addition, Poor stakeholder engagement can result in unfavorable public sentiment, affecting brand loyalty, market share, and overall business performance.




Although the last several years have been challenging for sustainability in many respects, significant developments in the field have also occurred. We consider our initiatives to incorporate the 17 SDGs of the United Nations into the company's business operations. We co-ordinate short and long-term company goals with the relevant SDG and integrate into the corporate operations. We encourage individuals and peer groups to do the same by publicly reporting our sustainability performance via GRI sustainability reports.








Sustainable Development Agenda



The following table links the Sustainable Development Goals (SDGs) to United Nations Global Compact principles, Sustainability Accounting Standards Board indicators, and TCI Sanmar's contribution



SDGs	UNGC Principles / SASB Standards	TCI Sanmar's contribution
	UNGC Principle #1,2,3,4,5,6	<p>NO POVERTY:</p> <p>We provide adequate benefits and earnings to cover workers' fundamental necessities and extra for a more effective, better workplace.</p> <p>Additionally, most of the supplies and amenities in this sector, including notebooks, laptops, and transportation are provided without placing a significant financial strain on the workers' ability to maintain a living standard.</p>
	UNGC Principle #1,2,7,8,9	<p>ZERO HUNGER:</p> <p>We demonstrate our dedication to our secondary purpose by paying competitive wages and compensation to meet our colleagues' basic needs.</p> <p>Furthermore, we have pledged to pay quarterly taxes to government agencies to encourage the accessibility of food for persons living in severe poverty.</p>

	UNGC Principles #1,2,3,4,5,6,10 SASB: RT-CH-320/RT-CH-540a.	<p>GOOD HEALTH AND WELL BEING:</p> <p>We strive to mitigate the detrimental effects of exposure to chemicals at work, within our homes, and in the community. Because of manufacturing leadership and creativity, the accessibility of goods with health and safety benefits and reduced environmental impact has increased. Our Safety and Health Division is well-managed to guarantee that there are no hazards at the workplace, especially after the contribution of the San-Safe program. We make sure that all of our employees have the opportunity to get health care.</p>
	UNGC Principle #1,2	<p>QUALITY EDUCATION:</p> <p>High-quality education is crucial for human capital and economic prosperity, boosting productivity and advancing economies beyond manual labor. Our company constructed the vocational training program to educate and train staff, fostering innovation, revenue growth, and professional development. We also offer summer training programs for university students, promoting their professional and personal growth. Our CSR efforts prioritize education, emphasizing its value for society.</p>
	UNGC Principles #1,2,3,4,5,6	<p>GENDER EQUALITY:</p> <p>TCI Sanmar is committed to reducing disparities between genders by promoting initiatives that eliminate all types of discrimination. Furthermore, we give women equal positions yet preserve a fair workplace atmosphere.</p>

	<p>UNGC Principles #1,2,7,8,9</p>	<p>CLEAN WATER AND SANITATION: Chemistry advancements in clean water and sanitation include desalination materials, disinfectants, polymer membrane filters, and pipeline materials. PVC and chlorine are used in various piping applications, including drinking water delivery, drainage systems, and fire-sprinkler systems. PVC pipes are inert and corrosion-resistant, making them safe for drinking water delivery and storage. They contribute to clean water quality and reduce biofilm contamination. PVC pipes are functional barriers that prevent low molecular weight compounds from migrating to drinking water below its glass transition temperature (80°C).</p> <p>They also lower energy and pumping expenses, and their leak-proof fittings prevent water loss. Water management systems improve water quality by reducing pollution and improper disposal, reducing the release of harmful chemicals and materials, reducing untreated wastewater, and promoting recycling and safe reuse. TCI Sanmar chose ZLD Systems for its business in Egypt, a country facing a severe water shortage.</p>
	<p>UNGC Principle #1,2,7,8,9 SASB: RT-CH-120</p>	<p>AFFORDABLE CLEAN ENERGY: We are devoted to minimizing our emissions by tracking and decreasing energy use; additionally, we employ cutting-edge technology powered by sustainable energy to achieve a healthy and secure atmosphere.</p>

	<p>UNGC Principle #1,2,3,4,5,6 SASB: RT-CH-410</p>	<p>DECENT WORK AND ECONOMIC GROWTH: Generating employment, strengthening the Egyptian economy, and assisting local contractors. We encourage equitable and sustainable economic growth by ensuring everyone can access sufficient employment opportunities. Business prospects and a long-term foundation for global expansion are provided by innovation. The management of TCI Sanmar ensures that every employee receives fair remuneration that goes above and beyond the minimum wage, guaranteeing a high standard of life for every member of the TCI Sanmar team.</p>
	<p>UNGC Principles #3,4,5,6,7,8,9 SASB: RT-CH-410b</p>	<p>INDUSTRY, INNOVATION & INFRASTRUCTURE: In order to promote robustness, we are strengthening our production assets. The government sees to it that issues with resources and the environment are taken care of, that the price of disposing of trash and raw materials is decreased, that more money is earned from leftovers and byproducts, that circular business models are promoted, and that chances for business expansion are made available.</p>
	<p>UNGC Principles #1,2,3,4,5,6,10</p>	<p>REDUCE INEQUALITIES: Our employees get equal and fair treatment at TCI Sanmar. We don't make a distinction between individuals and pay everyone fairly depending on their skills, not their past experiences. Additionally, we have set hours for work that suit people of all ages. We also have laws that protect everyone's rights regardless of age, sex, gender, disability, race, ethnicity, country of origin, or belief.</p>

	<p>UNGC Principle #1,2,7,8,9 SASB: RT-CH-210</p>	<p>SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Egypt's infrastructure has seen significant change since previous years, exemplified by the better transit infrastructure that makes it easier for individuals to move around. We support such transformation and ensure all of our staff members have a selection of reliable, reasonably priced modes of public transportation to go to the office. Additionally, a portion of our corporate social responsibility budget is set aside for home reconstruction to promote ecologically sound communities and cities.</p>
	<p>UNGC Principles #7,8,9 SASB: RT-CH-130</p>	<p>RESPONSIBLE CONSUMPTION & PRODUCTION:</p> <p>We promote resource efficiency and energy conservation on-stream factor, resulting in less venting and flaring. Maintaining air and water quality is considered to be one of our crucial aspects in determining sustainable quality. Finally, we encourage the increase of recycling and reuse of our resources.</p> <p>Multiple sectors benefit from the chemical-based goods we make, by improving the efficiency and standard of their manufacturing processes. Chemicals have boosted water stewardship programs and increased energy efficiency in various industries and geographical areas. The primary basic material utilized to create reusable PVC cables is PVC, which we produce. PVC recycling helps the nation achieve its sustainability and preservation of the environment goals.</p>

	<p>UNGC Principles #7,8,9 SASB: RT-CH-110</p>	<p>CLIMATE ACTION:</p> <p>We strive to make outstanding attempts towards tackling the issue of climate change via a number of actions, such as enhanced energy efficiency, lower product footprints, and creating inventive downstream emission reduction techniques. We are devoted to reducing waste and its negative environmental consequences in a sustainable manner; This is the reason we are focusing on conducting LCA and EPD assessments for PVC, our primary product. PVC can help nations worldwide remain more resistant and better prepared for natural catastrophes and environmental dangers. Because it is a natively "low carbon" plastic (only 38% of its molecular mass being carbon, the balance is chlorine and hydrogen), it requires less primary energy during the manufacturing stage than other polymers. According to LCA studies, PVC cables outperformed alternatives when it comes to the consumption of energy and emission of carbon dioxide.</p>
	<p>UNGC Principles #7,8,9 SASB: RT-CH-140</p>	<p>LIFE BELOW WATER:</p> <p>Our business protects the environment by lowering CO2 emissions through the utilization of disposable containers and cups, purchasing recyclable materials to avoid causing damage to aquatic life, and, particularly, implementing an approach that blocks the disposal of our toxic waste in the sea.</p>

	<p>UNGC Principles #7,8,9 SASB: RT-CH-150</p>	<p>LIFE ON LAND: We guarantee the preservation and environmentally friendly utilization of agricultural and inland aquatic ecosystems in accordance with global agreements. The industry recognizes the need for responsible utilization of terrestrial and inland aquatic environments for long-term diversification.</p>
	<p>UNGC Principles #1,2,3,4,5,6,10</p>	<p>PEACE, JUSTICE AND STRONG INSTITUTIONS: We are dedicated to reducing all forms of fraud and corruption, developing efficient, responsible, and honest organizations at all stages, promoting and enforcing equitable policies and legislation for equitable growth, and ensuring flexible, welcoming, and collaborative decisions at all tiers. To guarantee that we preserve a moral work environment, we give corruption prevention seminars to all our staff in accordance with our dedication.</p>
	<p>UNGC Principle #1,2,3,4,5,6,7,8,9,10 SASB: RT-CH-530a</p>	<p>PARTNERSHIPS FOR THE GOALS: We recognize that collaborations are critical to achieving the SDGs. Strategic alliances help us to expedite our endeavors.</p> <ul style="list-style-type: none"> • Collaborate with stakeholders who care about long-term development, such as downstream partners, government organizations, non-governmental organizations (NGOs), and others. • Increase our accomplishments in terms of safety and the environment by investing in capacity development. • Establish multi-stakeholder, global partnerships and collaborations with international organizations.



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Limited Independent Assurance Statement TO THE BOARD OF DIRECTORS TCI Sanmar Chemical S.A.E Egypt

DCarbon is a leading sustainability and environmental consultancy based in Egypt and registered under the Egyptian law no. 159 for the year 1981 and its executive regulation. DCarbon assists public and private organizations in understanding and addressing their economic, environmental, and social impact. DCarbon is a member and partner with multiple global establishments in the field of corporate sustainability. It is a certified training partner of the Global Reporting Initiative (GRI), a GRI Gold Community member, and an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD).

DCarbon was engaged by TCI SANMAR CHEMICAL S.A.E EGYPT (TCI Sanmar or the Company) to perform an independent assurance on its Sustainability Report and reporting process ('the Report') for the year 2022-2023. As an independent assurance provider, we were asked to assist the company in assessing and enhancing its value creation framework by conducting a company-wide assessment of its ESG practices for the purposes of ensuring the adherence of reporting to Global Reporting Initiative (GRI) 2021 reporting principles, contents elements, disclosures and sector-specific key performance indicators, taking in consideration the GRI new double-materiality assessment and approach.

ASSURANCE SCOPE AND BOUNDARIES

For this report, the scope of assessment and assurance focused on the 1) reporting process, the 2) quality of the reported indicators, the 3) advice on analysis of performance, 4) efficient involvement of management, 5) GRI double materiality and, 6) advice on necessary/required report content elements and structure.

The scope of assurance has included data and information for the period between April 1st, 2022, to March 31, 2023, for operations in Egypt, based on the GRI Standards 2021. The report doesn't constitute a commitment to the future, it only reflects actions taken during the reporting period and its subject to change according to national regulations and arising materials issues.

GRI Assurance Scope and Boundaries

The assurance considered the GRI 2021 for all disclosures and materiality process. The assessment of impacts and identification of topics where performance and assured according to the severity and likelihood. The Severity of Impacts considered – where possible – the GRI pre-set characteristics of scale, scope, and irremediable character. With focus on actual negative impact, material topics were determined by their severity and likelihood, which is translated into detection of specific ESG risks. Not all risks were reported, however, as affirmed by the company, they are part of the company traditional business process that is presented through the details in the report, as part TCI Sanmar risk management approach.

The assurance scope did not cover:

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

ASSURANCE PROVIDER'S ROLE

TCI Sanmar's Assurance for this reporting cycle included all assurance duties as described in the "Assurance Scope and Boundaries" of this document. We have ensured that the report narrative and data provided represented adequate view to stakeholders (through internal proxies' exercise), in order to support the decision-making process through the completeness and connectivity of non-financial data and complemented by the company's financial assurance where applicable.

We engaged in designing the procedures that allowed the gathering of appropriate evidence to support Reporting approach, we ensured the company's streamlining of adequate and necessary degree of comparability of indicators year over year, as well as alignment with the yearly GRI reporting principles, disclosures and key performance indicators.

Our focus was more inclined to determine that the definitions of used terms are applied consistently in this single report and as per the company's terms, while addressing national directives and global practices.

RESPONSIBILITIES OF THE MANAGEMENT

The management was responsible for the preparation and fair presentation of the selected information included in this report, in alignment/accordance with the various Standards indicated in the Assurance Scopes and Boundaries. It was responsible to assert that the internal controls enabled the preparation of narrative and information, free from material misstatement.

Through our prolonged engagement with the company, we have observed that the leadership and management that governed the release of this report have actively proven their periodical oversight of the process and the departmental focal persons involved in the process.

ASSURANCE PROCEDURES

Our responsibility was to express a conclusion on the selected information included in this Report, based on assurance engagements. Backend reviews and data auditing were conducted taking into consideration the Corporate Strategic Directions, the company's adherence and/or compliance to sector-specific regulations, policies or certifications, national context, and the governing national laws and regulations.

The nature, methodologies, timing, and extent of procedures selected depended on our engagements with the company and its teams, the data provided, the oversight and review check-points by the delegated top-management representatives. Our limited assurance engagement includes inquiries to TCI Sanmar professionals who were involved in the preparation of the reported data.

ASSURANCE TEAM

The assurance was conducted by a multidisciplinary independent team including researchers for auditing environmental, social, and economic information and abiding to our values of integrity, confidentiality, professional competence, objectivity, and due attention:

Mr. Mohamed Sherif, Senior Sustainability Analyst. **Ms. Doaa Wareth**, Senior Sustainability Analyst. **Eng. Ali Zaki** Associate Sustainability Analyst. **Ms. Tayseer Salah** Sustainability analyst.

CONCLUSION

We have reviewed the Sustainability Report of TCI Sanmar Chemical S.A.E. Considering the risk of material error, we received all necessary explanations from the company to support sufficient evidence to our assurance conclusion. Based on the activities performed and evidence received, in our opinion, TCI Sanmar has complied, in all material respects, with the GRI Standards 2021 and its principles for sustainability reporting criteria.

Ahmed Belal

R&I Director



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