

2023

SUSTAINABILITY REPORT

# Methanol: Improving Everyday Life

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# Q&A With Our President & CEO

## OUR TOP PRIORITY IS SAFETY

“I am personally committed to continuous improvement of our safety performance, building our safety culture and striving always to achieve our goal of zero harm.”

**How was Methanex’s safety performance in 2023?**

**A** I’m incredibly proud of our safety results at our Geismar 3 project in 2023. We managed a complex construction environment beside two operating methanol plants, had a peak workforce of more than 1,800 people, faced record high summer temperatures, and our team completed an impressive 8.5 million work hours with no injuries that resulted in Days Away From Work. These safety results were best in class, ranking in the top quartile of major construction projects.

**What are you most proud that the company accomplished in 2023?**

**Q** Our top priority continues to be the safety and well-being of our team members and communities where we do business. Methanex received three Responsible Care® awards from the Chemistry Industry Association of Canada, including the Company of the Year award. While we had many safety-related successes and continued to lower our five-year recordable injury frequency rate rolling average, we experienced an increase in our company-wide injury rates compared to 2022, and I know we can do better. To improve our results going forward, we are focusing on maintaining hazard awareness and engaging hearts and minds through our “Switch On” to Responsible Care program. I am personally committed to continuous improvement of our safety performance, building our safety culture and striving always to achieve our goal of zero harm.

**This was your first full year as CEO. What are your observations about sustainability at Methanex?**

**A** Throughout the year I visited each of our manufacturing sites. We have a solid foundation with our commitment to the principles of Responsible Care®, and I observed first-hand how sustainability is embedded in our business. I was pleased to see many examples of our people demonstrating our commitment, such as the “safeguards” used to contain our process safety risks at all our sites, the establishment of two new “Ascend” women’s Employee Resource Groups as part of our Equity, Diversity and Inclusion strategy, and the continued focus on community investments with efforts increasingly aligned to the UN Sustainable Development Goals. I also reflected on what it means for our company to be an industry leader, which to me, is about more than being the world’s largest methanol producer and supplier. It’s also about being a responsible operator and pushing ourselves to set the highest standards for the industry, including how we protect and develop our people, minimize our impact on the environment, contribute to our communities, and how we plan for the future.



**How is Methanex approaching the transition to a low-carbon economy?**

**A** Governments and companies around the world have set goals to decarbonize, and we are playing an active role by working to reduce the emissions intensity of our operations and advance low-carbon methanol technologies. Our executive leadership team is accountable for our approach in this area. We are focused on increasing efficiency and reducing emissions intensity across our manufacturing facilities, within our shipping and logistics operations, and are increasingly working with critical suppliers to achieve these goals. We are also very focused on opportunities to invest in low-carbon methanol technologies and, in 2023, we established a Low Carbon Solutions team. This team is looking to develop low-carbon supply opportunities at our existing assets and is actively discussing potential commercial arrangements with several shipping companies as well as our traditional chemical customers. We have continued to see growth in the potential for methanol as a marine fuel, with orders for methanol dual-fuel vessels exceeding orders for liquefied natural gas vessels in 2023. Approximately 250 methanol dual-fuel vessels were on order or on the water at the end of 2023 (more than double from the end of 2022).

**Q**

**Looking forward, what low-carbon opportunities are you optimistic about?**

**A**

I'm most optimistic about the role the methanol molecule can play in supporting society's decarbonization goals and our ability to actively support the transition to a low-carbon economy through our industry leadership. As we work toward this, we remain focused on leveraging our vertically integrated supply chain and global scale to meet the growing demand for low-carbon methanol. We have been progressing work in several areas:

**1 –** For a decade we have used methanol to fuel vessels in Waterfront Shipping's fleet, and in February 2023 we took this a step further as the *Cajun Sun*, operated by Waterfront Shipping, successfully completed the first-ever net-zero voyage fuelled by biomethanol from our ISCC-certified plant in Geismar.

**2 –** We continue to demonstrate that methanol is safe to ship, store, handle and bunker, and are currently developing a strategy with further actions to support safe methanol bunkering in years to come. In 2023, we also collaborated with Stena Line and the Port of Gothenburg, Sweden to successfully complete the first non-tanker ship-to-ship fueling operation by bunkering the world's first methanol ferry, the *Stena Germanica*.

**3 –** In the traditional chemical space, we sell low-carbon methanol in Europe. We are talking with other customers on how low-carbon methanol can support them in lowering the carbon footprint of the many innovative products that can be made with methanol or its derivatives.

**4 –** We continue to pursue opportunities to make incremental, staged investments that can facilitate the transition of our existing assets to produce low-carbon methanol, including carbon capture, utilization and storage in Medicine Hat and Geismar, producing biomethanol from renewable natural gas and studying how we could use renewable electricity to produce green hydrogen and combine it with CO<sub>2</sub> to produce e-methanol at an existing plant. To demonstrate our commitment, we invested \$2 million on feasibility work for future technologies in 2023 and have set a target to advance at least one low-carbon project into Pre-FEED (Preliminary Front End Engineering and Design) in 2024.

**Q**

**Are there any closing remarks you would like to give the readers of this report?**



**Rich Sumner**  
President and Chief Executive Officer

**A**

Reflecting on my first year as CEO, I'm very proud of the culture and commitment to excellence at Methanex which I've seen demonstrated through my many interactions with global team members and leaders throughout the year. I'm also very grateful to be working with this highly talented and collaborative executive leadership team, as we established our new leadership team in 2023. At the same time, we continued to drive and maintain our focus on executing our strategy, which includes so many important sustainability initiatives. As such, I am very pleased to present Methanex's 2023 Sustainability Report which allows us to demonstrate our ongoing commitment to integrating sustainability into our business activities and share some of the exciting achievements happening across our company.

**ACTIVELY SUPPORTING THE TRANSITION TO A LOW-CARBON ECONOMY**

**"I'm most optimistic about the role the methanol molecule can play in supporting society's decarbonization goals and our ability to actively support the transition to a low-carbon economy through our industry leadership."**

# 2023 Highlights

We are proud to share some of our 2023 accomplishments, made possible by the hard work and collective effort of our team members. During this year, we progressed construction of our Geismar 3 (G3) project, progressed our planning for the transition to a low-carbon economy, and continued to demonstrate our unwavering commitment to safety and the communities where we operate.



**3**

We received three Responsible Care® awards from the Chemistry Industry Association of Canada, including the Company of the Year award.

**64%**

of independent directors on our Board identify as being from underrepresented groups\*.

\*Women, Aboriginal Peoples, persons with disabilities, visible minorities, or LGBTQ+.

**725**

jobs created through our nine-year partnership with the International Labour Organization in Damietta, Egypt.

**8th**

consecutive Grand Slam Award from the Association of American Railroads for our 2022 rail performance in North America.



**>8.5 MILLION**  
hours worked with no Days Away From Work cases at our Geismar 3 project.



# About Methanex

**~12%**

Methanex is the global methanol leader, selling more than 11 million tonnes of methanol in 2023, representing approximately 12 per cent of the global market share.

In the last thirty years, we have grown from a single production facility to the world's largest producer and supplier of methanol.



# About Our Business

**Methanex Corporation is the world’s largest producer and supplier of methanol to major international markets in Asia Pacific, North America, Europe and South America. Our methanol production sites are located in the United States, New Zealand, Trinidad, Chile, Egypt and Canada. Methanex is headquartered in Vancouver, Canada, and the company’s common shares trade on the Toronto Stock Exchange under the symbol MX and on the NASDAQ Global Select Market under the symbol MEOH.**

Our subsidiary, Waterfront Shipping Limited<sup>1</sup>, is a global marine transportation company specializing in the safe, responsible and reliable transport of methanol and clean petroleum products to major international markets in Asia Pacific, North America, Europe and South America. We operate Waterfront Shipping’s fleet of 30 vessels mostly through long-term time charters, with 50 per cent ownership of five of the 30 vessels.

## **WE STRIVE TO BE A SAFE, SUSTAINABLE, SECURE AND GLOBAL METHANOL LEADER**

Our vertically integrated global capabilities and commitment to the Responsible Care® Ethic and Principles for Sustainability help us maintain market leadership and drive our competitive advantage: providing a safe, sustainable, and secure supply of methanol to customers around the world.

**Safe:** The relentless focus on the safety of our team members, customers and communities helps make us a supplier of choice.

**Sustainable:** Our suite of sustainability commitments motivates us to continually improve in key areas including safety, GHG emissions, equity, diversity and inclusion, and risk management.

**Secure:** The scale and location of our operations along with our vertically integrated distribution through Waterfront Shipping, enables us to keep customers supplied and respond quickly to global events.

**Global:** We are the global market leader in the supply of methanol and the only methanol supplier with well-established production facilities and sales in all major regions.

**Now and in the Future:** Methanol is a hard-to-replace chemical building block and a cleaner-burning fuel. There are several pathways to produce low-carbon methanol, which we are progressing as part of our approach to the transition to a low-carbon economy.

We make an **essential product** that improves everyday life and provides solutions for a sustainable future.



<sup>1</sup> Mitsui O.S.K Lines, Ltd. has a 40 per cent minority interest in Waterfront Shipping Limited.

# How We Create Value

## Key Resources

In order to produce methanol, we need natural resources, energy and the expertise and talent of our global team.

**\$6.4 BILLION**  
in total assets

**~291**  
PJ natural gas/year

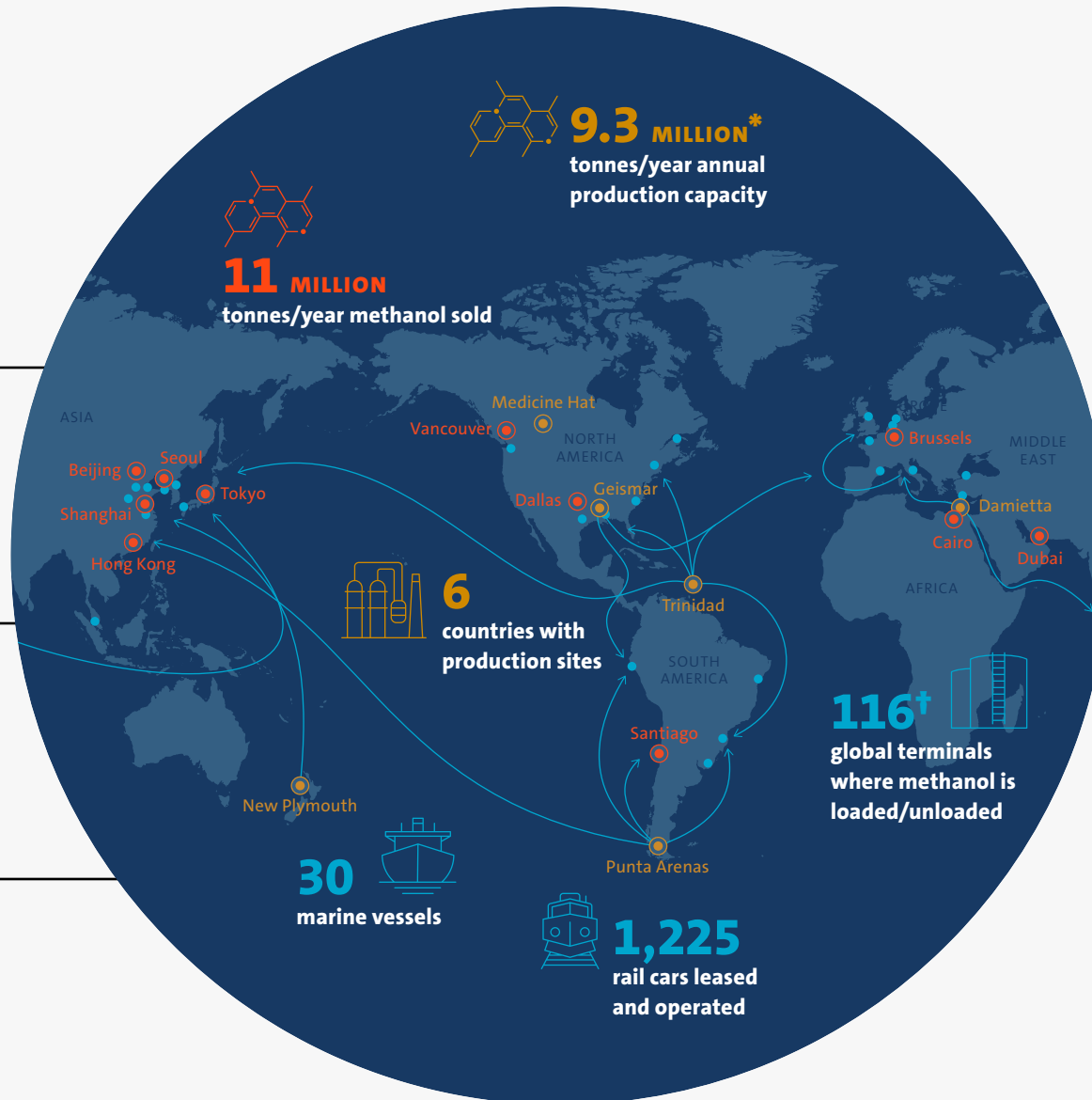
**~462**  
GWh electricity/year

**~24 MILLION**  
m<sup>3</sup> of water/year

**~1,450**  
employees

## Business Activities

We safely produce, market and distribute methanol to our customers around the world.



Note: All data on this page reflects the year ending December 31, 2023.

\* Annual operating capacity reflects Methanex's interest in the Atlas facility (63.1 per cent) and Egypt facility (50 per cent).

† Includes Methanex manufacturing and third-party terminals.

## Value Created

We contribute to local economies by employing people directly and indirectly, purchasing goods and services from local suppliers, and contributing time and financial investments to the communities where we live and work.

**\$3.7 BILLION**  
in revenue

**\$244 MILLION**  
for employees  
(wages and benefits)

**\$1.7 BILLION**  
for suppliers

**\$2 MILLION**  
for communities  
(community investments)





>65%

More than 65 per cent\* of the world's methanol is used in various chemical applications, to manufacture products that enhance everyday life.

From high tech to the everyday, methanol is used to make thousands of items around the world.

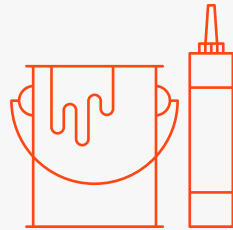
# About Methanol

\* This number includes methanol used to produce olefins.

# Methanol is Essential for Everyday Life

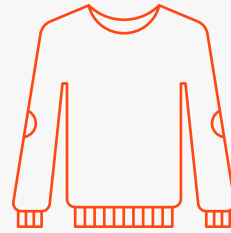
## 4.4 MILLION

m<sup>3</sup> of MDF were sold in North America in 2022



### CONSTRUCTION MATERIALS

Methanol is used to make plywood and medium-density fibreboard (MDF) and is also an essential ingredient in sealants, paints and solvents.



### CLOTHING AND TEXTILES

Chemicals made with methanol can extend the durability and life of consumer products like fleece clothing and carpeting. New applications can also make these products more easily recyclable.

## 310 MILLION

smart phone users in the U.S. in 2023

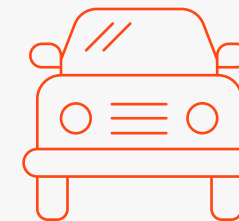


### HIGH-TECH APPLICATIONS

Methanol is used in technology that keeps us connected, like laptops and cellphones. It is also used in applications that harness clean energy, such as solar panels and wind turbines.

## Chemical End Uses

Methanol is a highly versatile chemical building block used to make thousands of everyday products.



### AUTOMOTIVE MANUFACTURING

Methanol is used in plastics that make cars lighter and more fuel efficient to reduce CO<sub>2</sub> emissions. Examples include plastic body panels, dashboard foam and plastic gears and mouldings.

## >65%

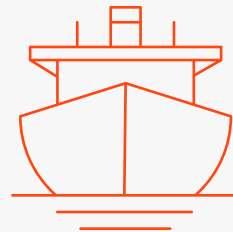
More than 65 per cent<sup>2</sup> of the world's methanol is used in various chemical applications, often to produce derivatives that are key ingredients in everyday products.

<sup>2</sup> This number includes methanol used to produce olefins.

# Methanol is Essential for Everyday Life

## MARINE FUEL

As a marine fuel, methanol can reduce emissions of SO<sub>x</sub> and PM by more than 95 per cent and NO<sub>x</sub> by up to 80 per cent. When produced using renewable sources, it can also be low-carbon on a lifecycle basis.



# >60%

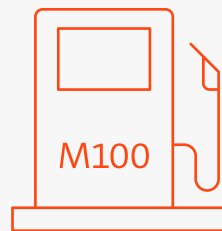
of our fleet uses methanol dual-fuel technology in 2023

# 125

of the world's largest ports already have methanol available

## VEHICLE FUEL

A cleaner-burning fuel than diesel and gasoline, methanol is used to fuel cars, buses and trucks. Methanol is also used to produce fuel additives (MTBE) to help reduce tail-pipe emissions and in the production of biodiesel which is a diesel substitute.



# ~30,000

M100 sedans (including M100 taxis and methanol hybrid passenger cars running on 100 per cent methanol) and ~4,000 heavy duty trucks were operating in China in 2023

## Energy-related End Uses

A cleaner-burning fuel, methanol can help improve local air quality. As it can be made from renewable sources, methanol fuel can also facilitate the decarbonization goals of the marine industry and other transportation sectors.

### METHANOL IS:

- ✓ Biodegradable
- ✓ Compliant with stringent emissions regulations
- ✓ Cost competitive with ultra low sulphur fuel

# ~2.6 BILLION

people around the world rely on solid biomass, kerosene, or coal as their primary cooking fuel where methanol could serve as a cleaner cooking fuel

## HEATING FOR DOMESTIC AND INDUSTRIAL APPLICATIONS

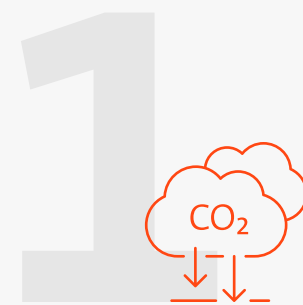
Methanol can help improve local air quality by reducing air emissions compared to traditional fuels such as diesel or coal. Methanol-fuelled boilers in China generate heat and steam for industrial applications, and methanol provides a heat source for commercial and residential applications like kilns and cooking stoves.



# Methanol's Role in the Low-carbon Economy

As society and industry commit to decarbonization, the world faces a dilemma: while demand for petrochemicals and global transportation of goods is growing, so are the expectations to reduce or eliminate the GHG emissions from these products and activities.

Methanol has a unique opportunity to help with the transition to a low-carbon economy, in both decarbonizing downstream chemical products and marine and other fuels. Here are three key reasons why we believe methanol has an important role to play in the low-carbon economy.



## METHANOL HAS MULTIPLE DECARBONIZATION PATHWAYS AVAILABLE

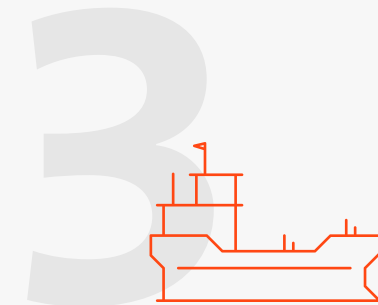
No matter how it is produced, methanol is the same essential chemical building block that can be used in multiple chemical and fuel-related applications. Methanol can also be made from renewable sources, thereby supporting the long-term decarbonization of the transportation sector and the chemicals that make modern life possible. The ability to blend conventional and low-carbon methanol allows for gradual introduction of low-carbon methanol while also achieving local air quality benefits.

Renewable feedstocks, renewable energy sources and new technologies to produce low-carbon methanol are available and rapidly advancing. For example, biomethanol can be produced today from renewable natural gas using existing assets, as we have proven at our Geismar location. Technologies to produce low-carbon methanol (learn more on page 27) are available and can be integrated into existing facilities or be developed as standalone projects, leaving economics and customer commitment as the main challenges to overcome.



## METHANOL CAN LEVERAGE EXISTING INFRASTRUCTURE

One of the greatest challenges in achieving the transition to a low-carbon economy is the massive investment required in new energy infrastructure. Methanol is widely available around the world today and can leverage existing production facilities, as well as storage and transportation infrastructure. Methanol is liquid at ambient temperature and pressure, which allows it to make use of existing tankers, storage tanks and pipelines around the world. Finally, engine designs require relatively minor modifications to use methanol as fuel in cars, trucks, and ships, making a transition to methanol relatively easy and more affordable.



## METHANOL CAN SUPPORT THE DECARBONIZATION OF THE SHIPPING INDUSTRY

While shipping is the most energy-efficient way to carry cargo (in terms of energy use per tonne-kilometre transported), it accounts for three per cent of global CO<sub>2</sub> emissions. Transitioning maritime shipping to lower-carbon fuels could have tremendous economic and environmental benefits. Using conventional methanol as a fuel significantly reduces air emissions such as SO<sub>x</sub>, NO<sub>x</sub>, and particulate matter during combustion. Biomethanol and e-methanol provide a “future-proof” pathway to achieve societal decarbonization goals as they can be low-carbon on a lifecycle basis. Multiple methanol production pathways allow for supply to grow and will help shipping companies meet the increasingly strict emissions regulations to 2050.

Methanol is essential to everyday life today, and a pathway to a low-carbon future.

# Our Approach

4

Four strategic material topics were confirmed by our Investors and other stakeholders as part of our materiality assessment conducted in 2023: Transition to a low-carbon economy, GHG emissions and energy use, employee and contractor safety, and process safety.

# Our Approach

As the global leader in the methanol industry, we aim to lead the industry in the transition to a low-carbon economy. Our approach to sustainability supports that goal, while creating long-term value for our shareholders, providing solutions for our customers, inspiring our team members and contributing to our communities. Sustainability is integrated into our corporate governance, corporate strategy and risk management processes, and is a key deliverable for senior-level leaders. Accountability for sustainability performance, including climate-related matters, is embedded at the highest levels of our organization. (For details, see pages 71 to 73 and our Information Circular.)

## Our Why

We make an essential product that improves everyday life and provides solutions for a sustainable future.

## Our What

We create value through our leadership in the global production, marketing and delivery of methanol to customers.

**We create value for our shareholders** – Since 2013, we have returned approximately \$2.4 billion to shareholders through dividends and share buybacks, and invested approximately \$4.1 billion in capital to grow our company and maintain safe and reliable assets.

**We create a different kind of energy for our team members** – Our talented team knows that by working together, we can make a powerful impact on our industry today.

**We are a preferred supplier for our customers** – We aim to provide our customers with reliable supply and develop the solutions that meet growing demand for our product in ways that support the environmental commitments of our company, industry and customers.

**We make a positive contribution to our communities** – We engage with communities and contribute to causes that are important to them. We also seek to positively impact the UN Sustainable Development Goals (see page 89).

## Our How

Our culture is central to achieving our strategy and helps to support our resilience as the world transitions to a low-carbon economy. The following elements of our culture serve as the foundation for everything we do:

**Core Values** – Trust, respect, integrity, and professionalism are at the core of our business. They guide our interactions with each other and external stakeholders and remain the high standard to which we hold ourselves.

**Responsible Care and Sustainability** – Together, our commitment to Responsible Care® (a chemical industry initiative) and our sustainability work, drive our continuous improvement and zero-harm culture. We are focused on the betterment of people’s lives and the environment in the areas of health and safety, process safety, security, quality, risk management and the communities where we operate. As part of our sustainability efforts, we focus on designing, upgrading and operating our assets to continuously improve reliability and efficiency, and achieve ongoing greenhouse gas (GHG) intensity reduction.

**Diverse and Inclusive One Team** – We believe we do our best work together, when we feel safe, respected and valued as our unique selves. We believe our commitment to equity, diversity and inclusion creates a better culture, better decisions and a better company. We are committed to continually learning and improving as an inclusive One Team across functions, regions and disciplines.



# Materiality Assessment

**With this report, we aim to provide decision-useful information to our stakeholders and therefore focus our disclosure on our most material topics. Material sustainability topics are environmental, social and governance (ESG)-related topics that can significantly impact our ability to create value and are of interest to our key stakeholders.**

In 2023, we worked with a third-party to conduct a new materiality assessment that included external stakeholder outreach (read more [on the next page](#)). During this assessment, we identified the most relevant material topics for our business and stakeholders. These topics were cross-referenced with recognized reporting frameworks (SASB, GRI and TCFD) and chemical industry peers. A key component of this assessment was an in-depth workshop involving 14 subject matter experts within Methanex who discussed and rated each topic. Subject matter experts discussed the potential impact of each of these topics on our company’s ability to create or erode value. Workshop results were then combined with the level of interest in each topic from our stakeholders (including shareholders, lenders, insurance providers, customers, communities, governments, suppliers and employees). The combined results were reviewed and approved by our Executive Leadership Team (ELT) and shared with our Board of Directors.

Our current list of material topics is outlined in Figure 1. In this report, we also include a few topics that were not considered material, but are still important and of interest to some of our stakeholders (responsible procurement, tax transparency, spills, and ecological impacts of shipping). We recognize material sustainability topics are not static and consider the influence of evolving stakeholder expectations and the changing business environment in developing our programs and efforts around these topics. To learn more about how we identify and manage our climate-related risks, see the Climate Disclosures Index ([page 99](#)).

We conducted a **new** materiality assessment in 2023, with input from external stakeholders.

**FIGURE 1 – MATERIAL TOPICS AND OTHER REPORTING TOPICS IN THIS REPORT**

SUSTAINABILITY TOPIC	POTENTIAL IMPACT ON VALUE	STAKEHOLDER INTEREST	COMBINED MATERIALITY
GHG emissions	●●●	●●●	●●●●●●●●
Transition to a low-carbon economy	●●●	●●●	●●●●●●●●
Process safety	●●●	●●●	●●●●●●●●
Employee and contractor safety	●●●	●●●	●●●●●●●●
Equity, diversity and inclusion	●●●	●●	●●●●●●●
People practices	●●●	●●	●●●●●●●
Corporate governance/Governance for ESG	●●●	●●	●●●●●●●
Risk management	●●●	●●	●●●●●●●
Cybersecurity	●●●	●●	●●●●●●●
Product safety	●●	●●●●	●●●●●●●
Transportation safety	●●	●●●●	●●●●●●●
Business ethics	●●	●●●●	●●●●●●●
Water	●●	●●	●●●●●
Waste	●●	●●	●●●●●
Air quality	●●	●●	●●●●●
Communities and Indigenous relations	●●	●●	●●●●●

# What We Heard from Our Stakeholders

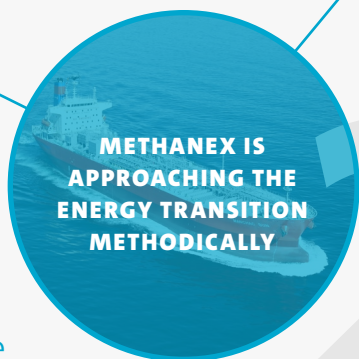
As part of our materiality assessment, we worked with a third party to interview 28 stakeholders. These individuals represented different stakeholder groups including shareholders, lenders, insurance providers, governments, customers, communities, suppliers and employees. The interviews included a topic-ranking exercise and provided an important opportunity for candid dialogue to strengthen our relationships. The following four themes emerged from these conversations:

When asked about our strengths, the majority of internal and external stakeholders mentioned our safety record and practices.



“Kudos on their work to ensure safety of workers. I’ve seen other companies; they have standard operations, but Methanex goes over and above.”

We were pleased to hear that stakeholders felt our company is taking a measured approach, evaluating options and investing in future opportunities.



“Methanex is taking a structured planning approach. It’s typical of their approach to plan, conduct studies, engage experts, evaluate options.”

3



“Energy reduction is just good business. But investing in removing carbon from processes is equally as challenging for Methanex as it is for other chemical businesses.”

Stakeholders commended our GHG intensity target and believe targets should balance reduction of emissions while maintaining profitability. Expectations around GHG emissions spanned a broad range of topics including Scope 3 disclosure, lifecycle emissions and scenario analysis, while acknowledging challenges in data collection and double counting.

4

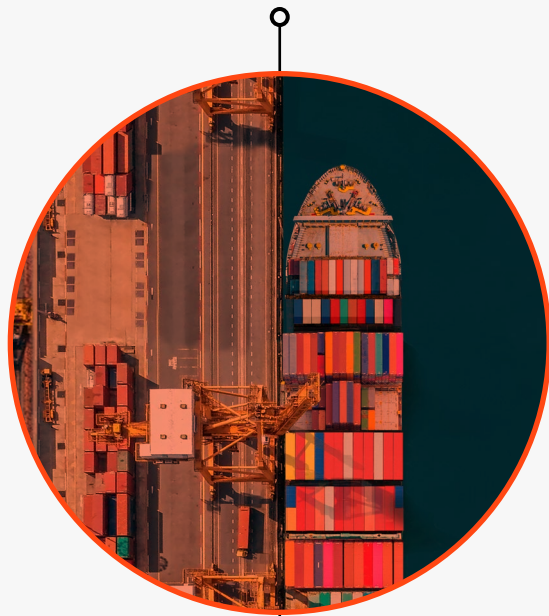


“We support Methanex’s journey. ESG is a focus area, and they want to be leaders in it. If we can help, we are more than happy to do so.”

Several stakeholders mentioned their willingness to partner to find mutually beneficial opportunities to support our GHG reduction plans.



# Our Sustainability Reporting Focus Areas



**Advancing  
Low-carbon  
Solutions**

**Protecting  
People and the  
Environment**



**Fostering Inclusion  
and Community  
Connection**



**Transporting  
Methanol Safely  
and Responsibly**



**Working with  
Integrity**



20

We have 20 performance goals to track our progress across our most relevant environmental, social and governance topics.

# Our Commitments

Our suite of sustainability commitments motivates us to continually improve.

# Looking Forward: Our Sustainability Commitments and Performance Goals



## ADVANCING LOW-CARBON SOLUTIONS

## PROTECTING PEOPLE AND THE ENVIRONMENT

## FOSTERING INCLUSION AND COMMUNITY CONNECTION

## TRANSPORTING METHANOL SAFELY AND RESPONSIBLY

## WORKING WITH INTEGRITY

### COMMITMENT

Operate and invest in our manufacturing assets to continuously improve reliability and efficiency, and achieve ongoing greenhouse gas intensity reduction.

### PERFORMANCE GOALS

- Reduce Scope 1 and Scope 2 GHG emissions intensity from manufacturing by 10 per cent by 2030 from 2019 levels.
- Quantify material Scope 3 emissions during 2024.
- Target 97 per cent or higher average overall reliability of our plants in operation.

### COMMITMENT

Invest in opportunities and new technologies to enable low-carbon methanol solutions.

### PERFORMANCE GOALS

- Advance at least one low-carbon project into Pre-FEED (Preliminary Front End Engineering and Design) in 2024.
- Enter into commercial agreements for at least 25,000 tonnes of low-carbon methanol in 2024.
- Sign at least three new commercial agreements to supply methanol as a marine fuel by 2025.

### COMMITMENT

Continuously improve our personal and process safety performance, striving to achieve zero harm.

### PERFORMANCE GOALS

- Continually lower our five-year rolling average recordable injury rate.
- Achieve zero Severe Injury or Fatality (SIF) incidents annually.
- Achieve zero major incidents for process safety (i.e., Tier 1) annually.

### COMMITMENT

Continuously improve our resource management performance to minimize our impact on the environment.

### PERFORMANCE GOAL

- Achieve zero significant (major or serious) environmental spills annually.

### COMMITMENT

Embed a culture of equity and inclusion that enhances diversity across our company and strengthens the connection with our communities.

### PERFORMANCE GOALS

- Review and revise our performance management program to mitigate bias and embed inclusive behaviours in 2024.
- Embed equitable hiring practices across our recruitment processes in 2024.
- Develop a consistent approach in reporting diversity metrics across all regions in 2024.

### COMMITMENT

Maintain the highest industry standards for safe and sustainable methanol transportation.

### PERFORMANCE GOALS

- Achieve zero reportable transport safety incidents (for methanol that we handle) annually.
- Complete safety visits on 100 per cent of our time charter vessels, annually.
- Reach at least 130 organizations through our product stewardship programs to promote the safe and sustainable handling and use of methanol.

### COMMITMENT

Consistently demonstrate high standards of integrity across our company.

### PERFORMANCE GOALS

- Conduct a corporate internal Responsible Care audit at each manufacturing location, once every three years.
- All marketing and logistics regions receive antitrust training annually.
- All employees and Methanex Board members complete ethics/Code of Business Conduct and Respectful Workplace training annually.
- All employees complete cybersecurity training annually.

# Looking Back: Our 2023 Sustainability Scorecard

- Achieved
- In Progress
- Not Achieved

We are proud of our work in 2023 to progress our sustainability practices and performance, presented in our scorecard (below). Details about our initiatives and performance can be found in the rest of this report.

OUR COMMITMENT	STATUS	PROGRESS
<b>Advancing Low-carbon Solutions</b>		
Reduce Scope 1 and Scope 2 GHG emissions intensity from manufacturing by 10 per cent by 2030 from 2019 levels.		Our 2023 Scope 1 and 2 GHG intensity is five per cent lower than 2019 levels. Read more on <a href="#">page 24</a> .
Invest \$15 million of capital into energy efficiency and reliability projects with GHG reduction benefits at existing sites between 2023 and 2024.		Achieved. Read more on <a href="#">page 24</a> .
Target 97 per cent or higher reliability of our existing assets, which will maintain or decrease current GHG emissions.		We fell short of our goal and our plants achieved 95.9 per cent reliability for 2023. Read more about the reasons for this on <a href="#">page 25</a> .
In 2023, invest \$2 million to evaluate the feasibility of: <ul style="list-style-type: none"> <li>– Carbon capture and storage (CCS) for our North American assets.</li> <li>– Lower emissions intensity options for future plants.</li> <li>– Integrating e-methanol technology into our existing assets.</li> </ul>		Achieved. Read more on <a href="#">page 27</a> .
By the end of 2023, purchase or produce carbon-neutral methanol to supply at least two methanol sales contracts.		Achieved. Read more on <a href="#">page 35</a> .
Sign at least three new commercial agreements to supply methanol as a marine fuel by 2025.		We have memorandums of understanding in place with several shipping companies and are well positioned to achieve this goal. Read more on <a href="#">page 32</a> .
<b>Protecting People and the Environment</b>		
Achieve zero significant (major or serious) environmental spills annually.		Achieved. Read more on <a href="#">page 49</a> .
Complete evaluation of opportunities for air quality improvement projects to reduce NO <sub>x</sub> and VOCs at all sites.		Achieved. Read more on <a href="#">page 46</a> .
Continually lower our five-year rolling recordable injury rate average.		Achieved. Read more on <a href="#">page 40</a> .
Achieve zero Severe Injury or Fatality (SIF) incidents annually.		Achieved. Read more on <a href="#">pages 40 and 93</a> .
Achieve zero major incidents for process safety (i.e., Tier 1) annually.		We had two tier 1 process safety incidents. Read more on <a href="#">page 44</a> .

OUR COMMITMENT	STATUS	PROGRESS
<b>Fostering Inclusion and Community Connection</b>		
Execute a three-year Diversity and Inclusion roadmap across all global Methanex sites.		We have progressed several actions and are advancing towards our goal of a more equitable, diverse and inclusive workplace. Read more on <a href="#">page 53</a> .
Increase our community investments by 30 per cent by 2024 from 2022.		Our community investment is 51 per cent higher than in 2022 and we aligned our efforts with specific Sustainable Development Goals (SDGs). Read more on <a href="#">pages 57 to 58</a> .
<b>Transporting Methanol Safely and Responsibly</b>		
Achieve zero reportable transport safety incidents (for methanol that we handle) annually.		Achieved. Read more on <a href="#">pages 64 and 93</a> .
Complete safety visits on 100 per cent of our time charter vessels, annually.		Achieved. Read more on <a href="#">page 65</a> .
Reach at least 130 organizations through our product stewardship programs to promote the safe and sustainable handling and use of methanol.		Achieved. Read more on <a href="#">page 62</a> .
<b>Working with Integrity</b>		
Conduct a corporate internal Responsible Care audit at each manufacturing location, once every three years.		Achieved. Read more on <a href="#">page 73</a> .
All marketing and logistics regions receive antitrust training annually.		Achieved. Read more on <a href="#">page 83</a> .
All employees and Methanex Board members complete ethics/Code of Business Conduct and Respectful Workplace training annually.		Achieved. Read more on <a href="#">page 81</a> .
All employees complete cybersecurity training annually.		Achieved. Read more on <a href="#">page 85</a> .



# Advancing Low-carbon Solutions

**COMMITMENT**

Invest in opportunities and new technologies to enable low-carbon methanol solutions.

**COMMITMENT**

Operate and invest in our manufacturing assets to continuously improve reliability and efficiency, and achieve ongoing greenhouse gas intensity reduction.

**>250**

More than 250 dual-fuel methanol ships are currently on order.

# How We Produce GHG Emissions

**Our operations generate greenhouse gas (GHG) emissions directly and indirectly through the production, distribution, and use of our product.**

## GHG EMISSIONS FROM MANUFACTURING

Natural gas combustion in the reforming stage of our manufacturing process represents the primary source of GHG emissions from our operations. Specifically, the chemical reactions required to produce methanol require energy and high heat, up to approximately 900°C to 1,000°C.

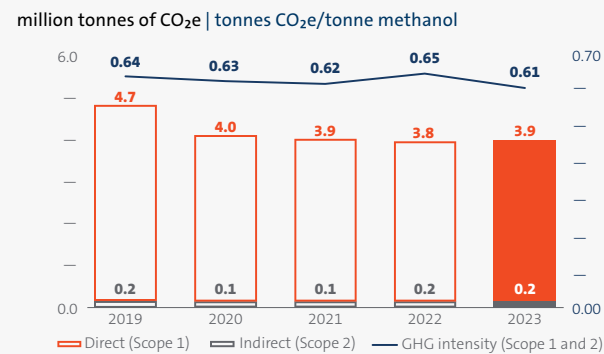
The majority of the methanol industry today uses coal or natural gas as its energy source. Methanex only uses natural gas in our production process, which generates a GHG emissions intensity that is, on average, five times lower than methanol produced with coal.

Multiple factors determine the emissions intensity (CO<sub>2</sub>e/tonne of methanol) of our manufacturing process from year to year. These include reforming technology, process efficiency, fuel composition, age of catalyst, natural gas supply, the source of purchased electricity and steam, and the age, design and reliability of our facilities.

One of our sites also has a selective catalytic reduction unit to reduce NO<sub>x</sub> that we identified in 2023 as a source of nitrous oxide (N<sub>2</sub>O) (a greenhouse gas) as a result of an unexpected chemical reaction. We are working to quantify this emission source through further stack tests and engineering studies planned for 2024, and to reduce this source of N<sub>2</sub>O.

We continually work to reduce GHG emissions from our production. Read the following pages for details on our approach to reduce our emissions.

## GHG EMISSIONS FROM MANUFACTURING (EQUITY SHARE)



We have decreased our GHG intensity by five per cent since 2019 (towards our target of 10 per cent by 2030). The decrease in 2023 is primarily driven by improved emissions intensities at all manufacturing sites due to fewer unplanned plant outages.

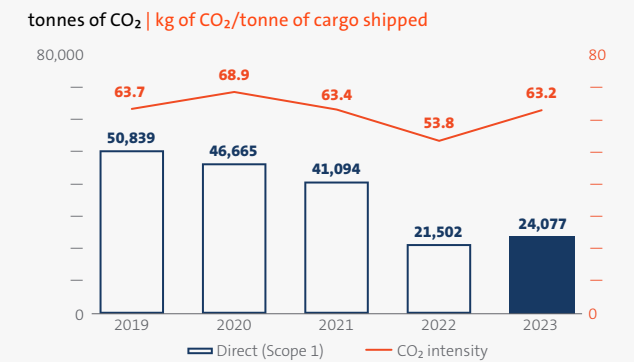


## GHG EMISSIONS FROM METHANOL SHIPPING

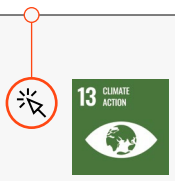
Waterfront Shipping (WFS) is a subsidiary of Methanex Corporation that specializes in the safe, responsible and reliable transport of methanol and backhaul of clean petroleum products, from time to time. WFS transports approximately 85 per cent of Methanex's produced methanol to customers around the world and is a key component of our integrated global supply chain.

When WFS transports methanol to our customers worldwide, the vessels generate CO<sub>2</sub> emissions. Marine transport carbon intensity (CO<sub>2</sub> emissions per tonne of cargo shipped) is influenced by numerous factors, including the distance of trade routes for our methanol cargo, as well as ship technology and operating efficiency. For details on how we work to reduce emissions from shipping, see [page 26](#).

## GHG EMISSIONS FROM WATERFRONT SHIPPING (EQUITY SHARE)



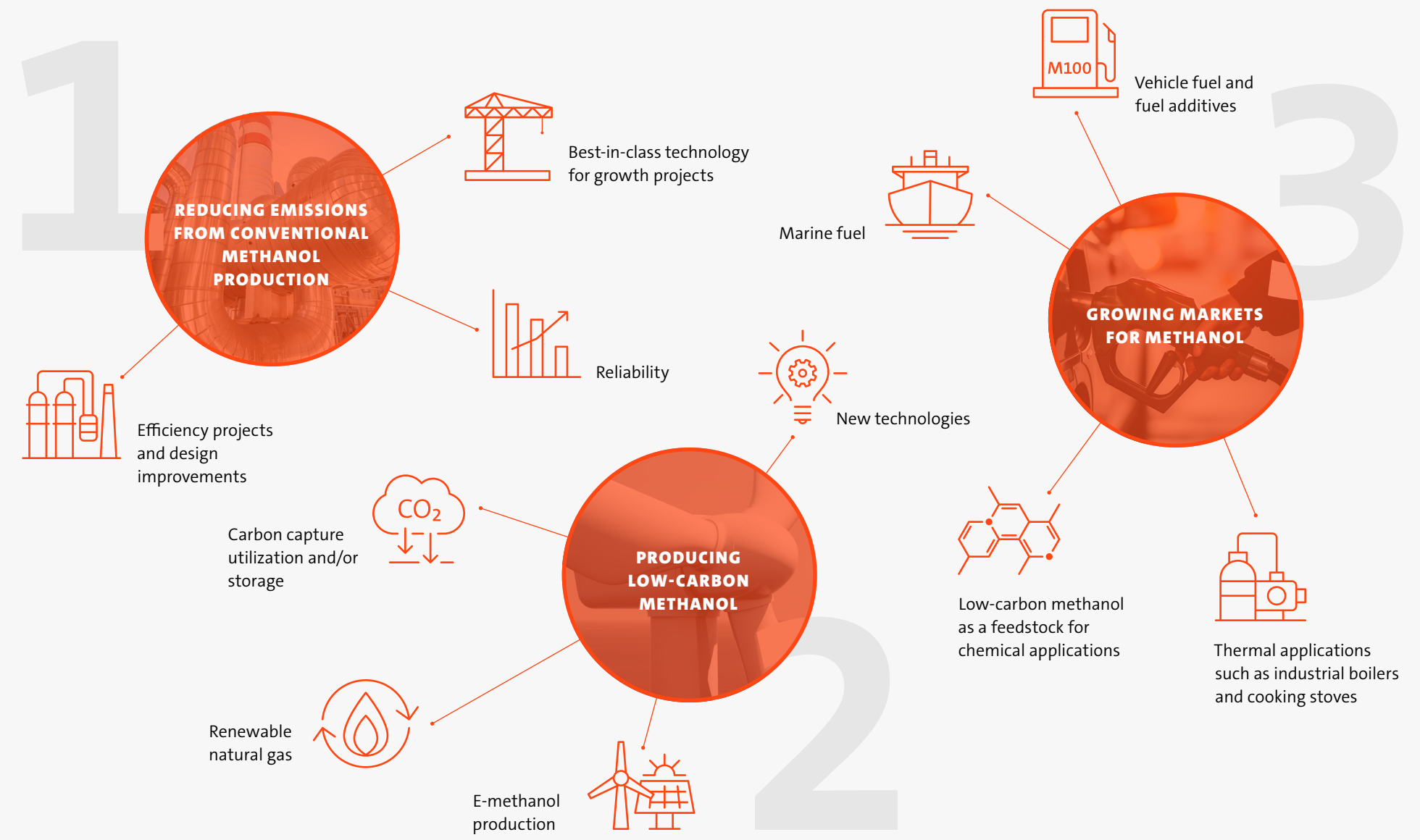
While we have improved our emissions intensity since 2019, we saw an increase in 2023 from 2022. This is primarily due to longer voyages as a result of cargo sourcing shifts and disruptions at the Panama Canal. This resulted in an increase in fuel consumption in 2023 compared to 2022. Waterfront Shipping's equity share is based on its 50 per cent ownership in 5 vessels in its fleet, and MOL's acquisition of 40 per cent of Waterfront Shipping in 2022.



# Methanex's Approach to a Low-carbon Future

**We are committed to playing an active role in the transition to a low-carbon economy by leveraging our existing production assets and collaborating with government and industry. Our objective is to drive solutions that can meet the growing demand for our product in ways that support the environmental commitments of our company, industry and customers.**

Three priorities guide our approach to the transition to a low-carbon economy: reducing emissions from conventional methanol production, producing low-carbon methanol, and growing markets for methanol.



# Reducing Emissions from Conventional Methanol

**Methanex is taking concrete steps to achieve our 10 per cent GHG intensity reduction target by 2030, exploring multiple pathways to reduce the carbon intensity of our existing methanol plants. We continue to focus on plant efficiency, plant reliability, and are identifying ways to upgrade our existing facilities to improve energy efficiency and lower GHG emissions. These efforts have already resulted in a five per cent decrease in emissions intensity since 2019. We carried out a preliminary assessment of our Scope 3 GHG emissions in 2023, which has identified key sources of emissions as natural gas and third-party purchased methanol. In 2024, we will carry out work to quantify these sources.**

Efficiency projects have helped us avoid **60,000 tonnes** of CO<sub>2</sub>e per year.



### PERFORMANCE GOALS

- Reduce Scope 1 and Scope 2 GHG emissions intensity from manufacturing by 10 per cent by 2030 from 2019 levels.
- Quantify material Scope 3 emissions during 2024.



## 1. EFFICIENCY PROJECTS AND DESIGN IMPROVEMENTS

For the last three years, we have taken a systematic approach to identifying, evaluating and implementing efficiency and emissions reduction projects. After considering estimated emissions reductions, cost, and timing considerations (e.g., they require a plant turnaround<sup>3</sup> to complete), we began implementing a suite of projects in 2022.

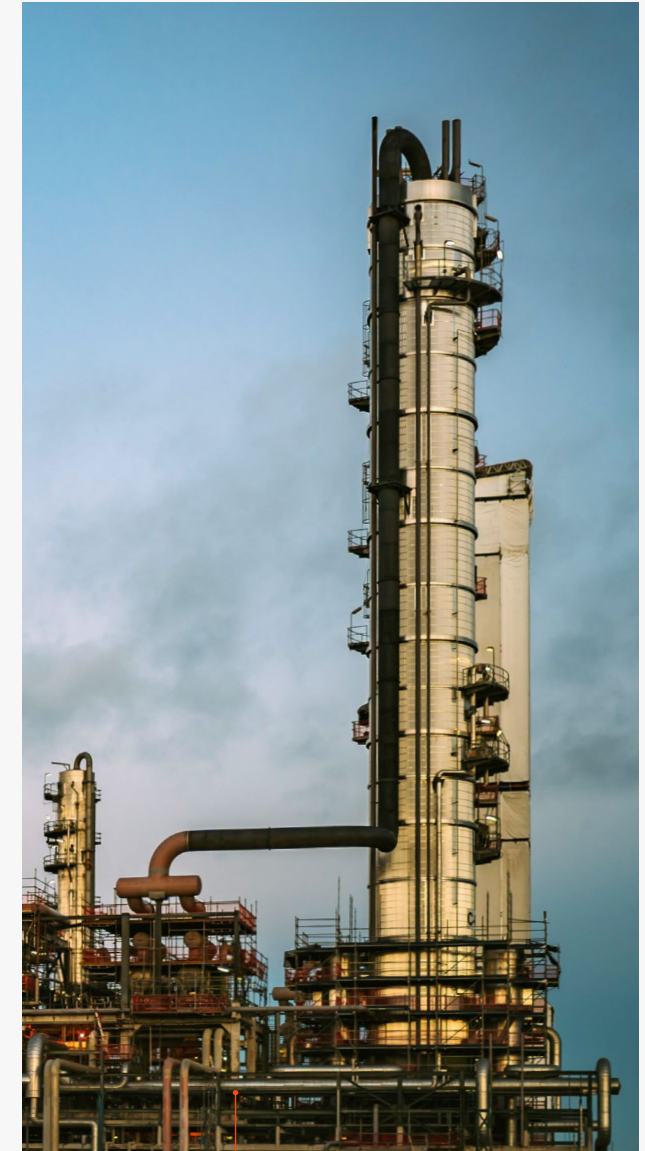
Multiple potential projects were initially identified by our manufacturing sites for evaluation and screening. We have completed six projects to date and are continuing to consider and develop other projects.

We anticipate the process or equipment upgrades from projects completed in 2022 and 2023 will help us avoid approximately 60,000 tonnes of CO<sub>2</sub>e per year. In 2023, we invested more than \$15 million of capital into energy efficiency and reliability projects with GHG reduction benefits at existing sites. Although we achieved our target, we will continue to incorporate other projects into future capital budgets.

One of the projects we completed was at our Atlas plant. The project optimized usage of purge gas, improving our overall gas efficiency. It is estimated this optimization will avoid a total of approximately 42,000 tonnes of CO<sub>2</sub>e from 2023 until October 2024 when we switch operations in Trinidad to our Titan plant.

We also completed an efficiency project for each of our two distillation columns in Motunui, New Zealand. By incorporating advanced technology into the distillation process, we have increased our distillation capacity for these two columns, avoiding the need for a third column, and thereby avoiding up to 50,000 tonnes of CO<sub>2</sub>e per year, the equivalent of taking 20,000<sup>4</sup> cars off the road.

Another way we can reduce emissions is by optimizing chemical processes through the use of different catalysts<sup>5</sup>. Our Medicine Hat facility is currently operating with a new methanol synthesis catalyst. Its lower deactivation rate can improve overall efficiency, lower emissions and potentially optimize the timing of our plant turnaround cycles. The initial performance of the new catalyst is promising, and we are evaluating the potential for application at other sites.



By improving the efficiency of our two distillation columns in Motunui, we have avoided up to 50,000 tonnes of CO<sub>2</sub>e per year.

<sup>3</sup> A turnaround is a planned outage at a manufacturing plant to conduct major maintenance, replace equipment and change catalysts.  
<sup>4</sup> Calculation based on current average emissions per car as per the [Government of New Zealand](#) and current average kilometers driven per car as per the [Energy Efficiency & Conservation Authority](#).  
<sup>5</sup> The chemical reaction process to produce methanol requires the use of catalysts. Catalysts degrade over time and, depending on the technology, need to be changed every four years on average.



**2. RELIABILITY**

Reliability measures the time a plant is in operation without unplanned shutdowns (excluding days lost for third-party business-related reasons, such as interruptions in utility supply or lack of feedstock). Lower reliability levels as a result of many plant start-ups and shutdowns increases emissions because the safe start-up and shutdown of methanol production facilities requires the flaring of some natural gas from the system. To maintain high reliability, we focus on preventive maintenance, condition monitoring for critical assets, and risk-based inspection for static equipment. Our 2023 global plant reliability was 95.9 per cent, which was below our reliability target of 97.0 per cent due to an unplanned outage at our Egypt plant in mid-October caused by a mechanical failure in the synthesis gas compressor. While a longer outage like this impacts our reliability, it does not increase emissions.

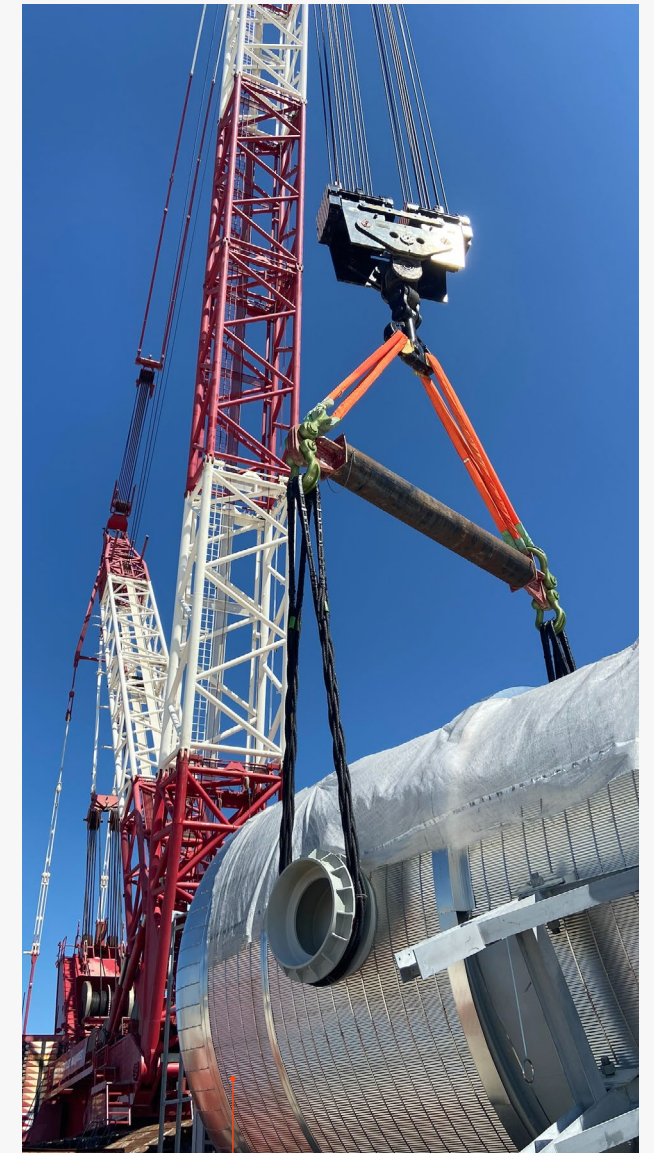
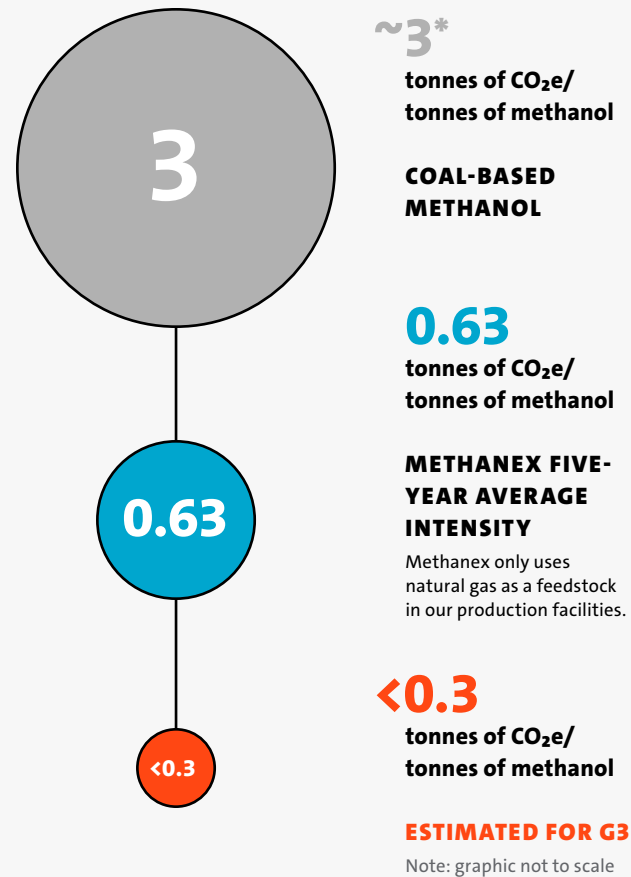
**3. BEST-IN-CLASS TECHNOLOGY FOR GROWTH PROJECTS**

We look for opportunities to simultaneously grow production and reduce GHG intensity by using our existing assets in innovative ways. Our G3 project in Geismar is adjacent to our existing G1 and G2 plants and uses shared infrastructure that creates material capital and operating cost advantages. G3 is expected to have one of the lowest CO<sub>2</sub> emissions intensity profiles in the methanol industry, primarily due to the leveraging of excess hydrogen from purge streams from our G1 and G2 plants, combined with the utilization of efficient autothermal reforming (ATR) technology and the third party supply of oxygen to the facility.

As part of our GHG emissions forecasting, we have refined our estimate of G3's expected emissions intensity. Once in full operation, G3 will be capable of producing 1.8 million tonnes of methanol annually with one of the lowest CO<sub>2</sub> intensities in the industry (Scope 1 and 2 emissions are less than 0.3 tonnes of CO<sub>2</sub>e per tonne of methanol).

**PERFORMANCE GOAL**  
 → Target 97 per cent or higher average overall reliability of our plants in operation.

**FIGURE 2 – COMPARATIVE SCOPE 1 AND 2 EMISSIONS INTENSITY FOR METHANOL**



○ We estimate G3's CO<sub>2</sub> emissions intensity to be less than 0.3 tonnes of CO<sub>2</sub>e per tonne of methanol, one of the lowest in the industry.

\* Methanol Institute (2022). 'Carbon Footprint of Methanol'. Available at [https://www.methanol.org/wp-content/uploads/2022/01/CARBON-FOOTPRINT-OF-METHANOL-PAPER\\_1-31-22.pdf](https://www.methanol.org/wp-content/uploads/2022/01/CARBON-FOOTPRINT-OF-METHANOL-PAPER_1-31-22.pdf)



### MANAGING EMISSIONS FROM METHANOL SHIPPING

Waterfront Shipping works to reduce CO<sub>2</sub> emissions from shipping in three ways:

#### Methanol-fueled vessels that exceed stringent emissions regulations

As part of our ongoing vessel replacement program, we regularly replace older vessels with newer, more fuel-efficient vessels. As society transitions to a low-carbon economy, we are also prioritizing innovation in methanol as marine fuel. As of December 2023, Waterfront's fleet includes 19 dual-fuel vessels that can run on either diesel or methanol. This means that more than 60 per cent of Waterfront Shipping's vessel fleet can now be powered by methanol. To read about the benefits of methanol as a marine fuel see [page 32](#) of this report.

Waterfront's fleet includes **19 dual-fuel vessels** that can run on methanol.



**Optimized shipping by carrying backhaul cargo** – After delivering methanol to its intended destination, our ships can also carry “backhaul” cargo (e.g., petroleum products such as gasoline or diesel) on their return voyage, rather than returning empty. By carrying cargo on both legs of the voyage and using fuel as efficiently as possible, we can reduce Waterfront Shipping's CO<sub>2</sub> emissions intensity.

**Ship modifications or improvements** – We also employ the following strategies to reduce emissions generated by our shipping activity:

- **Propeller boss cap fins:** A small propeller is installed on the cap of the ship's large propeller, which increases efficiency while providing the same power. In 2023, we conducted a study to measure the fuel consumption reduction associated with this technology. The study concluded that a three per cent improvement in efficiency was achieved due to the installation of the propeller boss cap fins. A total of 19 Waterfront vessels have this technology installed (as at the end of 2023). We are now recommending that our other time charter vessel operators install this technology.
- **Speed reductions:** We reduce vessel speed, when possible, to improve fuel efficiency and reduce emissions.

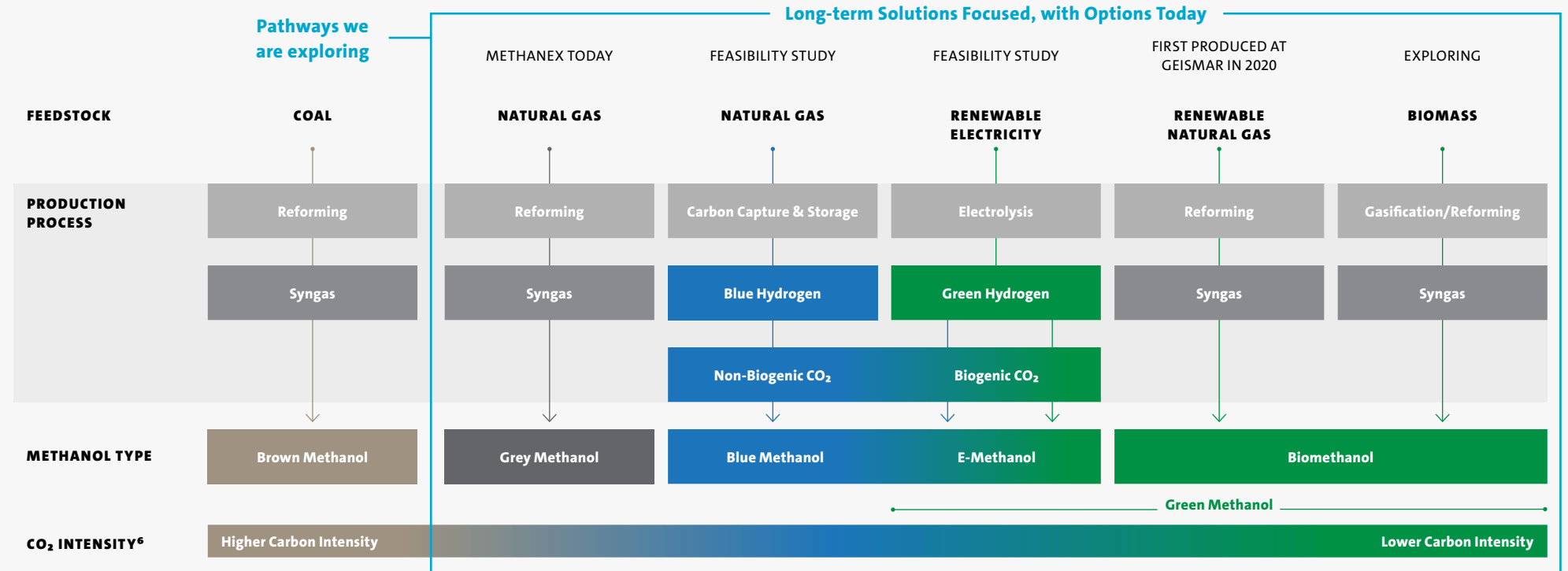
# Producing Low-carbon Methanol

**PERFORMANCE GOAL**  
 → Advance at least one low-carbon project into Pre-FEED (Preliminary Front End Engineering and Design) in 2024.

While today we produce methanol from natural gas, methanol can also be made from renewable sources, such as renewable natural gas, biomass, and green hydrogen combined with recycled carbon dioxide. We are committed to pursuing opportunities to make incremental, staged investments that could facilitate the transition of our existing assets, where feasible, to produce low-carbon methanol.

Our manufacturing facilities have a lifespan of several decades, and the process to make methanol remains largely the same regardless of feedstock used. For these reasons, modifying existing assets to produce low-carbon methanol is more cost effective and can have a lower environmental impact than building new facilities. In addition, pursuing staged investments allows us to adjust production based on product demand and feedstock availability. Our approach to these pathways, outlined on the diagram on the right, will position us to meet our customers' needs as demand for low-carbon methanol develops.



While methanol can be produced from different feedstocks and by using different energy sources, the resulting methanol is always chemically identical and can be used for the same applications.

**Brown Methanol:** from coal, a non-renewable feedstock, which is approximately five times higher in carbon intensity than methanol produced using natural gas.

**Grey Methanol:** from natural gas, a non-renewable/fossil fuel feedstock.

**Blue Methanol:** conventional methanol process with an integrated carbon capture and storage (CCS) scheme, or a process which uses green hydrogen as a fuel but does not incorporate a renewable source of CO<sub>2</sub>.

**Green Methanol can be:**  
**E-Methanol:** Green hydrogen (i.e., hydrogen produced with renewable electricity) is combined with CO<sub>2</sub> captured from renewable sources (e.g., via bioenergy with CCS or Direct Air Capture).

**Biomethanol:** from renewable natural gas (sourced from landfills, sewage plants or animal manure farms) or biomass. Potential sustainable biomass feedstocks include but are not limited to (i) forestry and agricultural waste/byproducts, (ii) municipal solid waste and (iii) black liquor from the pulp and paper industry.

<sup>6</sup> Modified from: IRENA. Reflects common terminology at the time of publication.

### 1. CARBON CAPTURE UTILIZATION AND/OR STORAGE

Conventional methanol production coupled with carbon capture and storage (CCS) produces what is known as blue methanol. CCS is the process of capturing CO<sub>2</sub> from fuel combustion or industrial processes, purifying and compressing the CO<sub>2</sub>, and transporting it via pipeline to be stored underground in deep geological formations (see illustration on the right). Some industrial processes, such as the production of methanol, also have the option to reuse the captured CO<sub>2</sub> as feedstock, known as carbon capture, utilization and storage (CCUS). Carbon capture technology holds the greatest near-term potential to materially reduce emissions from the production of methanol as it can reduce an estimated 90 per cent of Scope 1 GHG emissions.

In 2023, we identified a technology licensor, defined the plant and key equipment size requirements, refined capital costs estimates, and advanced discussions with third-party service providers for carbon transportation and storage.

Methanex has confirmed the technical feasibility of CCUS at our Medicine Hat and Geismar sites—the most promising locations for implementing this technology. Despite technical feasibility, project economics require a price premium for blue methanol and we continue to gauge customer interest.

#### Medicine Hat update

For our Medicine Hat site, we are evaluating the economic feasibility of a phased approach whereby phase 1 would capture a portion of the CO<sub>2</sub> that we produce and utilize it to produce additional methanol prior to carbon storage being available in the area. Once underground storage becomes available, we would contemplate capturing the remainder of our CO<sub>2</sub> emissions for underground storage. We will continue to monitor the development of supportive conditions for a carbon capture investment, including government incentives, customer willingness to pay, and carbon transportation and storage infrastructure in the region.

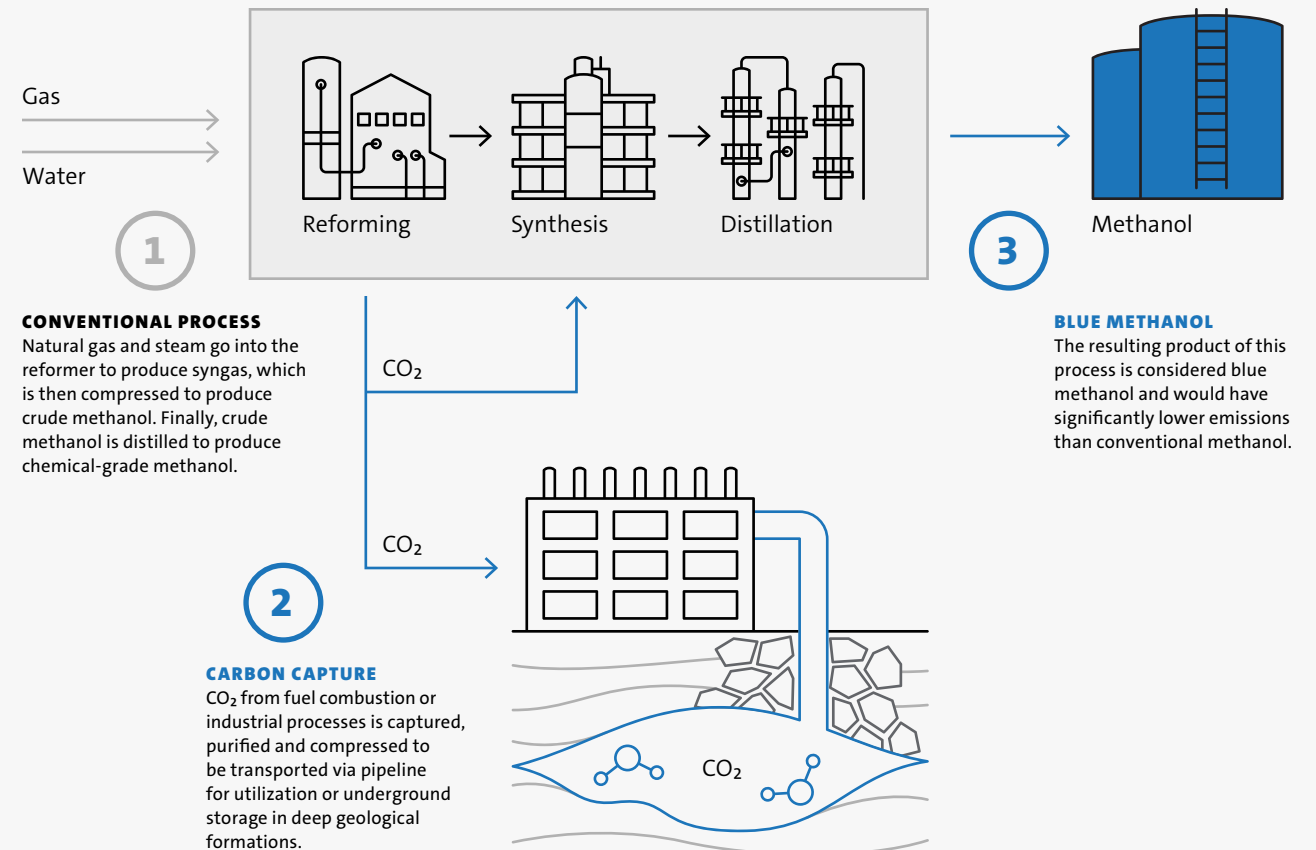
#### Geismar update

Geismar also has attractive characteristics that make it suitable for carbon capture: existing CO<sub>2</sub> pipeline infrastructure and suitable geology for the transport and storage of CO<sub>2</sub>, and the expanded tax credit for carbon capture and storage contained in the U.S. *Inflation Reduction Act*.

Methanex takes a disciplined approach to capital allocation, and we will follow our existing capital project processes to support any investment decision related to carbon capture. This includes ensuring that critical conditions are met at each stage of our capital project process before moving forward for increased engineering and commercial definition. Our feasibility studies allowed us to refine the potential scope and increase certainty around key assumptions required to progress a project to Pre-FEED (Preliminary Front End Engineering and Design).

## Using Carbon Capture in Methanol Production

One of the ways to make blue methanol is by combining a conventional methanol process with integrated carbon capture.



Note: This diagram is for illustrative purposes only and represents how carbon capture could potentially be applied at a steam-reforming methanol plant.

## 2. RENEWABLE NATURAL GAS

Using renewable natural gas or biomass in a conventional methanol process results in a form of green methanol called biomethanol. Many feedstocks can be used to produce biomethanol, such as renewable natural gas (from landfills, sewage plants, or animal farms) or biomass (from forestry and agricultural waste/byproducts, municipal solid waste, and black liquor from the pulp and paper industry). The use of cow manure to produce renewable natural gas results in methanol being carbon negative on a lifecycle basis (see illustration on the right).

Our Geismar, U.S. site and our Dallas and Brussels offices have been certified with the International Sustainability & Carbon Certification (ISCC) to produce and sell biomethanol since 2020. The ISCC process certifies the origin of the product and the chain of custody to support traceability and transparency in supply chains. This certification enables sales of biomethanol to chemical customers in Europe enabling them to produce low-carbon products like bio-based polymers. Currently, it also enables sales of biomethanol to European fuel customers under the Renewable Energy Directive II (RED II), though this pathway is being challenged by more stringent regulations in Europe that may exclude biomethanol produced from renewable natural gas outside of Europe.

In 2023, we expanded our ISCC certification to our Korea, Japan, and Hong Kong offices enabling us to sell biomethanol to customers in other global markets. Additionally, we used biomethanol produced in Geismar to fuel the Net Zero Voyage (see [page 34](#)).

While renewable natural gas costs significantly more than conventional natural gas feedstock, making biomethanol more expensive to produce, this process requires no incremental improvements or capital investments to our manufacturing facilities. Our Geismar plant remains positioned to respond to customer demand and produce biomethanol using renewable natural gas. In North America, demand for renewable natural gas continues to increase prices, therefore, we are also evaluating sources of renewable natural gas in other locations where there is less competition for this feedstock.

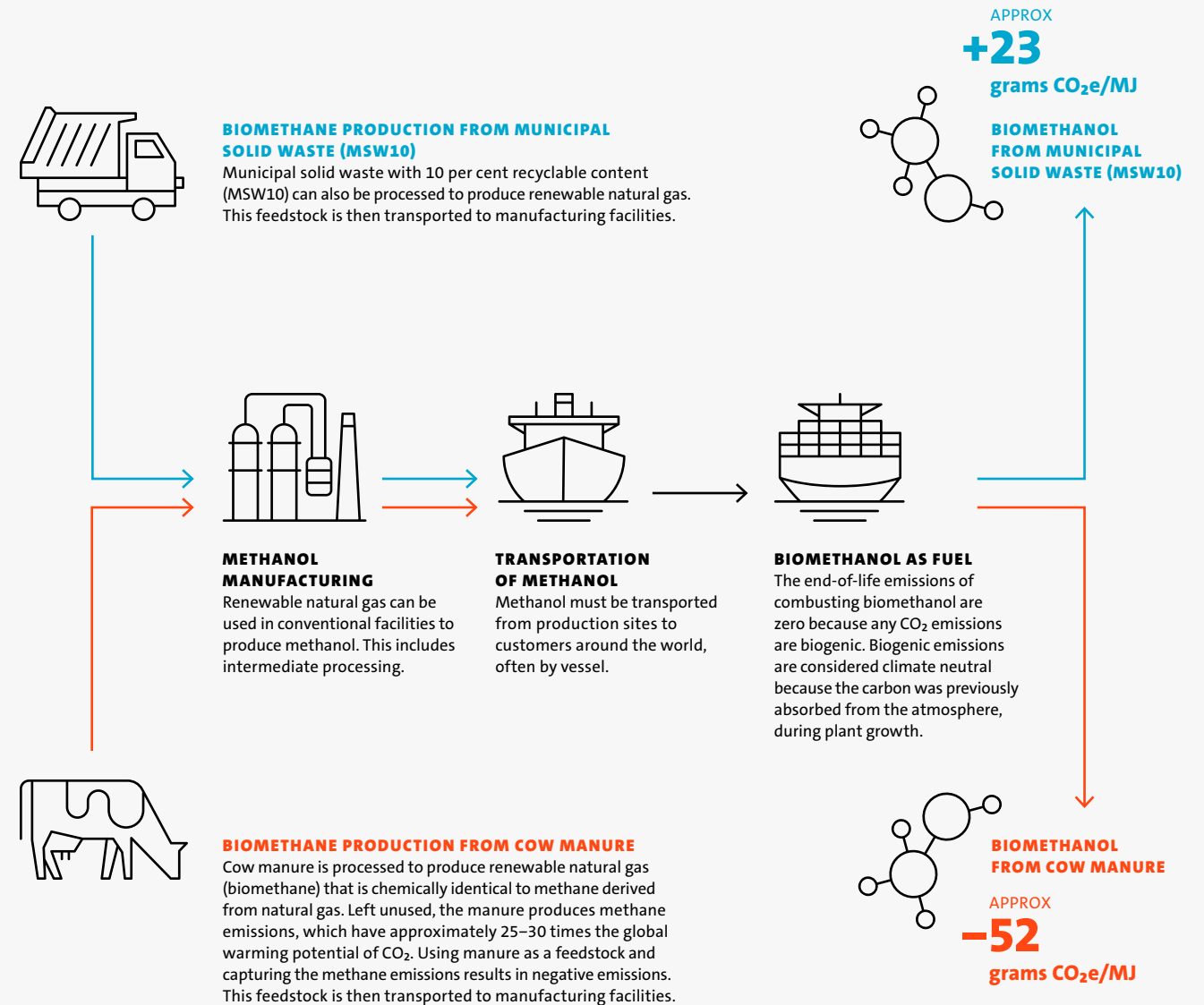
Biomethanol made from cow manure results in **negative** lifecycle emissions.

### Source of carbon intensities for the diagram on the right:

- Methanol Institute (2022). 'Carbon footprint of methanol'. Available at [https://www.methanol.org/wp-content/uploads/2022/01/CARBON-FOOTPRINT-OF-METHANOL-PAPER\\_1-31-22.pdf](https://www.methanol.org/wp-content/uploads/2022/01/CARBON-FOOTPRINT-OF-METHANOL-PAPER_1-31-22.pdf)
- Studio Gear Up (2022). 'Carbon footprint of methanol'. Available at [https://www.studiogearup.com/wp-content/uploads/2022/02/2022\\_sGU-for-MI\\_Methanol-carbon-footprint-DEF-1.pdf](https://www.studiogearup.com/wp-content/uploads/2022/02/2022_sGU-for-MI_Methanol-carbon-footprint-DEF-1.pdf)

## Lifecycle Emissions of Biomethanol Pathways

Using renewable natural gas or biomass in a conventional methanol process results in a form of green methanol called biomethanol. Renewable natural gas can be produced using many feedstocks, two different pathways are illustrated below.



### 3. E-METHANOL PRODUCTION

There are several ways to produce e-methanol (see illustration on the right for a visual description of this production process). Methanex is exploring pathways to gradually decarbonize our existing plants, including opportunities to use renewable electricity to produce green hydrogen and combine this with industrial or biogenic CO<sub>2</sub> from third parties to produce e-methanol. In the near term, we are evaluating the potential to produce e-methanol at existing facilities to allow low-carbon methanol to be more cost effectively produced alongside conventional methanol, and to match the growing market needs for low-carbon methanol.

#### E-methanol feasibility study

In 2023, we conducted a technical and economic feasibility study of incorporating electrolyzers (to produce hydrogen from renewable power) at our existing plants. The study focused on evaluating technologies and critical requirements for the economic viability of producing e-methanol, rather than the feasibility at a particular site. We evaluated different technologies and equipment vendors, outlined steps required to partially convert a conventional plant to produce e-methanol, and identified potential sources of CO<sub>2</sub>.

The study also considered the commercial viability of integrating this technology, including operating and capital costs, access to renewable feedstocks at a competitive price, and potential regulatory support. Even with existing government incentives in some jurisdictions, material price premiums would be required and we are seeing a growing appetite from customers to pay premiums for this green methanol.

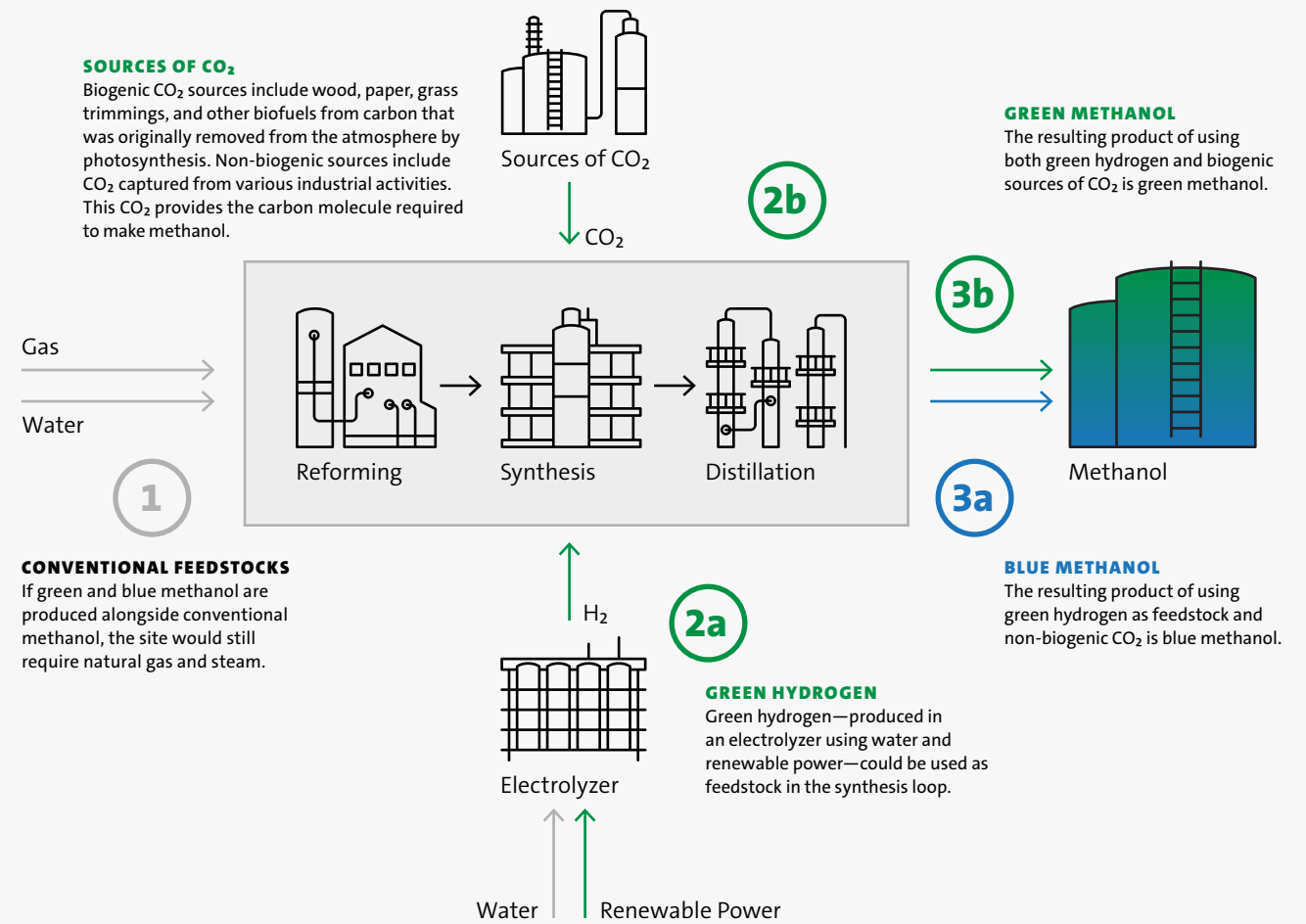
In 2024, we plan to further explore the feasibility of e-methanol specifically at our Geismar, U.S. and Damietta, Egypt sites. In the U.S., the 45V tax credits under the U.S. *Inflation Reduction Act* provide economic support for renewable hydrogen production. In Egypt, the location is advantaged because of its proximity to Europe, potential access to European incentives, and access to competitive renewable power and sources of CO<sub>2</sub>.

#### Support for e-methanol technology developers

Methanex was a pioneering investor in green e-methanol technology developer Carbon Recycling International (CRI) based in Iceland in 2013. The CRI demonstration plants were used to prove their emissions-to-liquids (ETL) technology, recycling CO<sub>2</sub> from a nearby geothermal power plant and using renewable electricity to produce e-methanol. In the last couple of years, CRI has moved into commercial production with the start-up of a project in China and the announcement of projects in other countries.

## Using Alternative Feedstocks and Renewable Energy to Produce Methanol

The increasing availability of alternative feedstocks and renewable energy is opening up multiple potential pathways to produce lower-emissions methanol from existing assets and produce methanol with varying carbon intensities.



Note: This diagram is for illustrative purposes only and represents how alternative feedstocks and renewable energy could be applied at a steam-reforming methanol plant.

#### 4. NEW TECHNOLOGIES

In planning for growth projects for the near term, our project team considers emissions-lowering features. For example, when developing a new growth project the team considers future decarbonization solutions, such as carbon capture, when making engineering and scope decisions—even if the solution cannot be implemented at the time of construction because the region does not yet have the infrastructure necessary (e.g., carbon storage capacity). Planning in this way allows us to make smart engineering and design decisions, with modest investments that enable us to incorporate low-carbon solutions more easily in the future when supportive conditions are in place.

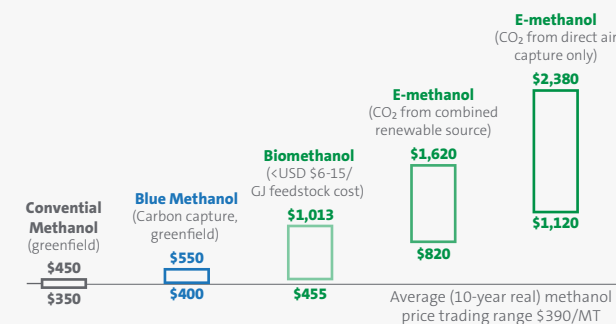
Looking further into the future, we are also considering innovative design solutions. In 2023, Methanex continued to conduct internal research on design improvements that could significantly reduce the carbon intensity of future plants compared with current best-in-class designs such as G3. We are continuing this research in 2024.



#### THE “GREEN PREMIUM” CHALLENGE

The “green premium” refers to the difference between the price of conventional methanol and the price of low-carbon methanol due to the higher cost to produce low-carbon methanol. Although demand for low-carbon methanol continues to rise, not all customers are willing to pay the premium. While we are seeing the willingness to pay for this premium increase, this remains a key challenge to scaling up production of blue or green methanol (see Figure 3).

**FIGURE 3 – METHANOL PRICE RANGE REQUIRED TO UNDERPIN INVESTMENT**  
USD \$/tonne of methanol



Range of current capital and production costs for different forms of methanol. Source: 2021 Irena Report and internal estimates. Exchange rate used USD 1= EUR 0.9

Team members from across our business and around the globe are working together to develop concepts, test feasibility, and liaise between customers and suppliers. As markets and regulations shift and government incentives evolve, we are continually working to understand what solutions our customers want, gauge their willingness to pay a premium for blue or green methanol, and facilitate the supply needed to meet customer needs.

# Growing Markets for Methanol

**Methanex is committed to growing markets for methanol as a chemical feedstock and fuel. We continue to promote the emissions benefits of methanol and leverage our investments and existing assets to develop a market for conventional and low-carbon methanol as a “future-proof” fuel for a low-carbon economy. This also includes evaluation of green methanol-offtakes to meet customer interest as this demand grows.**

## 1. METHANOL AS A MARINE FUEL

The market for methanol as a marine fuel is a significant opportunity for Methanex. With maritime fuel regulations focused on lowering the GHG emissions of marine fuels, shipping companies actively pursuing decarbonization pathways, and governments negotiating green corridors with the goal to accelerate the decarbonization of the maritime shipping industry, the demand for fuels with decarbonization pathways is expected to continue to grow. There are 20 green corridors (a route that links ports offering low-carbon or zero-emissions fuels or solutions) globally under discussion today.

**Momentum** towards methanol as a marine fuel continues to grow.

We continue to see commitments to purchase dual-fuel methanol vessels from some of the world’s largest shipping companies. At the end of 2023, there were about 250 methanol dual-fuel vessels on order or on the water (more than double from end of 2022). We are seeing two new sources of growth. First, we are seeing demand from Asia beginning to expand with dual-fuel methanol vessel orders from China’s COSCO and China Merchants Energy Shipping, Taiwan’s Evergreen, and South Korean HMM. Second, demand is expanding beyond container shipping. In 2023, companies began to order methanol-enabled barges, Pure Car and Truck Carriers (PCTCs), Very Large Crude Carriers (VLCCs), Very Large Ore Carriers (VLOCs), bulkers and passenger ferries. Although these dual-fuel vessels will not run exclusively on methanol, demand for low-carbon methanol is still expected to be significant. To capture some of this growing market, Methanex has several memorandums of understanding in place with shipping companies.

In 2023, we joined the Maersk Mc-Kinney Moller Center for Zero Carbon Shipping as a Mission Ambassador, which is a collaborative effort across the value chain to drive sustainable decarbonization of the maritime industry by 2050.

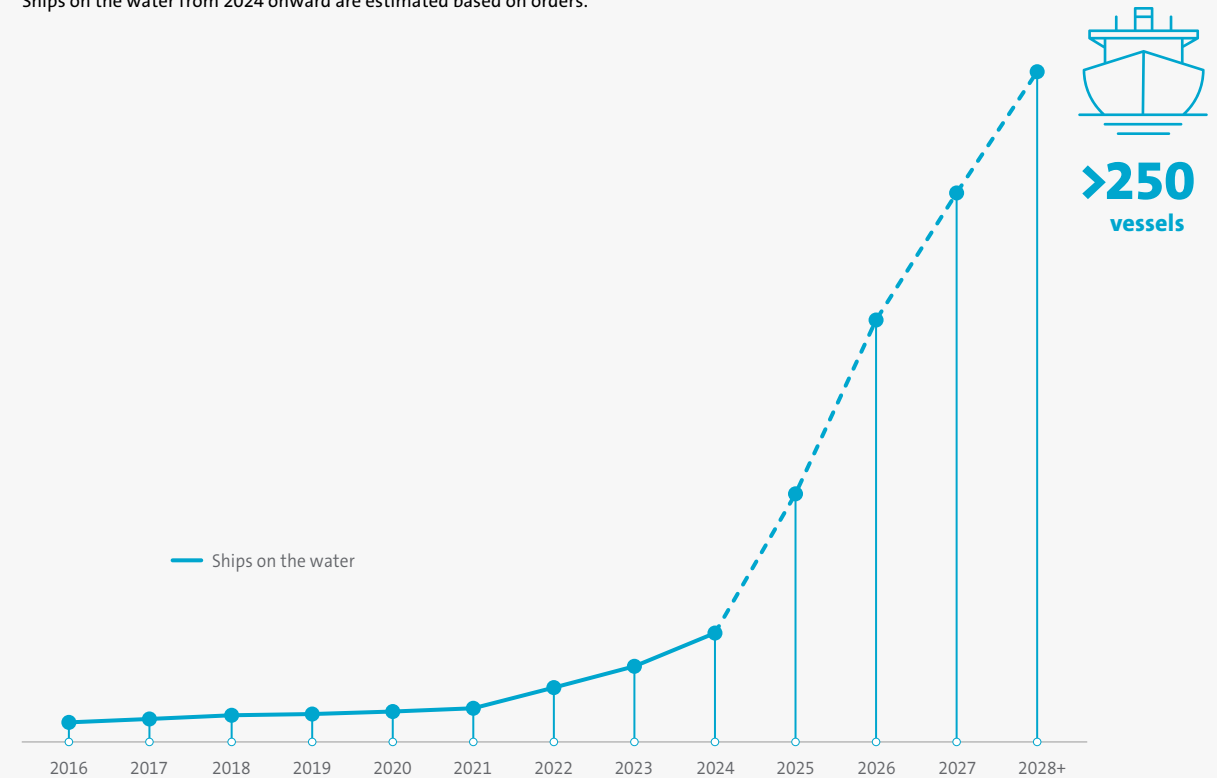


### PERFORMANCE GOALS

- Enter into commercial agreements for at least 25,000 tonnes of low-carbon methanol in 2024.
- Sign at least three new commercial agreements to supply methanol as a marine fuel by 2025.

**FIGURE 4 – DUAL-FUEL METHANOL SHIPS ON THE WATER**

Ships on the water from 2024 onward are estimated based on orders.



This graphic is not to scale and provided for illustrative purposes.



Methanol is available at more than 125 of the world's largest ports, making it readily accessible, and, as a liquid product, it is safe to transport, store, and use for fueling ships (bunkering). Three additional reasons methanol makes an excellent choice as a marine fuel of the future are:

**I. Methanol is one of the few fuels that can meet the strict EU and IMO regulations**

Shipping industry regulations from the European Union (EU) and from the International Maritime Organization (IMO) have gradually been moving towards evaluating fuels on a lifecycle basis that includes all emissions, referred to as 'well-to-wake' emissions (see definition on the right).

In 2023, the FuelEU maritime initiative was adopted by the EU Council with an aim to align the shipping industry with the EU's climate targets for 2030 and 2050. This new regulation includes measures to ensure that the well-to-wake GHG intensity of fuels used by the shipping sector will gradually decrease over time—by two per cent in 2025, six per cent by 2030, to as much as 80 per cent by 2050. Although conventional methanol does not meet the required reduction today, biomethanol made from different sources and e-methanol are two of the few fuels that can meet the strict 65 per cent and 70 per cent regulatory threshold to qualify as a green fuel under EU regulations (see Figure 5).

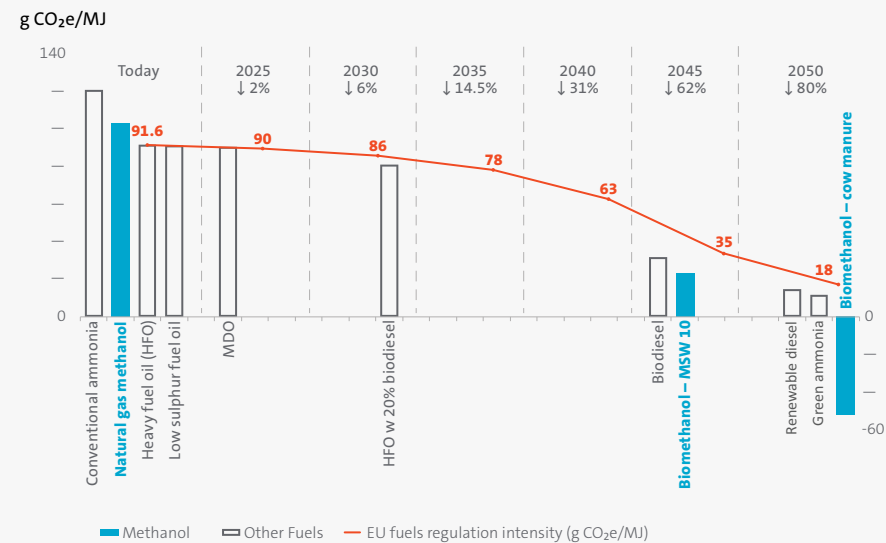
The IMO aims for a 20 per cent emissions reduction across international shipping by 2030 and 70 per cent by 2040, compared to 2008. As part of this effort, the IMO has put forward a 40 per cent carbon intensity reduction target as an average across international shipping, by 2030.

The IMO will also be considering fuels on a lifecycle basis, which is expected to come into effect in 2027. Currently, the IMO benchmark for conventional natural gas-based methanol is slightly above the conventional shipping fuels benchmark. However, we expect that new best-in-class methanol facilities, combined with ongoing improvements in the GHG intensity of upstream natural gas activities, will allow methanol to approach the conventional shipping fuels benchmark. This would then allow blue methanol (produced using natural gas and carbon capture technology) to become a very cost-effective CO<sub>2</sub> reduction option.

Additionally, the ability to blend conventional methanol with green or blue methanol also allows for a lower emissions intensity pathway while low-carbon methanol supply develops.

As these regulations are refined, we continue to expect some level of consumption of conventional natural gas-based methanol as a marine fuel, the exact quantity of which will be determined by regulations, relative economics between fuels, and methanol's air pollutant emissions benefits.

**FIGURE 5 – WELL-TO-WAKE EMISSIONS OF DIFFERENT FUELS COMPARED TO EU REGULATIONS**



This chart is provided for comparative purposes. Lifecycle emissions estimates for each fuel represent best available information at the time of publication. Sources include: FuelEU directive, U.S. Department of Energy Argonne National Laboratory Greenhouse gases, Regulated Emissions, and Energy use in Technologies (GREET) model Methanol Institute, Science Direct, and internal estimates.



Biomethanol and e-methanol are **approved** by the EU and IMO due to their low lifecycle emissions.

**WHAT ARE WELL-TO-WAKE EMISSIONS?**

Considering a fuel's lifecycle means including all emissions, from the sourcing of the feedstock (e.g., renewable natural gas), through manufacturing, transportation, and combustion. Marine fuel lifecycle emissions are often referred to as 'well-to-wake' emissions.



## An 18-Day Trans-Atlantic Net-zero Voyage

In February 2023, the *Cajun Sun* successfully completed the first-ever net-zero voyage fuelled by biomethanol.

The *Cajun Sun*, operated by Waterfront Shipping and chartered from Mitsui O.S.K. Lines Ltd., travelled for 18 days from Geismar, U.S. to Antwerp, Belgium. To achieve net-zero GHG emissions on a lifecycle basis, we blended ISCC-certified biomethanol (that has a negative carbon intensity) with natural gas-based methanol.

This innovative fuel solution offers shipping companies the ability to achieve net-zero carbon emissions voyages today, supporting the industry's transition to a low-carbon future.

Read more about ISCC certification and how carbon negative biomethanol is produced on [page 29](#).

### II. Methanol engine technology is designed for flexibility

Several alternative fuels like liquefied natural gas (LNG), methanol, ammonia and hydrogen gas are currently being evaluated for their ability to meet regulations. Methanol is the only liquid fuel of these alternative fuels with existing engine technology. In 2023, orders for methanol dual-fuel vessels outpaced orders for LNG vessels<sup>7</sup>.

Given the level of uncertainty involved in the transition to a low-carbon economy, shipping companies have come to value flexibility during this time of transition. Ships are being manufactured with dual-fuel engines that can use conventional fuel or methanol and can even switch between the two fuels during the same trip. This allows shipping companies to optimize their fuel choice (i.e., meet strict regulations in certain stretches and then choose based on cost or availability).

Waterfront Shipping's early adoption and demonstration of the flexibility of dual-fueled ships has been critical in proving the dual-fuel technology for other shipping companies. Waterfront Shipping began supporting MAN Energy Solutions' development of dual-fuel engine technology in 2013 and operating methanol dual-fuel ships since 2016, accumulating more than 200,000 operating hours while running on methanol. By the end of 2023, more than 60 per cent (19 vessels) of our operating fleet were dual-fuel vessels.

### III. Multiple methanol production pathways make it a "transition-ready" fuel

Methanol can be produced using many different feedstocks and methods (see [page 27](#)) but the resulting product is chemically identical. Therefore, the same ship engine can use conventional methanol, blue methanol, biomethanol, e-methanol, or any blend thereof. Multiple methanol production pathways allow for supply to grow and for shipping companies to meet the increasingly strict emissions regulations to 2050 with the same engines. While we are working to develop low-carbon methanol supply to meet the growing demand, we are able to blend low-carbon methanol with conventional methanol to meet emissions standards.

<sup>7</sup> DNV (2023). Available at <https://www.dnv.com/expert-story/maritime-impact/Methanol-as-fuel-heads-for-the-mainstream-in-shipping.html>

Despite the many benefits of methanol, there remain two important challenges that Methanex, Waterfront Shipping, other shipping companies and ports around the world are actively working on:

**The “last-mile challenge”**

While methanol is available at several ports, the industry continues to face the “last-mile challenge”, a term commonly used to describe the difficulties in establishing the last stretch of logistics needed to deliver new fuels to customers, such as methanol onto vessels. For methanol, regulations are still being developed to support bunkering. As well, additional methanol fueling infrastructure is required at many ports. To explore solutions, we continue to demonstrate safe methanol bunkering (read more on the right) and collaborate with relevant stakeholders to develop safe bunkering guidelines.

We work with several organizations around the world to develop methanol safety guidelines. In China, we participated in a review panel for Interim Rules on Technology and Inspection of Methanol/Ethanol Fueled Ships published by the Chinese Maritime Safety Administration in October 2023, and partnered with the China Classification Society to support the development of several safety guidelines including Guidelines for Bunkering of Methanol Fuel for Ships and Guidelines for Construction of Methanol Bunkering Vessels.

In Trinidad and Tobago, Methanex has partnered with the National Energy Corporation on a feasibility study and demonstration project of methanol as reduced-emissions marine and vehicle fuel for the region. In Europe, Methanex is a partner in FASTWATER, a consortium of 14 organizations advancing the use of methanol in waterborne transportation.

**The supply gap**

Many companies are announcing green methanol projects, which would create an annual capacity of 5.5 million<sup>8</sup> tonnes by 2027 if they all proceeded, approximately 11 times higher than today. However, very few announced projects have reached final investment decision, making the likely potential supply of green methanol much lower. Even if everything were to be built, this large increase would comprise only a portion of forecasted demand. Methanex continues to evaluate the economic feasibility of low-carbon methanol projects, discuss the green premium with customers and seek to secure agreements to procure or produce low-carbon methanol. By the end of 2023, we entered into two low-carbon methanol sales contracts.



**Demonstrating Safe Methanol Bunkering**

We continue to prove that methanol is safe to ship, store, handle and bunker using procedures similar to those used for conventional marine fuels. Since 2016, WFS has been bunkering methanol from most of our production sites, and we continue to demonstrate methanol bunkering in an increasing number of ports that have methanol infrastructure, including Houston, U.S.; Ulsan, Korea; and Taicang, China.

In 2021, Waterfront Shipping led the first barge-to-ship methanol bunkering operation at the Port of Rotterdam. In 2023, Methanex, Stena Line and the Port of Gothenburg collaborated to successfully complete the first non-tanker ship-to-ship fueling operation by bunkering the world’s first methanol ferry, the Stena Germanica.

<sup>8</sup> BloombergNEF, 2023. <https://about.bnef.com/blog/green-methanol-makes-a-splash-in-quest-for-net-zero-shipping/>



Approximately 30,000 M100 taxis are operating in China in 2023.

## 2. PASSENGER AND CARGO VEHICLE FUEL

Methanol is an affordable substitute for gasoline and diesel in countries looking to transition away from fuels that contribute to high levels of air pollution. Methanol's efficient combustion, safety, ease of distribution and wide availability around the world make it an attractive alternative fuel for transportation. Methanol can be used as a transportation fuel in four ways:

### Additives or fuel blends

Methanol is used to manufacture methyl tertiary-butyl ether (MTBE), a gasoline additive that reduces tailpipe air emissions, and to produce fuels like biodiesel which is a diesel alternative. We anticipate methanol demand for biodiesel and MTBE to reach approximately 17 million tonnes per year in 2028.

Methanol is also used in gasoline blends around the world. An early adopter, China has been using methanol and methanol blends since the 1980s. Methanol low-level gasoline blends are in place in the U.K., Israel, and India, with India also trialling methanol diesel blends. Other countries—including France, Germany, Italy, Denmark, Trinidad and Tobago, and some African nations—continue assessments for low-level methanol fuel blending commercialization.

### Fuel for passenger vehicles

In China, increasingly stringent air quality standards support the adoption of methanol as a cleaner-burning vehicle fuel. By the end of 2023, approximately 140 M100 (100 per cent methanol fuel) filling stations were operating in China's Shaanxi, Shanxi, Gansu, and Guizhou provinces to service approximately 30,000 M100 sedans and methanol hybrid passenger cars (running on 100 per cent methanol). Collectively, this demand represents approximately 500,000 tonnes of methanol per year.

### Fuel for public transportation

In India, the Bangalore Metropolitan Transport Corporation is conducting a pilot running about 80-100 city buses on 15 per cent methanol blended fuel (MD15). MD15 reduces air pollution (particulate matter, NO<sub>x</sub> and SO<sub>x</sub>) by 20 per cent, is less expensive than diesel and can be used by diesel vehicles without any modifications. We expect India to expand the pilot program and introduce similar programs in others cities.

### Fuel for heavy-duty vehicles

Methanol is a diesel substitute for heavy-duty vehicles. Commercial trucks are another emerging opportunity. In China, the Geely Auto Group developed the world's first pure methanol combustion heavy-duty truck. As of 2023, there were more than 4,000 methanol heavy-duty trucks in operation in China. Geely has ambitions to manufacture and market up to 50,000 such trucks by 2026, representing methanol demand of approximately 5 million metric tonnes per year.

### 3. CLEANER-BURNING THERMAL APPLICATIONS

Methanol can be used as a fuel for thermal applications, including industrial boilers, kilns, heating furnaces and cooking fuel. When used in thermal applications, it has significantly lower local air pollutant emissions (i.e., NO<sub>x</sub>, SO<sub>x</sub> and PM) than coal or other fossil fuels.

#### Industrial uses, heating and potential for power generation

Growing demand for methanol as an industrial boiler and kiln fuel has been driven largely by China, where boilers are used extensively to generate heat and steam for various industrial and commercial applications. Boilers have traditionally been coal-fueled in China. However, environmental regulations being phased in by the Chinese government have led to a transition to cleaner-burning fuels (including methanol) that can reduce impacts on local air quality and related human health. Chinese residential buildings, restaurants and homes are also using methanol as an affordable, lower air emissions heating alternative to burning coal.

#### Cooking fuel

For the past two decades, methanol has been used as a cleaner-burning cooking fuel in Africa, China, and India. A 2023 study by the China Association of Alcohol and Ether Clean Fuel and Automobiles<sup>9</sup> found that around 60 per cent of China's use of methanol as energy (excluding MTBE and MTO) is for cooking fuel. With 2.6 billion people<sup>10</sup> around the world relying on solid biomass, kerosene, or coal as their primary cooking fuel, methanol could play a role in scaling access to cleaner cooking fuels.

Methanex recently worked with industry partners to register the revision of the mandatory standard for alcohol-based liquid fuels in China (GB 16663), which is expected to be published in 2025. This standard will be an important reference for government agencies in supervising the use of methanol as a fuel for cooking stoves and boilers. We have previously supported similar efforts in the development of standards for industrial boilers and kilns.

### 4. LOW-CARBON METHANOL FOR TRADITIONAL CHEMICAL APPLICATIONS

Low-carbon methanol can also support decarbonization goals of downstream chemical producers and help produce lower-carbon consumer and industrial products.

One of our low-carbon supply agreements is with a key customer for use in their recently launched product. The agreement was reached in late 2022, and we began supplying in 2023. Using biomethanol in the production reduces the CO<sub>2</sub> intensity per kilogram of the end product by more than 50 per cent. We believe that demand for low-carbon methanol for use in chemical applications will increase as customers advance their renewable content goals.



<sup>9</sup> Methanol Institute. 2023. <https://www.methanol.org/heat/>

<sup>10</sup> International Energy Agency. 2022. <https://www.iea.org/reports/net-zero-by-2050>

**>8.5M**

Our employees and contractors worked more than 8.5 million hours with no Days Away from Work cases at our Geismar 3 project.

**COMMITMENT**

Continuously improve our resource management performance to minimize our impact on the environment.

**COMMITMENT**

Continuously improve our personal and process safety performance, striving to achieve zero harm.

# Protecting **People** and the **Environment**

# G3 Achieves Best-in-Class Safety

Carrying out a construction project adjacent to two operating plants adds complexity, as does having a peak workforce of more than 1,800. However, the project achieved exceptional safety results by embedding a strong safety culture throughout the project, including a Finish Strong campaign to maintain awareness of the risks of simultaneously constructing and commissioning the plant.

**>8.5 MILLION**  
work hours with no Days  
Away From Work cases

**0.095**  
Total Recordable Incident  
Frequency (TRIF) for the  
duration of the project

**>150,000**  
safety conversations  
completed by the workforce

**>100,000**  
hazard recognition  
reviews

**>54,000**  
safety audits

## OUTSTANDING SAFETY PERFORMANCE

Based on a Safety Culture Survey via ISNetworld, with employees and contractors, G3's site safety culture maturity, evaluated against the chemicals industry, was best in class.

### Best-in-class safety culture

Our Courage to Care Card program inspires workers to have courageous conversations about safety, identify positive or negative safety behaviours, and formally record their interactions.

## ATTRIBUTED TO

The G3 project had industry-leading safety performance when benchmarked against 336 other construction projects globally by a third party in November 2023.

### Industry-leading execution

**31,735**  
Safety Training Hours,  
5,200 inductions for new  
workers and 220 people  
trained to Switch On  
(read more on the next page)

We welcomed and set expectations for everyone that came to work at our site, establishing working safely and looking out for each other as the first priority. We used our Switch On to Responsible Care training program to equip all on-site Methanex and contractor people-leaders with the language and knowledge to have safety conversations with their workers and uphold safety practices across the project.

All contractors and Methanex project team members completed weekly reviews of the project and site hazards. As a result, workers improved their recognition of hazards in the workplace and ways to mitigate them, identified line-of-fire for hands and body placement, increased their knowledge of good teamwork, and enhanced their ability to apply the Life Saving Rules.

We conducted field reviews of Job Safety Analysis/Job Hazard Analysis, prepared for work tasks, and toolbox talks, and completed field-based safety compliance audits.

# Employee and Contractor Safety

**PERFORMANCE GOAL**

- Continually lower our five-year rolling average recordable injury rate.
- Achieve zero Severe Injury or Fatality (SIF) incidents annually.

## EMPLOYEE SAFETY

Safety is critical across our business, particularly at our manufacturing sites, where more than 75 per cent of our employees work. Our number one priority is ensuring every team member gets home safely every day. We have comprehensive occupational health and safety programs to protect the safety of our team members and contractors. Our goal is to do the right thing, the right way, every time. Our safety management initiatives include:

### Fostering safe behaviours

We have been providing “Switch On” training for eight years across our manufacturing sites. New employees at our manufacturing sites participate in a Switch On to Responsible Care® workshop after joining the company and employees receive regular refresher sessions. In 2023, our Executive Leadership Team participated in the workshop, we trained 12 new facilitators, and we expanded the program to include contractors at our Geismar, Trinidad and Medicine Hat sites. Our Switch On to Responsible Care program is a driving force in our safety culture, connecting the reasons that motivate our employees to work safely (such as going home to loved ones) with conscious efforts to behave safely. It encourages employees to take steps to stay “switched on” and prevent autopilot, by talking through their tasks, performing regular risk assessments, asking questions, and having courageous conversations when they see something that does not look quite right.

### Maintaining hazard awareness

At our manufacturing facilities, the work supervisor and the work team conduct job hazard assessments to identify and mitigate all hazards associated with the job and the work environment. We also reinforce hazard awareness during our Toolbox Talks (short safety conversations) and encourage intervention and follow-up of any safety concerns. We are encouraging hazard identification at our manufacturing sites and as a result are seeing an increase in engagement and identification of hazards, which supports our safety culture.

### Tracking leading indicators

As part of our proactive approach to building our safety culture, we track leading indicators to measure team member engagement. This data allows us to customize our safety culture and engagement programs to ensure we are all switched on to safety and go home safely each day.

LEADING INDICATOR	2020	2021	2022	2023
Near misses	982	669	1,183	<b>1,724</b>
Hazard identifications	2,143	4,521	7,348	<b>10,387</b>
Behaviour-based safety observations	9,843	11,214	84,410	<b>71,559*</b>

We continue to focus on leading indicators and proactive safety behaviours to help us achieve our goal of zero harm. We consider near-misses—events that did not have a negative outcome but could have—to be learning opportunities that help prevent future incidents. The significant increase in our behaviour-based observations since 2022 reflects a significant increase in the number of contractors, workhours and shifts for our G3 construction project.

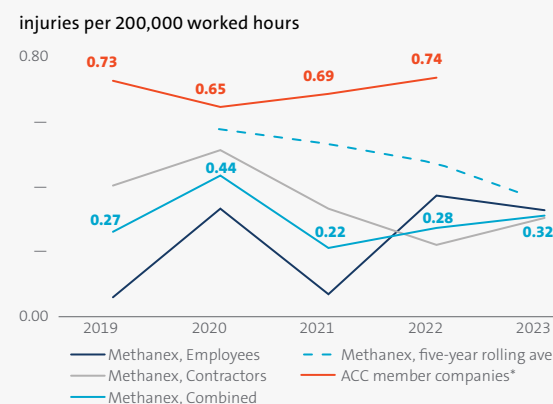
\* Although we saw a decrease in behaviour-based observations in 2023 compared to 2022, this number is still significant and we have seen an increase in the number of observations within our regular operations.

### Focusing on critical activities

Our Life Saving Rules are all designed to address the hazards that present the greatest risk to workers, and the actions required to work safely and avoid significant injuries. Each manufacturing site incorporates the Life Saving Rules into onboarding training that employees and contractors must take when they join the site. Refresher training is offered at least every three years. Our Life Saving Rules covered seven activities: hot work (such as welding), mechanical lifting, hazardous energy, confined space entry, electrical work, work at heights and excavation.

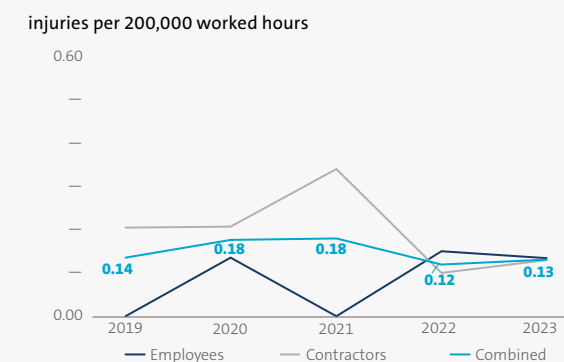
In 2023, following an incident at one of our manufacturing facilities in 2022 and a subsequent review of similar past incidents, it became evident that we needed a new “Guarding of Openings” Life Saving Rule. The goal of this rule is to enhance safety around various types of openings, such as those found in gratings, handrails and manhole covers. The rule provides stringent requirements for obtaining approvals and enforcing controls when creating an opening, including barricades and mandatory use of fall protection when accessing such areas.

### RECORDABLE INJURY RATE VS INDUSTRY BENCHMARK



\* Source: American Chemistry Council  
Our five-year rolling average continues to decline thanks to our safety practices. Our recordable injury rate is consistently lower than the average of the chemical company members of American Chemistry Council.

### DAYS AWAY FROM WORK RATE



Our combined rate has remained relatively stable since 2019. We continue to work to decrease the number of incidents by increasing the number of safety observations and interventions by our leaders, employees and contractors. Read more about contractor management on [page 84](#).



### OCCUPATIONAL HYGIENE AND WELLNESS

We are committed to the well-being of our team members and prevention of work-related injuries and illnesses. In alignment with our Occupational Hygiene Standard, we set requirements for fatigue management, noise reduction and hearing conservation, managing exposure to hazardous substances like welding fumes, refractory fibres and methanol, as well as heat stress and cold stress, where applicable.

Managing heat stress was particularly important at our Geismar 3 project during the past summer. To combat heat stress and fatigue, we set up cooldown stations throughout the project site, provided chilled water, electrolyte replenishment and cooling neck wraps. We also ensured that workers took regular breaks to reduce stress on the body. Despite the very hot and humid summer during peak construction, we experienced no heat-related incidents (read more on [page 76](#)).

We also prioritize ergonomics, fitness to work and mental health, holding education sessions on topics such as stress management. Our global Responsible Care and Human Resources teams help drive efforts in these areas.

### CONTRACTOR SAFETY

Contractors are responsible for approximately 50 per cent<sup>11</sup> of our total worked hours due to their role in turnarounds, large capital projects and ongoing operations. Our goal to be a zero-injury workplace is only achievable with their active participation. Our Contractor Management Standard outlines a consistent, global approach for contractor selection and onboarding, on-site supervision and risk management, offboarding, and performance review. We also use a unique scorecard that enables contractors to provide two-way feedback. In 2023, we completed our implementation of the most recent updates to the Standard across all manufacturing regions. Implementing the Standard requires collaboration between our procurement departments, maintenance teams, Responsible Care teams and hiring business units.

Our safety focus includes contractors at all sites.

<sup>11</sup> Excludes contract hours on our G3 project.



### Safety Excellence: In The Pursuit of Zero

Safety will always be our number one priority and we invest considerable effort and resources to pursue safety excellence across all regions. In 2023, we are proud to share outstanding safety results from:

**Egypt:** Since May 2022, our manufacturing site in Damietta, Egypt, has achieved zero Recordable or Days Away from Work injuries, and since May 2019, zero Tier 1 process safety events, or significant environmental incidents. As part of their relentless commitment to safety, the site:

- Increased reporting of hazards and near misses, effectively reducing the occurrence of incidents.
- Developed a leadership conversation program to promote meaningful conversations, empower site leaders, and reinforce a culture of continuous improvement.

- Conducted a comprehensive analysis of all incident-related lessons learned that Methanex has circulated internally over the years.
- Developed an extensive training program (based on the lessons learned analysis), which was given to all site personnel.

**Marketing and logistics offices:** Our M&L offices, together with our corporate head office, have gone two years with zero Recordable or Days Away from Work injuries. These achievements can be attributed to:

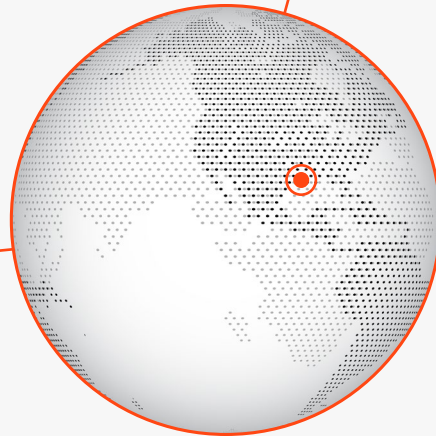
- Proactive acknowledgment of positive safety actions and behaviours.
- Work to increase hazard awareness.
- Regular reinforcement and awareness around ergonomics.
- Campaigns to increase awareness about distractions (such as cellphone use while walking).

# Safety Excellence During Turnarounds

In 2023, Methanex continued to drive strong safety performance through three major turnaround projects around the globe. Turnarounds are major maintenance events that occur after four to five years of continuous plant operation. They are critical events needed for maintenance, inspection, testing and upgrades on equipment and systems, as well as to change catalysts and execute capital projects, including those that enhance reliability and reduce process safety risk. Since hundreds of workers are involved and hundreds of thousands of work hours go into these maintenance events, safety is of the utmost importance. All three turnarounds achieved solid safety performance by focusing on proactive and consistent safety behaviours.

## Geismar 1

One of our safest and one of the shortest duration turnarounds in the site's history. Prior to execution, the team reviewed all major or serious incidents (health, safety, environment or quality) from previous turnarounds (locally and globally) with the major mechanical contractor. The team reinforced our goal of zero harm by holding safety-focused stand-down reviews with contractors early in the pre-work stage and used a rewards and recognition program to acknowledge workers exhibiting safe behaviours.

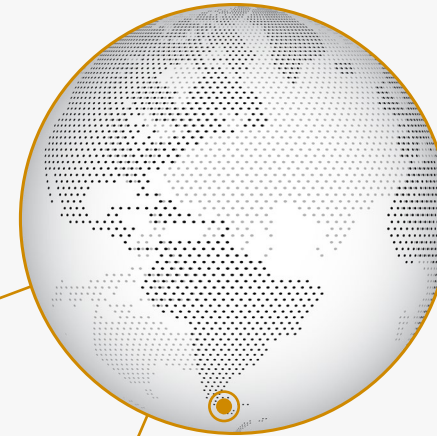


618 hazard observations

732 positive behaviour-based safety observations

GEISMAR, LOUISIANA

PUNTA ARENAS, CHILE



1,287 hazard observations

394 positive behaviour-based safety observations

## Motunui 2

Applying lessons learned from the turnaround in 2022 led to an even smoother startup. In preparation for the turnaround, the team held a series of "Leading Safely" workshops to share leading behavioural safety practices with front-line leaders, including our contractors' front-line supervisors. Leadership checks in the field during execution verified the learnings. As the work on the distillation columns was unique, the team built a mock section of the column so they could practice and rehearse work safe execution.

## Chile 1

Executed safely and completed on time. Prior to on-site work, large-group safety training was provided to new personnel, with tailored content for maintenance and revamp work. The site began safety inductions early and made closed captioning available for those who spoke English. The team also implemented a rewards and recognition program, had high engagement in reporting hazard observations and near misses, and used storyboards as safety guidance for the most critical work.



4,157 safety training hours

71% fewer recordable injuries than in our 2018 turnaround

NEW PLYMOUTH, NEW ZEALAND

# Process Safety



**PERFORMANCE GOAL**  
→ Achieve zero major incidents for process safety (i.e., Tier 1) annually.

**Our commitment to Responsible Care is unwavering. We work every day to put our values and safe practices into action to ensure the safety of the employees, contractors, visitors and communities near our operations.**

Like many chemicals and fuels, methanol has inherent hazards. The process we use to manufacture methanol is also hazardous, requiring the containment of gases and steam at elevated pressures and the use of chemicals, flammable fuels, gas-fired furnaces and heavy machinery rotating at high speeds. We protect our communities by situating our manufacturing sites in rural or low-density industrial locations and through our process safety practices. Our process safety programs are designed to manage process-related hazards and protect our employees, contractors and communities against the potential for fires, explosions or toxic releases.

### DRIVING EXECUTIVE OWNERSHIP

Process safety is one of our company’s most critical operational risks and is overseen at the highest level of the organization. Methanex has an Executive Process Safety Steering Committee that is led by our SVP Manufacturing and includes our Country Managers, the Vice Presidents across our manufacturing organization and our Director, Process Safety Management. The committee aims to meet on a quarterly basis to review our process safety performance and the execution of strategic improvement plans.

### ASSESSING THE MATURITY OF OUR PROGRAM

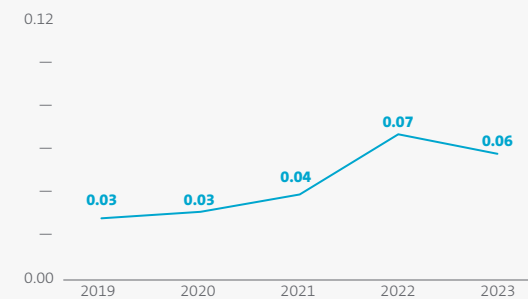
In 2023, we commissioned an independent review of our global process safety program. The maturity assessment examined four key areas: 1) our corporate standards alignment with industry best practice guidance, 2) the practice and execution of our corporate standards, 3) our process safety culture, and 4) the alignment of our improvement efforts with priority areas of vulnerability. Overall, Methanex was found to have good alignment with industry best practices, a positive process safety culture and very strong leadership commitment. The review also identified four areas of improvement, the first two of which we were already addressing:

1. Formalizing the competency development and assurance program for process safety
2. Formalizing a workforce engagement program for process safety
3. Refining internal auditing practices pertaining to process safety
4. Refining the measurement of process safety improvement projects

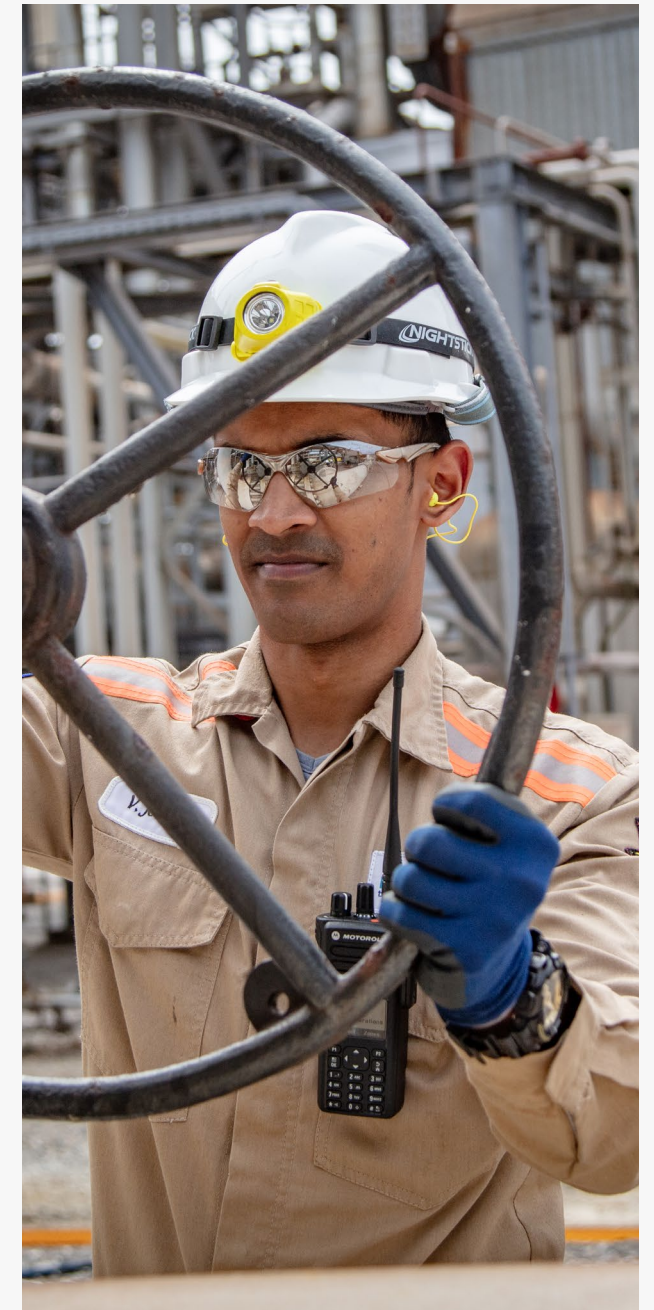
A detailed action plan is under development to deliver improvements in these four areas, which includes two existing global projects regarding competency assurance, and Process Safety Fundamentals (which pertains to workforce engagement). Our efforts on these projects are described [on the next page](#).

### PROCESS SAFETY INCIDENT (TIER 1) RATE

Tier 1 incidents per 200,000 worked hours



Our focus on hazard prevention and high-quality incident reviews by leadership has helped us maintain a low rate of one to two process safety incidents per year in the last five years.





### EXPANDING OUR COMPETENCY ASSURANCE PROGRAMS

We extended our competency assurance programs in 2023 to include several additional roles across our manufacturing sites (read more on [page 56](#)). The expanded programs provide holistic assessment of the individual's operational knowledge (including process safety), people leadership (if applicable), Responsible Care aptitudes and Methanex business knowledge, and has a strong focus on continual improvement. As a learning organization, the programs reinforce the knowledge and capabilities required for these roles, help identify development areas for incumbents and guide the development of succession candidates.

### RAISING AWARENESS ABOUT PROCESS SAFETY FUNDAMENTALS

We have adopted 10 process safety fundamentals that describe the critical activities and behaviours for preventing process safety incidents. Designed to support those working in front-line operations, maintenance, and engineering teams, the Process Safety Fundamentals draw attention to situations that are most likely to lead to process safety event fatalities. They are, therefore, not intended to exhaustively address all process safety risks and hazards in the industry, but are being deployed in addition to a Methanex's underlying systems for process safety management.

In 2024, we plan to implement these fundamentals through a communications campaign for front-line workers. The campaign will highlight best practices for keeping our people, the environment and our communities safe, while protecting our assets. In addition, it will be required that manufacturing sites continuously create awareness about the Process Safety Fundamentals, similar to Methanex's Life Saving Rules, and monitor the sites' performance against the defined process safety key performance indicators.

### FOSTERING A CULTURE OF CONTINUOUS IMPROVEMENT

A key part of our culture is our willingness to learn from mistakes and find better ways to work. Being a learning organization is particularly important when it comes to process safety events (i.e., unplanned or uncontrolled loss of containment of a process-related hazard such as chemicals, flammable gases or pressure). Due to their potential for catastrophic impacts, we consider all process safety events to be significant. Our manufacturing sites report and investigate all process safety events and monitor the implementation of improvement actions.

Lessons learned from process safety events are shared in Lessons Learned (L2) reviews with senior leaders, including Country Manager, Plant Manager, and SVP of Manufacturing before being shared across the wider manufacturing business. Our goal is to conduct quality reviews of 100 per cent of serious or major events.

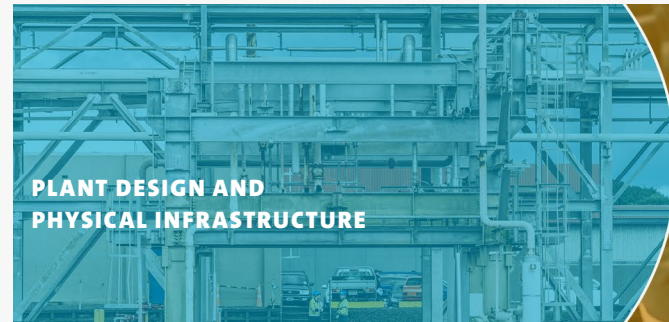
In 2023, we experienced two Tier 1 incidents<sup>12</sup>. The first event occurred at our Medicine Hat site, where we had a methanol spill (releasing approximately 2,250 kg of methanol) when a truck pulled away from the loading dock while being connected to the loading arm. The methanol was safely kept within our secondary containment, with no impact to the environment and no one was injured. The second event occurred in Chile, where a steam release occurred while manually lowering the water level in a boiler, resulting in a field operator sustaining a burn injury to their leg. The operator received medical treatment and required several days away from work. Both tier 1 incidents were formally investigated. The identified corrective actions to prevent recurrence were shared globally.

<sup>12</sup> Tier 1 incidents have the highest consequences of process safety incidents. We report them consistent with the American Petroleum Institute (API) Recommended Practice 754.

# Layers of Defence

## REDUCING RISKS WITH LAYERED SAFEGUARDS

Process safety management (PSM) is designed to prevent incidents from occurring by using both technical engineering controls and astute operations management to safely and reliably contain process-related hazards. Our PSM program is informed by the Center for Chemical Process Safety's Guidelines for Risk Based Process Safety. We contain our process safety risks through a combination of risk reduction measures known as "safeguards." These safeguards take the form of physical infrastructure, management systems and processes, the competence of our team members and a safety culture.



One of our objectives for new plants and upgrades is inherently safe design in which we aim to eliminate or minimize inherent process hazards. When a process hazard cannot be eliminated, we design our equipment and technology (i.e., physical infrastructure) with layers of protection to minimize the potential for harm. For instance, if there are inherent risks associated with an aspect of the manufacturing process, we physically isolate workers from these risks and protect them via automated pressure-relief equipment and shutdown systems.

We aim to design, maintain and operate our assets to ensure best-in-class performance. Our process safety management system includes:

- ✔ An asset integrity management program centered on risk-based inspections, defect elimination and root cause analysis.
- ✔ Site-level Major Accident Hazard reviews every five years to identify risks of major accidents and evaluate whether existing safeguards are adequate.
- ✔ Separate tracking, inspection, maintenance and routine testing of our safety-critical pieces of equipment (Safety Critical Elements).
- ✔ A management of change process, to identify how potential changes might influence our operating risks.
- ✔ Emergency response plans, to address specific emergency scenarios that could occur at our sites.
- ✔ Formal monitoring of our process safety performance, with briefings on any significant process safety incidents including investigation findings.
- ✔ Quarterly meetings of the Executive Process Safety Steering Committee to review our process safety performance and the execution of strategic improvement plans.

Our competency assurance programs (for our operators, technicians, engineers, and other technical roles) strengthen competencies at the frontline for team members that are making daily decisions on how we conduct, maintain, and improve our operations. These decisions directly impact process safety on a daily basis. Our senior leaders across the business are also expected to continually build competencies in process safety. Senior leaders influence decisions around project scope, engineering standards, capital allocation, and maintenance budgets, all of which also impacts process safety in our operations. In addition, we have competency assurance programs for plant managers and global technical experts that are designed to continually enhance these leaders' knowledge of process safety.

All team members are required to maintain a disciplined approach to safety-critical operations and to adopt a perspective of "chronic unease"—a state of unrelenting watchfulness and healthy skepticism about what people see and do—to protect themselves and those around them. We also provide training to raise hazard awareness and encourage employee and contractor intervention, reporting, and follow-up when they have safety concerns. We will be furthering our engagement in 2024 with our Process Safety Fundamentals communications campaign.

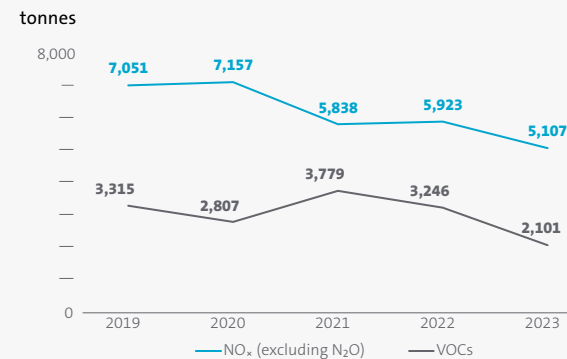
# Air Quality



**Good air quality is fundamental to human health and well-being. In alignment with local regulations, we continually work to reduce emissions that could impact local air quality and our communities.**

Air quality is measured by the concentration of pollutants in the air, including nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and volatile organic compounds (VOCs) such as methanol vapours and methane. We aim to reduce emissions associated with our operations through process and equipment improvements as well as our Environment Critical Equipment Standard (see [page 49](#) for details).

## AIR EMISSIONS



Overall, NO<sub>x</sub> emissions have decreased over the last five years, largely due to the installation of lower-NO<sub>x</sub> burners at one of our plants with older reforming technology. In 2023, NO<sub>x</sub> emissions were lower due to the downtime of steam reformers at two plants due to TAR and maintenance work. The reduction in VOC emissions in 2023 is attributed to a reduction to zero tonnes of VOC being vented during the distillation process at one of our sites. Our SO<sub>x</sub> emissions are very low and are reported in the performance table on [page 91](#).

In 2023, we completed a site-by-site evaluation to reexamine and standardize our calculations for NO<sub>x</sub>, VOCs and SO<sub>x</sub>. The evaluation also explored each site's sources of emissions, the controls and technologies in place, and examined best practices and opportunities to apply air quality improvement projects. Based on this evaluation, we plan to assess the feasibility of different options to further reduce emissions.

**NO<sub>x</sub>:** Our primary source of NO<sub>x</sub> emissions occurs as a byproduct of natural gas combustion during the manufacturing process, primarily from the steam-methane reforming process. A smaller amount is emitted from the use of boilers to generate steam.

We follow air quality regulations at all our sites and stay within regulatory limits, adopting select regional requirements as global best practices. Over the past 20 years, we have been able to significantly reduce NO<sub>x</sub> emissions from our plants through the use of technology:

- Our plants with newer combined reforming technology emit significantly lower levels of NO<sub>x</sub> emissions compared to plants with older reforming technology.
- Lower-NO<sub>x</sub> burners prevent the formation of NO<sub>x</sub> in the reformer. We use this technology at two of our plant sites.
- A selective catalytic reduction process removes approximately 97 per cent of NO<sub>x</sub> from the baseline case. This technology is used at one of our plant sites with older reforming technology located in an area with strict NO<sub>x</sub> emission regulations due to existing local air quality issues.



**VOCs:** Methanol storage tanks and some processing equipment can release methanol vapour, a type of VOC. To reduce the amount of VOCs that are released into the atmosphere, we have floating roof storage tanks and VOC scrubbers at some of our locations. Leak detection and repair programs for pipe fittings, flanges, seals and other connections enable us to minimize the emission of methanol vapours and methane at our plants. We follow air quality regulations at all our sites and stay within regulatory limits for VOC emissions.

**SO<sub>x</sub>:** Methanex emits very low levels of SO<sub>x</sub> from the combustion of natural gas. This is because our natural gas supply generally has low sulphur content. We also remove the sulphur content from the fuel stream before combustion in three of our plants.

# Water

**We depend on water for our operations and share this vital resource with the communities where we operate. Through our water stewardship program, we focus on understanding our water risk, protecting water quality and minimizing our water use.**

We use water in several stages of the production process. While most of our water is used for cooling systems to remove heat, a portion is also used for heat processes and then consumed as steam during the methanol manufacturing process (see graphic at right). Condensate that is generated from the steam is then reused to regenerate steam. More than 80 per cent of the water we withdraw is seawater from two sites (Chile, Trinidad). The other four sites that rely solely on fresh water have designs that minimize water withdrawals and help us conserve fresh water. The volume of water withdrawn by each site is highly dependent on plant design and age, and the technology used.

## UNDERSTANDING OUR WATER RISK

Our goal is to optimize the use of water resources, particularly in regions facing significant water scarcity. To assess and understand the water-related risks at each of our facilities, we utilized the World Resources Institute’s (WRI) Aqueduct Water Risk Atlas. This tool evaluates water stress considering both Methanex and other regional demands. Notably, 96 per cent of our water consumption occurs in areas identified as having low baseline water stress, meaning these areas withdraw less than 10 per cent of their available renewable water supplies.

The remaining usage takes place in Egypt, specifically in Damietta, which WRI reclassified to an extremely high baseline water-stress level in August 2023. This classification indicates that water withdrawals exceed 80 per cent of the region’s available renewable water supplies. In addition to focusing on water efficiency in Egypt, we provide clean effluent water to irrigate community gardens in New Damietta, Egypt. This innovative project is a partnership between Methanex Egypt and the New Damietta Development Authority to help the community conserve water from the Nile River.

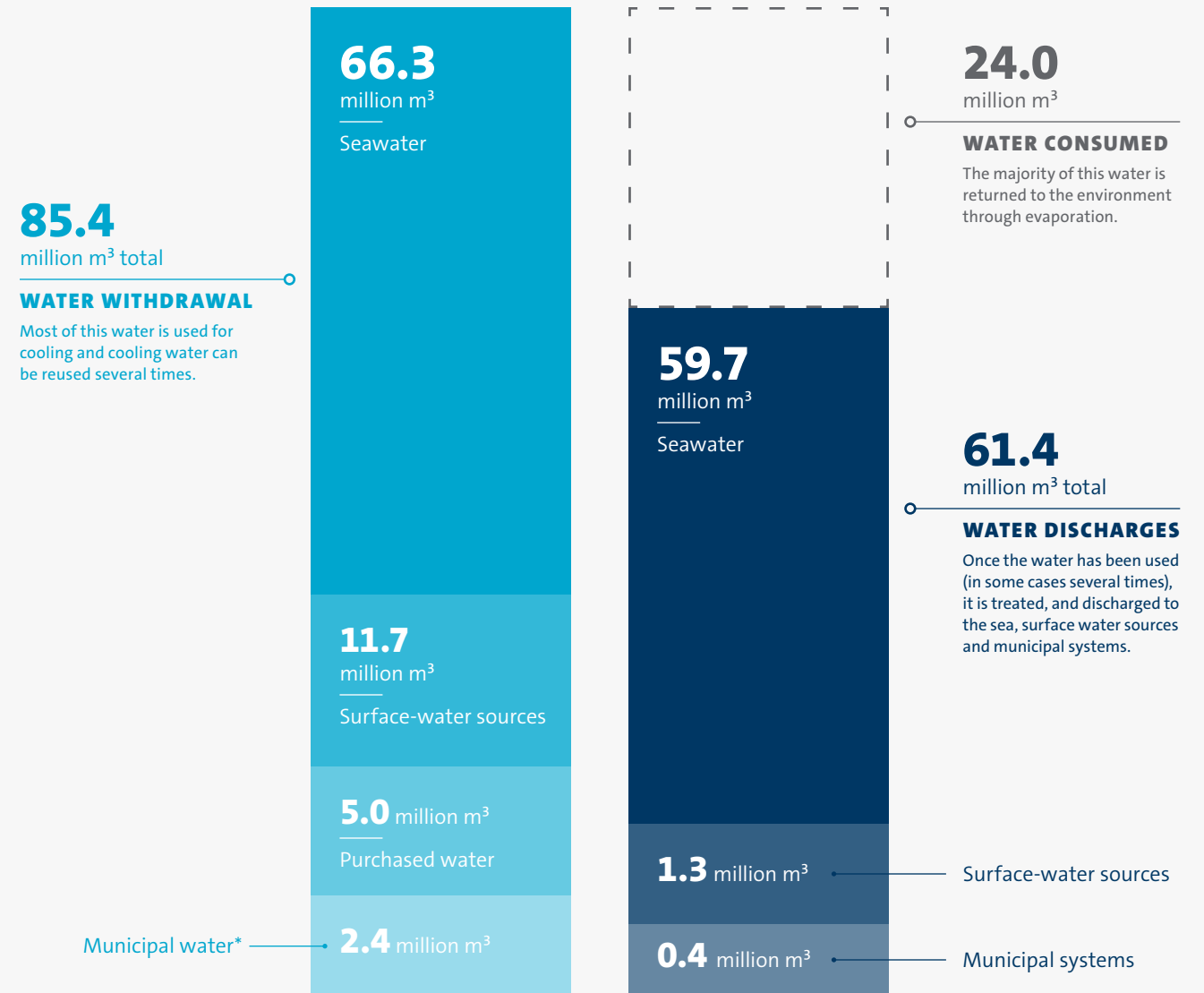
## PROTECTING WATER QUALITY

Water generated from the manufacturing process is treated in accordance with local requirements and analyzed before we safely discharge it back into the environment or to municipal services. The majority of our water is used for cooling: it simply circulates through pipes and heat exchangers and does not contain environmental contaminants requiring treatment before being released.

## OPTIMIZING OUR CHEMICAL USE

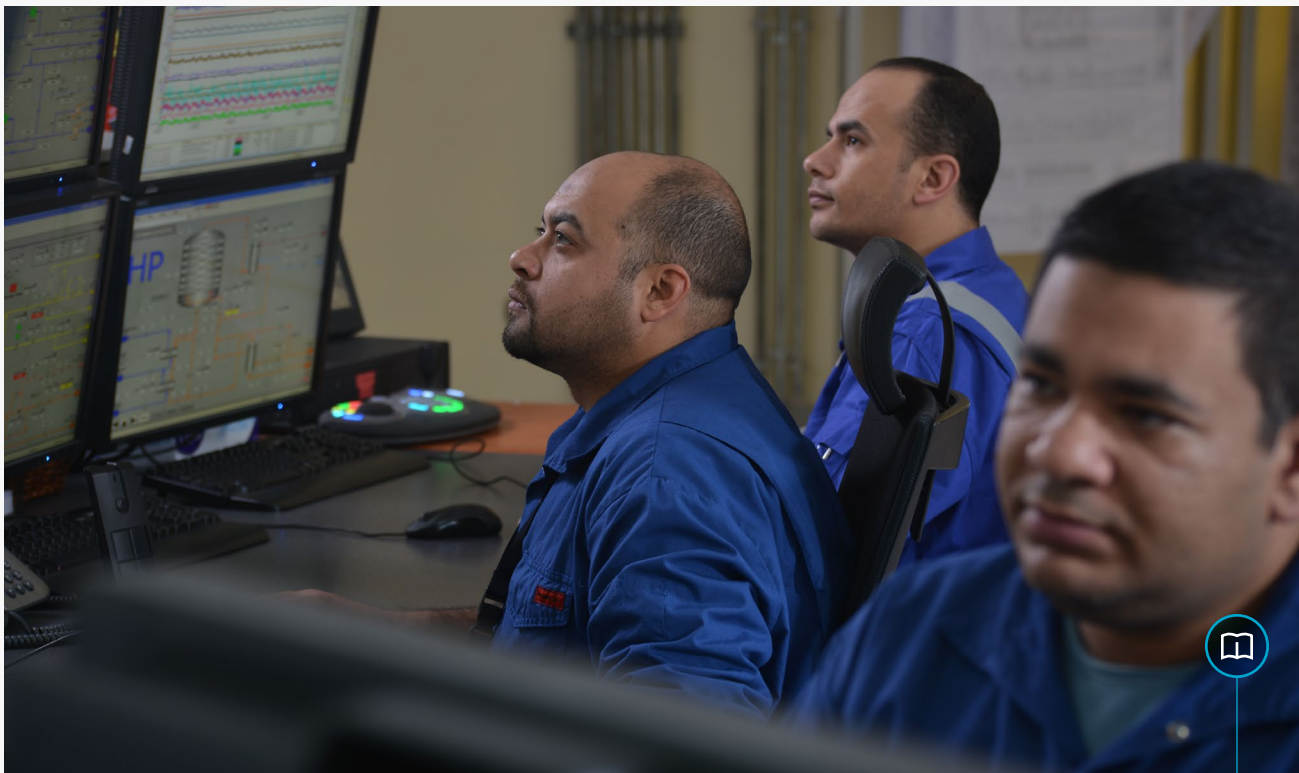
Chemical optimization refers to the customization of chemicals added to treat the water we use, to keep the water in the production cycle for as long as possible. The longer water stays in use, the less fresh water needs to be withdrawn to replace it. Chemical optimization also reduces the cost of purchasing fresh water, and costs associated with chemical purchase, storage and transport. In 2023, we continued to implement chemical optimization projects at our Egypt site (read more on the [next page](#)) to reduce our total annual fresh water withdrawals.

## 2023 Water Use



Graphic not to scale

\* Municipal water includes desalinated water and fresh water.



## Reducing Fresh Water Use in Egypt

We work to reduce water consumption at all our sites, but especially our Egypt site, which is located in a high water stress area. Two new projects that are enabling us to conserve water at our Egypt site include:

**Adding bromine for water treatment:** We must treat water to be used in our cooling process to eliminate any biological materials. By adding sodium bromide to our chloride-based treatment we reduced chloride content in the cooling water, enabling us to increase the number of cycles the water can be used. This change will allow us to save an estimated of 128,000 m<sup>3</sup> of water per year.

**Working to reduce steam loss:** A certain per cent of steam venting is a normal part of the steam condensation process. However, when excess steam vents instead of condensing efficiently, it requires us to withdraw more water to make up the lost volume. We completed chemical cleaning of our heat exchangers to improve their efficiency and reduce steam loss. We anticipate these changes will contribute to additional water savings.

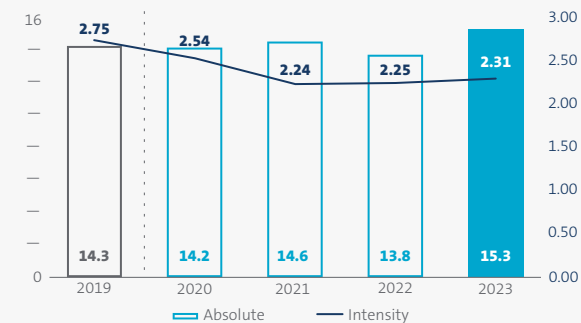
## IMPROVING WATER EFFICIENCY

Because fresh water is a shared natural resource with our communities and the environment, we put the bulk of our water stewardship efforts into conserving and protecting fresh water sources. This is particularly important in regions with potential for fresh water scarcity such as our Damietta, Egypt site. To maximize efficiency and return as much water to the environment as possible, our facilities have water conservation procedures to minimize, reuse and recycle water. For example, almost all our production facilities reuse process condensate in different phases of the production process, and over half of our sites reuse the wastewater from distillation columns, reducing the overall volume of water we need to withdraw. The New Zealand distillation columns debottleneck project completed in 2023 (see [page 24](#)) is also expected to reduce an estimated 100,000 m<sup>3</sup> of fresh water withdrawal per year. This water was previously used to produce demineralised water for boilers and for cooling water make up.

By optimizing our water treatment chemicals in Egypt, we expect to save an estimated **128,000 m<sup>3</sup>** of water per year.

## FRESH WATER CONSUMPTION

million m<sup>3</sup> of water consumed | m<sup>3</sup> water/tonnes of methanol



Fresh water consumption is primarily affected by production volumes in a year. Our fresh water consumption and intensity increased in 2023 due to slightly lower production at two sites without a corresponding decrease in water consumption, as well as water consumption for G3 Project commissioning and start-up. Note that the 2019 number is not comparable since it uses a previous methodology.



# Spills and Releases



**PERFORMANCE GOAL**  
→ Achieve zero significant (major or serious) environmental spills annually.



**Methanex safely manages large volumes of liquid chemicals every day. We have rigorous controls and containment measures in place, along with a comprehensive spill monitoring and prevention program. We are committed to delivering rapid response and remediation in the event of a release.**

## SPILL PREVENTION

Given the nature of our operations, our most significant potential spills relate to methanol, petroleum fuels and lubricants for machinery on site, and water treatment chemicals. We use water treatment chemicals to treat seawater and fresh water. Seawater used in our manufacturing process requires desalination, filtering and ion exchange, while the fresh water requires filtering treatment, ion exchange and pH adjustments.

## Zero significant environmental spills and releases in 2023.

We use three complementary strategies to address spill prevention:

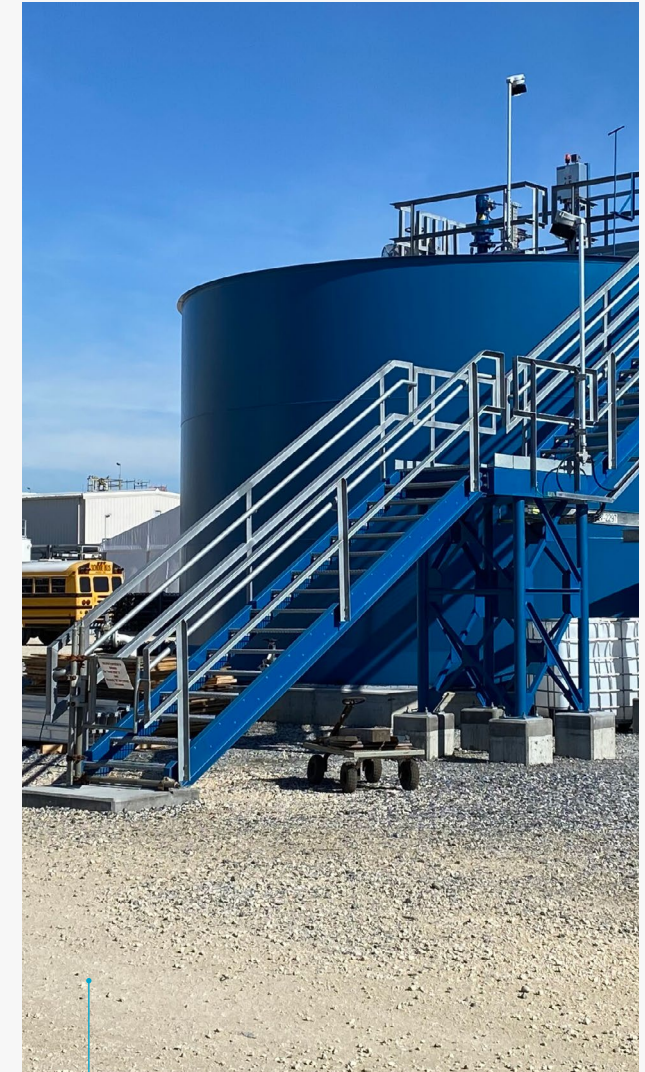
- 1. Environment Critical Equipment:** All sites must comply with our internal Environment Critical Equipment (ECE) Standard, which applies to equipment that, in the case of failure, may result in environmental consequences to air, land or water. The Standard guides identification of critical systems or parts of systems, directs risk-based maintenance and inspection, and informs performance monitoring of critical equipment to make sure it is operating correctly and within regulatory limits.
- 2. Maintenance and inspection:** The goal of maintenance and inspection is primary containment or “keeping it in the pipe.” As part of our regular facility maintenance program, we have a rigorous inspection process for storage tanks, pipes, flanges and connectors.
- 3. Management programs and training:** We train our team members in environmental management and implement process safety management programs (see more in the Process Safety section on pages 43 through 45). One of the key goals of our process safety program is to ensure the safe containment of substances that are harmful to human health, safety and the environment.

## SPILL MONITORING

Methanex records all spills and releases that could impact the environment or process safety, known as loss of primary containment (LOPC) incidents. We categorize LOPC incidents based on the quantity released and the type of material. Our teams analyze LOPC data regularly to identify patterns that could give us greater insights into the causes of spills and releases and inform our spill prevention initiatives. Data is reviewed monthly by our sites, and annually by the ELT and Responsible Care Committee of the Board.

## SPILL RESPONSE

In the event of a spill, we have spill containment berms (i.e., secondary containment barriers) around storage tanks to prevent the spill from reaching soil or water. We use monitoring wells across our facilities to periodically track both soil and groundwater conditions. This allows us to monitor potential pathways to water sources and plan our response in the event of a spill. Our sites have emergency spill and release plans, and we conduct training exercises for spill response.



### DID YOU KNOW?

- Methanol is soluble in water.
- Methanol is readily biodegradable in both aerobic and anaerobic environments, with a half-life in surface and groundwater of just one to seven days, making it a safer and more environmentally benign fuel.\*

\* Source: [Methanol: A Future Proof Fuel](#), Methanol Institute

# Waste



**Responsible and safe management of waste streams is essential to being a responsible company. At Methanex, we strive to minimize waste at the source, recycle or reuse where possible and are committed to disposal practices that respect all applicable regulations and the environment.**

Most of our waste volume is generated during major maintenance turnarounds, plant refurbishments and servicing work. These waste sources include construction-related materials such as scrap metal, wood waste, piping and vessel insulation. We have strict procedures in place to ensure that waste is properly segregated, classified, and the correct disposal options are established.

We choose off-site disposal whenever possible and use qualified waste management companies for waste transport, recycling or disposal. Our contracts or letters of agreement specify the method of disposal and responsibilities to help ensure that the waste is disposed of, treated or destroyed in a responsible manner, and we regularly audit our waste disposal companies.

We prioritize safe, responsible management of our hazardous waste, which is predominantly spent catalyst. Catalysts (small, metal-containing pellets that help promote the chemical reactions required to manufacture methanol) become less efficient over time (are “spent”) and eventually need to be replaced. We work to ensure that the material is safely handled, packaged and shipped to facilities equipped to manage it responsibly, recycling the metal remaining in the spent catalysts.

Other hazardous waste includes mostly chemicals and oils that are non-recyclable and are treated and disposed of in an environmentally safe manner by approved disposal companies.

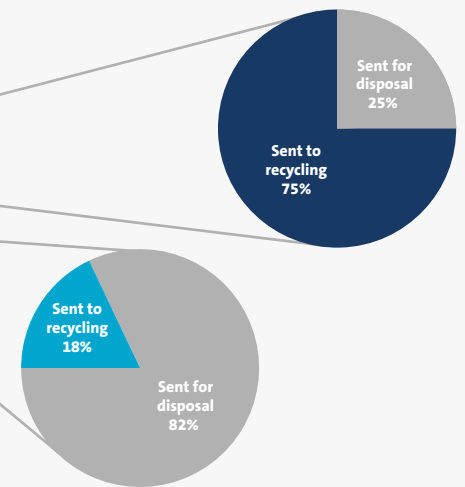
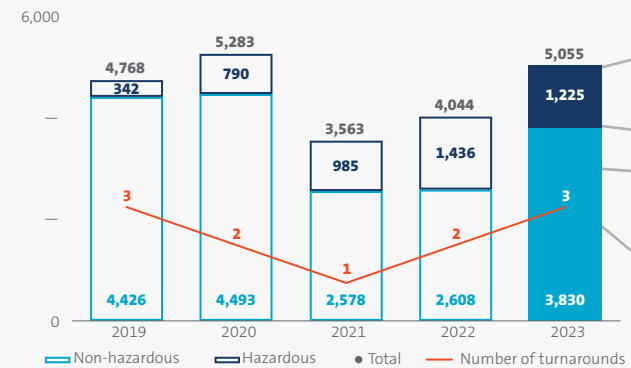
We remain committed to minimizing the environmental impact of our operations following the principles of Responsible Care and continue to review and improve our waste management practices.

Learn more about our efforts to divert large volumes of waste from our G3 project on the [next page](#).



## WASTE FROM OPERATIONS

tonnes | number of turnarounds



Our annual volumes of hazardous and non-hazardous waste are influenced by the number of turnarounds we undertake each year.

# Embedding Sustainability at G3

As the construction of our G3 project continued in 2023, Methanex undertook several activities to incorporate sustainability into project execution and completion work. Below are just a few of the many G3 initiatives that enabled us to reduce emissions, maximize our use of resources, support workforce learning and development, and give back to the local community.

**>\$270K**  
funding to Associated Builders and Contractors, Pelican chapter, for craft training, leadership development, safety classes and continuing education for professionals

## SUPPORTING WORKFORCE DEVELOPMENT

To support our workers and the local talent pool, we invested in learning and development and made financial or in-kind contributions to local training organizations.

**>100**  
staff from G3 Methanex and KBR Project Management Team participated in more than 80 Learning and Development sessions

**~6,200**  
tonnes of CO<sub>2</sub> avoided, along with 86 tonnes NO<sub>x</sub>, and 0.08 tonnes SO<sub>x</sub> by connecting to an electrical grid to power our temporary office complex, lunch tent and parking area lighting

## MANAGING CONSTRUCTION EMISSIONS

**~3,900**  
tonnes of CO<sub>2</sub> avoided, along with 54 tonnes NO<sub>x</sub>, and 0.05 tonnes SO<sub>x</sub> by not using 91 diesel engines to power welding machines and instead connecting to the local grid

Construction projects often use portable diesel generators to meet electricity needs. At G3, we installed an electrical grid connection, which eliminated diesel consumption and exhaust fumes, improving the local working environment.

**77**  
tonnes copper wire

**8,150**  
tonnes crushed rock within site

## RECYCLED

**2,240**  
tonnes scrap metal

## REDUCING WASTE

## REUSED

**36**  
tonnes of scrap concrete piles into site traffic barriers

Large construction projects often generate significant amounts of waste from construction materials and temporary infrastructure. We aimed to reuse or recycle materials as much as possible.

**45**  
tonnes of surplus building materials donated to The Green Project from demobilization of temporary office complex instead of landfill disposal

To benefit the larger community, we supported local charity projects by donating materials or furniture.

## GIVING BACK TO THE COMMUNITY

We supported Habitat For Humanity ReStores by donating furniture and purchasing some of our furniture requirements as an alternative to renting for the two-and-a-half-year assignment duration. ReStores fund the construction of Habitat houses in the Baton Rouge community while also benefiting the environment through materials reuse.



>6,700

Our employees contributed more than 6,700 hours to support activities in their local communities, on top of our contribution of \$2 million to community organizations.

**COMMITMENT**

Embed a culture of equity and inclusion that enhances diversity across the company and strengthens the connection with our communities.

# Fostering Inclusion and Community Connection

# Equity, Diversity and Inclusion



## PERFORMANCE GOALS

- Review and revise our performance management program to mitigate bias and embed inclusive behaviours in 2024.
- Embed equitable hiring practices across our recruitment processes in 2024.
- Develop a consistent approach in reporting diversity metrics across all regions in 2024.



**At Methanex, we strive to provide an equitable and inclusive work environment where diversity is valued, and all global team members are encouraged and supported to reach their full potential. Valuing equity, diversity and inclusion (EDI) means embracing our differences as strengths and recognizing how this contributes to our competitive advantage. We believe this approach helps us attract and retain the best people, leading to better decision making and increased innovation. This, in turn, leads to a more successful and sustainable company.**

Our team members span 11 countries, speak different languages, represent different cultures and have different backgrounds, experiences and perspectives. Through our One Team approach, we collaborate across global functions and regions.

We recognize the importance of diversity at all levels of Methanex, starting with the Board. See page 70 for more details on Board diversity.

## OUR EDI STRATEGY

Our Equity, Diversity and Inclusion Council, led by the Director, EDI, and made up of senior-level Methanex leaders from around the world, supports the development and execution of our EDI Strategy and its integration into the business.

To inform the development of our EDI Strategy in 2021, we conducted a comprehensive EDI assessment of our internal data, people practices and employee feedback, and an external scan of best practices.

Within the strategy, our Vision, Guiding Principles and Strategic Priorities together outline our aspirational future state, our non-negotiable commitments for EDI at Methanex, and the steps we will take to achieve them.

## Vision

- ✓ Our vision is to have an inclusive culture where diversity is valued, differences are embraced and everyone has the opportunity to contribute, develop and advance.

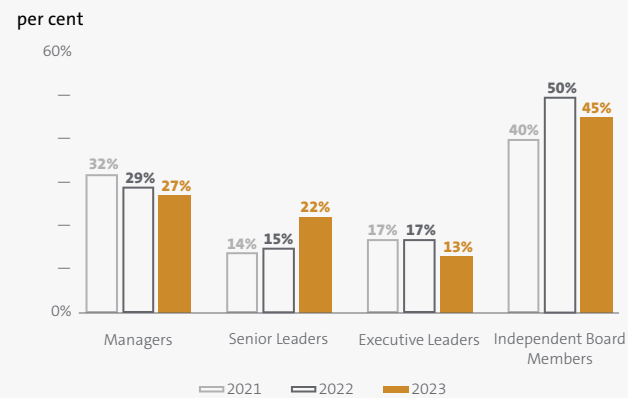
## Guiding Principles

- ✓ We are committed to building an inclusive organization where everyone feels safe, respected and valued as their unique self.
- ✓ We are committed to a diverse organization that values different perspectives, backgrounds, skills and abilities.
- ✓ We are committed to fair and unbiased people practices that are transparent and consistently applied.

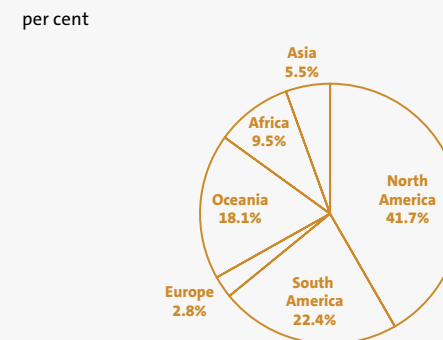
## Strategic Priorities

- ✓ Embed inclusive behaviours into Methanex's culture.
- ✓ Build leadership commitment and accountability to EDI.
- ✓ Enhance the fairness, transparency and inclusiveness of people practices.

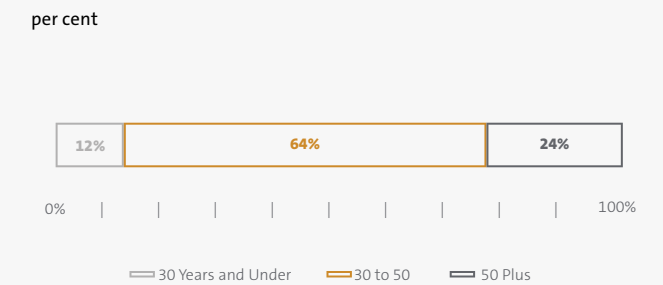
### WOMEN AT VARIOUS LEVELS



### TEAM MEMBERS BY LOCATION (2023)



### TEAM MEMBERS BY AGE (2023)



For more information about diversity on Methanex's Board of Directors, see the Corporate Governance section, [page 70](#).

### ACTIONING OUR EDI STRATEGY

At Methanex, we believe having a diverse team, equitable people practices and an inclusive workplace lead to a better culture, better decisions and a better company. We recognize the importance of equity, which is about working to level the playing field and mitigate any organizational barriers that might be holding different people back. To reflect this, in 2023 we added the term “Equity” to our strategy and include it when referring to this work. Our priorities in 2023 focused on advancing our Equity, Diversity and Inclusion Roadmap through specific near-to-medium-term actions.

#### Equitable Succession Planning

We developed and shared with all leaders our Guide to Equitable Succession Planning, integrating it throughout our regional and global talent management processes. The guide is a tool for leaders to help mitigate bias in our succession planning, enabling more objective decision making and enhancing the visibility of diverse talent.

In 2023, 39 per cent of our new hires were women, compared to 30 per cent in 2022.

#### EDI Training

In 2023, we introduced Ignite Inclusion, a foundational EDI learning module. The two-hour session was designed to foster a more inclusive culture through awareness, and by encouraging sharing and self-reflection. 120 sessions in four different languages were offered. All regions have now completed the global roll-out of our EDI training. Feedback from the training was very positive in all regions, with 94 per cent of respondents saying they will use what they learned and 90 per cent recommending the session to others. To integrate the learnings, teams held follow-up discussions and set team commitments for creating a more inclusive work environment.

#### Employee Resource Groups

Employee Resource Groups (ERGs) are voluntary, employee-led groups that bring together employees who share an interest in a specific dimension of diversity. They are created to support a group that has been historically disadvantaged and/or to improve fair and equal access to opportunities. To support and encourage the formation of ERGs, we developed a global ERG Toolkit in 2023. The toolkit creates a consistent approach for ERGs, provides guidance on roles and responsibilities including leadership involvement, and shares tips on forming and maintaining an ERG.



### Inspiring Ascending Women

The Ascend group was our first women’s ERG to provide personal and professional development, growth and networking opportunities for women. Ascend works to understand what drives women in the region and targets its programming and strategies to support women at all stages of their lives and careers.

Ascend has been offering its members interactive and engaging growth-focused events, addressing areas from self-awareness and speaking-up, to collaboration and productivity.

The events include diverse voices from senior leaders, Board members and other influential women in business.

Methanex supports the ERG with a Leadership Sponsor, a budget and time (during work hours) to plan and host events.

The first Ascend chapter began in Trinidad in 2021. We now have two additional Ascend chapters—Geismar and New Zealand.

# People Practices

**Our team members are central to everything we do and help us maintain our competitive advantage in the marketplace by committing to safely and reliably producing and distributing an essential product for worldwide markets. We are committed to respecting and promoting human rights and providing our team members with respectful and safe working conditions. These commitments are outlined in our [Human Rights Policy](#).**

We aim to attract and retain the best and the brightest, and we engage our team members by encouraging and supporting them to develop their unique talents and insights. Our diverse geographic profile, yet relatively small headcount, provides our team members with the opportunity to make a powerful impact while working with a talented team of colleagues across the globe. The result is a thriving global culture that enables us to work together as One Team across functions, regions and disciplines to deliver on our vision of global methanol leadership.

To maintain an engaged and talented workforce, we continue to evolve our people practices with a particular emphasis on employee engagement and organizational culture, succession planning and leadership development, and learning and development for all team members.



## EMPLOYEE ENGAGEMENT

We regularly conduct employee surveys to better understand how team members experience our culture. In our most recent survey, conducted in late 2023, we reached a record-high 96 per cent participation rate globally and saw improvement on many survey questions. The highest scoring questions globally included, “Methanex is a great place to work” and “I understand how my role supports Methanex’s strategy.” Areas for improvement globally included: balancing workload and resourcing, providing more support around development and career planning, and feedback around our performance management program. We are grateful to our employees for their feedback, and our global and regional teams are developing targeted responses to the feedback, and other priorities identified by employees.

Our team members span **11 countries**, and represent different cultures, experiences and perspectives.



### SUCCESSION PLANNING AND LEADERSHIP DEVELOPMENT

We are committed to providing meaningful opportunities for our team members to grow and develop, with a focus on the specific competencies required to execute on our strategy.

We have a robust succession and talent management program to build and preserve organizational capability and minimize succession risks. We proactively identify, assess and develop talent at all leadership levels of the organization and tailor developmental needs accordingly. We have a Global Mobility Program, which provides the opportunity for some skilled team members to work in another geographic region to gain additional experience and accelerate their development.

Our suite of leadership development programs—combined with on-the-job experiences, assignments, and projects—help us close identified gaps. In 2023, we filled seven executive roles through internal hires and made nearly 20 senior leadership-level role appointments or changes, which were largely filled by our internal team members. Our ability effectively to draw from a strong pool of internal talent demonstrates the value of our ongoing succession planning and development efforts.

### EMPLOYEE LEARNING AND DEVELOPMENT

Methanex is committed to ensuring our team members have the knowledge, tools and opportunities to maximize their potential and enable us to execute on our strategy. As a learning organization, our team members are encouraged to consider their development in terms of the 70/20/10 approach: 70 per cent of development happens on the job; 20 per cent is from leadership coaching, mentoring and network interactions; and 10 per cent comes from formal learning. Leaders and employees regularly collaborate to define stretch goals for employees within their current roles.

Our competency assurance programs are a core learning and development offering at our manufacturing sites. These programs identify the required competencies for operational and safety roles, and include training materials, development activities and knowledge assessments. The programs provide visibility to employees on career progression, strengthen employee engagement and contribute to the safe, reliable operation of our plants and business. Building on the successful implementation of our competency assurance program for plant managers in 2022, we have been developing programs for plant managers' direct reports, and operational and safety roles across all our manufacturing sites to increase alignment. We will continue to roll these programs out in 2024.

To support those in technical roles, we developed a Technical Career Pathways site that brings together the various learning and development support we have available, such as competency assurance program information, tools, educational opportunities and other resources. We also launched a professional development program which offers six-to-nine-month global technical assignments.

### DEVELOPING LEADERSHIP CAPABILITIES

We offer a suite of in-house Global Leadership Programs to develop leadership capabilities at all levels (from individual contributors, to senior managers). This suite of programs enables us to deliver on our strategy and includes:

- **Methanex Leadership Essentials:** Foundational modules to support participants to develop the capabilities to lead others.
- **Centre for Creative Leadership:** Provides cross-functional/cross-regional exposure to support development into future leadership roles.
- **Courageous Leadership Program:** Enables experienced leaders to develop the capabilities to lead other managers and/or a function.
- **Executive Leadership Program:** An opportunity for senior leaders to explore the challenges of leading a global organization.
- **High-IMPACT Coaching Program:** Enables leaders to develop the capabilities to coach team members and create a coaching culture.



We reached a record-high 96 per cent in our engagement survey in 2023.



# Communities and Indigenous Rights

**We believe our business should have a positive impact on people’s lives. By being a good neighbour and valued corporate citizen, we create positive and sustainable impacts in our communities. We partner and collaborate with local and Indigenous communities on shared goals to foster healthy, long-term relationships.**

## ENGAGING WITH COMMUNITIES

We continually work to understand community interests, communicate information about our product and business activities, and address any community concerns. We do this primarily through Community Advisory Panels, as well as stakeholder associations, open house days, community projects, seminars, community surveys and public meetings.

**Community Advisory Panels (CAPs)** in our manufacturing locations encourage communication and transparency between Methanex and our communities, helping us build and sustain positive, ongoing relationships with our stakeholders. CAP meetings allow us to share information about plant operations and address any community questions or concerns related to our product and operations. We also solicit input from our CAPs about our programs and involve them in developing community social responsibility initiatives. In 2023, we held 20 CAP meetings (both in person and virtually).

**Policies and standards that guide our engagement** and communication with communities include our Stakeholder Relations Policy, which outlines principles for community outreach and involvement, and our Operating Site Community Dialogue Standard, which guides structured community dialogue with neighbouring communities. These policies reflect the Chemistry Industry Association of Canada (CIAC) Responsible Care Accountability Code’s expectations for proactive community awareness and dialogue, including a commitment to Indigenous rights and culture.

## INVESTING IN COMMUNITIES

In addition to creating jobs and economic opportunities, we are committed to building and supporting healthy communities that are great places to live and work. Our community investments are focused on providing financial support to areas of need within the communities that we work in as well as partnering with team members through a matching grants program. Together with our employees, we donated almost \$2 million and more than 6,700 hours of employee time to community efforts around the world. Read about some of our efforts on the next page.

**In 2023, we donated almost \$2 million to communities, which is 51 per cent higher than last year.**



## Extending Support for Decent Work in Egypt

Since 2019, Methanex has partnered with the International Labour Organization (ILO) in Egypt to support young women and men in their quest for better lives and decent work.

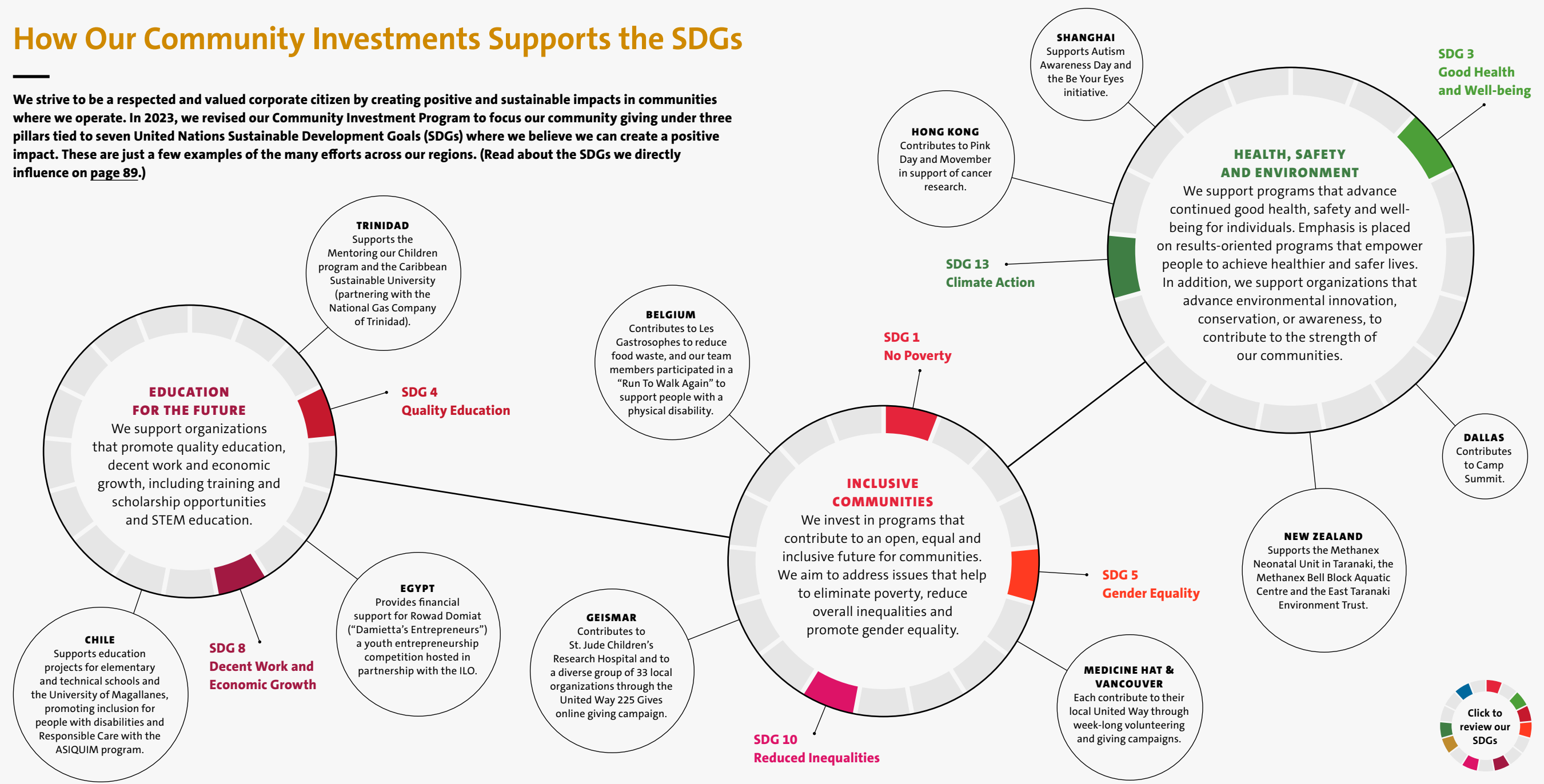
For four years, our donations of \$1.35 million have supported Decent Jobs for Egypt’s Young People, a Damietta-based program to create jobs, promote entrepreneurship, facilitate job matching and build capacities of local service providers to unemployed youth.

In 2023, Methanex extended the program for an additional five years with a donation of \$2 million to embed elements of the program in the Damietta community and institutions and to support the creation of an additional 1,000 jobs.

The previous four-year partnership program resulted in more than 2,400 training opportunities and the creation of 725 jobs. The new phase of this partnership will have an increased focus on women in the labour market, the promotion of green jobs and the inclusion of people with disabilities.

# How Our Community Investments Supports the SDGs

We strive to be a respected and valued corporate citizen by creating positive and sustainable impacts in communities where we operate. In 2023, we revised our Community Investment Program to focus our community giving under three pillars tied to seven United Nations Sustainable Development Goals (SDGs) where we believe we can create a positive impact. These are just a few examples of the many efforts across our regions. (Read about the SDGs we directly influence on [page 89.](#))



### RESPECTING INDIGENOUS CULTURAL HERITAGE

We are committed to engaging with Indigenous communities out of respect for their unique history, rights and culture, including their traditional lands and cultural heritage resources, and in keeping with the principles of the UN Declaration on the Rights of Indigenous Peoples as well as the specific governing treaties of each region. Cultural heritage resources refer to objects, sites or locations of cultural, historical or archaeological significance to Indigenous communities.

### HONOURING MĀORI CULTURAL SITES AND TRADITIONS

In 2023, our New Zealand site worked to incorporate Māori knowledge, foster open and transparent engagement with local Māori groups, and increase use of Māori language internally.

In November 2023, we held our Board of Directors meeting in New Zealand. The visit began with a Whakatau, a traditional Māori welcome ceremony, accompanied by a captivating Kapa haka performance. Facilitated by a local high school group, this ceremonial welcome included traditional songs and dances. Methanex is dedicated to building and strengthening connections with the local Māori tribes (iwi) and sub-tribes (hapū) through a commitment to continuous learning and cultural understanding.

**Well-being at work:** Methanex launched a revitalized approach to wellness based on Te Whare Tapa Whā, a Māori model that represents health and well-being as a wharenui (meeting house) with four walls (representing physical, spiritual, mental and emotional, and family and social health). Our approach includes a suite of resources and actions to help employees take care of each aspect of wellness. It empowers people to actively embrace their own well-being, breathes life into shared values and supports people to thrive. Incorporating this holistic, interconnected understanding of well-being into our workplace earned us a place as a finalist in the New Zealand Energy Excellence Awards in the well-being category.

**Open communication:** Methanex has an agreement called Te Rōpū Rangapū Aronga Tahi, which means, The Group of Shared Vision. This agreement brings together tangata whenua (people of the land) from the four main hapū in the Motunui and Waitara area, where we operate. These are Ngāti Rahiri, Otaraua, Pukerangiora and Manukorihi. The group meets quarterly to promote open communication and discussion on topics of mutual interest including environmental and water stewardship. In 2023, as part of this group, an independent study of the fish bypass at our New Zealand site's river water intake was commissioned and found to effectively protect vulnerable native fish species as they migrate up the river.



**Māori language awareness:** For Te Wiki o te Reo Māori (Māori Language Week) we hosted several language workshops for our team members. We invited members of our local hapū to lead the training sessions, which covered key language areas such as pepeha (a Māori introduction which is unique to each person) and waiata (song).

In 2023, Methanex attended a ceremony celebrating the opening of the wharekai (kitchen/dining area) of Ōwae Marae, a significant Māori cultural site in the Taranaki region. The Ōwae Marae site contains a number of sacred buildings and is being redeveloped, with Methanex support, as part of a major project to update and expand the capacity of aging facilities.

### TAKING STEPS TOWARDS RECONCILIATION IN CANADA

In 2023, we continued to take steps towards reconciliation, including support for Indigenous cultural awareness, leadership education and corporate acknowledgment of Canada’s National Day of Truth and Reconciliation.

In May, we sponsored the Medicine Hat Public School Division’s (MHPSD) inaugural event, KisKihkeyimowin, which means “sharing good teachings” in Plains Cree. MHPSD held the event in partnership with the Medicine Hat College and the Miyasin Friendship Centre, where grade four and 10 students from MHPSD had the opportunity to connect with Blackfoot, Cree and Métis cultures, teachings and traditions. The event allowed students to gain a deeper understanding and respect for Indigenous culture through stories, hands-on activities and experiences. We believe supporting initiatives like this are essential to building meaningful relationships with Indigenous communities and advancing reconciliation.

In January 2023, members of our Medicine Hat team joined Indigenous leaders, including a former member of our Community Advisory Panel, for a unique experience to learn about colonialism’s history and the ongoing impacts on Indigenous peoples in Canada. Indigenous leaders led a special Blanket Exercise for Methanex Medicine Hat leadership in the Ómahksípiitaa (Big Eagle) room at Medicine Hat College. It was a moving and powerful way to gain a deeper understanding of the past and present, and to support reconciliation and inclusivity in our workplace.



To further support leadership education on reconciliation, we shared 150 Acts of Reconciliation, by Dr. Crystal Fraser and Sara Komarnisky, with Medicine Hat site leadership. The document outlines both small, everyday acts to advance reconciliation, as well as more provocative acts to rethink the Indigenous-settler relationship, and although it was published in 2017, it remains relevant to the journey of reconciliation. Communicating opportunities and resources for our team members to better understand Indigenous culture helps to advance meaningful and ongoing learning.

On September 30, in honour of Canada’s National Day of Truth and Reconciliation, team members in Vancouver and Medicine Hat were invited to sign up for lunch and learns, which were being offered through the National Centre for Truth and Reconciliation. Topics included the history of residential schools, Indigenous Peoples’ rights and the United Nations Declaration on the Rights of Indigenous Peoples, and taking action towards reconciliation.

In our site communications, team members were encouraged to reflect on the purpose of National Day for Truth and Reconciliation and how they could support reconciliation.

# Transporting Methanol Safely and Responsibly

## COMMITMENT

Maintain the highest industry standards for safe and sustainable methanol transportation.

85%

85 per cent of our leased railcars have already been upgraded to the newer DOT-117 railcars.



# Product Safety



### PERFORMANCE GOAL

→ Reach at least 130 organizations through our product stewardship programs to promote the safe and sustainable handling and use of methanol.



**Handling methanol safely is a critical element of safe transport. Like many other chemicals and fuels, methanol can be toxic if swallowed, inhaled or absorbed by the skin. It is also flammable. Appropriate safety precautions must be taken when using, handling or working around methanol to keep people and the environment safe.**

### PROMOTING PRODUCT STEWARDSHIP

Our product stewardship programs promote the safe transport, storage, use and handling of methanol through the entire product value chain, starting with product safety programs for our team members and extending to the sharing of best practices with distributors, terminals, supply chain partners, customers and other key stakeholders. Through our product safety practices and our participation in industry associations across regions, including the Methanol Institute and Chemistry Industry Association of Canada, we provide information on managing the risks of methanol and promote its proper use and safe handling.

**Supporting safe handling by workers:** At our manufacturing sites, methanol is stored in tanks and transported via pipelines into marine vessels or loaded into rail cars or trucks. For this reason, very few workers have contact with methanol. The only people who directly handle methanol are individuals who conduct quality testing (e.g., in our labs) or other procedures. These individuals are required to undergo specialized training, wear adequate personal protective equipment (PPE) and participate in industrial hygiene monitoring programs.

To ensure workers and handlers of methanol have the information they need to stay safe and meet our hazard communication requirements, we provide Safety Data Sheets (SDSs), which are available in 22 different languages and in two formats: Globally Harmonized System (GHS) for use around the globe, and Registration, Evaluation, Authorization and Restrictions of Chemicals (REACH) for countries in the European Union (EU) and in the United Kingdom. SDSs provide information on the hazards of methanol and contain advice about safety precautions, including minimum PPE to run facilities, and provide emergency response.

**Supporting safe handling by customers:** Our regional teams deliver timely, high quality compliance documents to our customers. We also proactively share a [Methanol Safe Handling brochure](#) with customers and distributors. It includes safe handling information aligned with the GHS and is available in multiple languages.

## We achieved 100 per cent product compliance with global and regional regulations in 2023.





**External training for a safe supply chain:** We regularly share best practices on methanol safe handling and loading procedures. We offer methanol-handling safety seminars, webinars and workshops to stakeholders throughout our supply chain, including partners, customers, terminals, surveyors, distributors, carriers, and emergency service providers, as well as local and/or regional authorities in all regions where we have sales activities.

In 2023, we held 39 safety webinars/seminars, reaching more than 500 organizations and more than 1,900 people. We also participated as a guest speaker in two online chemical safety webinars in China which attracted more than 5,400 participants and more than 100 organizations. We continue to provide technical and safety information about methanol in multiple languages on our website, including material SDSs (as noted above), a methanol safe handling guide and video.

**Working with safe distributors:** We use distributors globally to transport and sell a portion of our methanol to the end consumer. Our Distributor Responsible Care (RC) Standard defines the responsible distribution principles, behaviours, and practices we expect from our distributors. These include effective management plans for risk, communications, legal compliance, sub-distributor management, safe handling, emergency response, performance tracking, and continuous improvement.

Building on our work in 2022 to rank our distributors based on their risk profile and their level of implementation of the Distributor RC Standard, in 2023 we conducted a global calibration to ensure the same metrics were being used to gauge risk across our regions. Our Marketing & Logistics regions have developed a roadmap of engagement with those distributors to identify distributors for the development and execution of action plans for improvement, as needed.

# Transportation Safety



## PERFORMANCE GOAL

→ Achieve zero reportable transport safety incidents (for methanol that we handle) annually.

**As the world's largest producer and supplier of methanol, it is essential that we use our leadership position to promote methanol safety best practices and set high safety standards for our suppliers.**

Approximately 85 per cent of our product is transported by our subsidiary Waterfront Shipping (WFS). Methanex transports the remainder of our product using railcars, trucks, pipelines or barges.

### THIRD-PARTY CARRIER ASSESSMENT

We contract sea vessels, railcars, barges and trucks to distribute our product. Depending on the mode of transport, we use different assessments to evaluate and select responsible carriers that align with our values and safety practices.

### RAILCARS

In North America, approximately 40 per cent of our customers are supplied with methanol by rail. Of this, the majority is shipped using Methanex's approximately 1,225 leased, operated and maintained railcars. In addition to regulatory inspections of those railcars every 10 years, our railcar preventative maintenance program in North America requires Methanex inspections of railcars every five years. Inspections verify that all equipment meets legislated and Methanex standards.

As part of each inspection, we carefully examine the car to look for any defects, replace or repair the bottom outlet valve, replace all gaskets, repair any other defects identified, give the car a full cleaning and perform a leak test.

### BARGES AND TRUCKS

In addition to vessels and railcars, our regional offices also contract barges or trucks and conduct assessments appropriate for their jurisdiction. These assessments, which are conducted on a three- to five-year cycle, include criteria to evaluate quality, safety, security, environment, and corporate social responsibility. In China, we developed a barge inspection questionnaire based on in-house shipping experience and use this in the barge vendor selection process. Our office in Europe has been directly arranging methanol transport by truck for more than 25 years and shared best practices with our other regional offices regarding trucking supplier selection, product stewardship, route risk assessments, unloading site assessments, emergency response and trends in sustainable fuels.

**Eighth year in a row receiving a Grand Slam Award for safety during rail transportation.**

## Upgrading to Safer Railcars

Transportation incidents such as the Lac-Mégantic, Quebec derailment in 2013 and Palestine, Ohio in 2023 often prompt regulators and companies to examine root causes and enhance transportation standards. The United States Federal Railroad Administration and Transport Canada require all tank railcars to be transitioned to an enhanced railcar design by June 2025 in Canada and May 2029 in the U.S. Our fleet transition is already 85 per cent complete, and our goal is to fully transition in advance of the Canadian deadline.

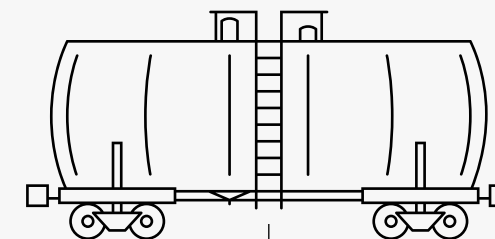
**~1,225**  
leased, operated and maintained railcars

**~40%**  
of our customers in North America are supplied by rail

**85%**  
already DOT-117

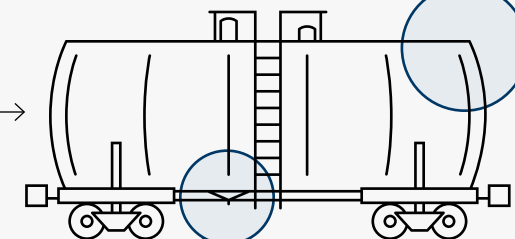
**100%**  
planned by end of 2024, ahead of regulation

Current rail cars (DOT-111)



Commonly used railcars to transport crude oil and other fuels

New rail cars (DOT-117)



Improved fittings and valves

Increased tank shell thickness and thermal protection





#### PERFORMANCE GOAL

→ Complete safety visits on 100 per cent of our time charter vessels, annually.

### SAFETY PRACTICES AT WATERFRONT SHIPPING

To achieve reliable transport and safe operations, WFS works closely with ship owners and ship management companies, which are responsible for the technical operation of WFS vessels. These technical operations include all crew-related matters (e.g., hiring, training, assigning to vessels, well-being), vessel maintenance (e.g., dry docks, repairs, upgrades) and compliance with applicable regulations.

We conduct regular internal and external assessments to determine the safety of WFS vessels and their crews.

#### Internal assessments

We assess the safety of vessels and their crews through:

- **Safety visits:** WFS has been conducting annual safety visits of vessels for more than 10 years. These visits are intended to validate that ship owners' programs are translating into a culture of safety and an enhanced experience for those aboard the vessels. Safety visit findings for individual vessels are shared with the vessel and owners; owners are required to track all corrective actions. Fleet findings are consolidated to produce a fleet safety rating that serves as a benchmark for continual improvement efforts. In 2023, to extend the same safety culture to all vessels we use, we expanded our safety visit program to cover some of our spot and Contract of Affreightment (COA) vessels.



- **Performance tracking:** We track 13 key performance indicators (KPIs) on a quarterly basis to help identify areas for improvement between annual assessments
- **Office visits:** We conduct office visits every two years with time-charter ship owners and technical managers of WFS vessels. This supports the alignment of safety information and expectations between ships and offices, and strengthens working relations between Waterfront and our ship operators.

#### External assessments

We require all vessels to undergo an annual Chemical Distribution Institute – [Marine inspection](#). In 2023, all 30 vessels in the WFS fleet underwent this inspection. Additionally, we review ship inspection reports using [SIRE](#) (Ship Inspection Report programme), a database of vessel inspection reports from major international oil and gas companies. We access the database throughout the year to ensure vessels are maintained and technically managed in a safe manner that will allow us to commercially operate the vessels without restrictions.

### ANNUAL MARINE SAFETY VISITS

We aim to have a WFS marine safety expert spend 1.5 days every year on each of the vessels in the WFS fleet. In 2023, we completed 30 safety visits.

A safety visit entails a review of more than 500 health and safety items, and significant interaction with all levels of the officers and crew on board.

Some examples of review items include:

- **Vessel-related:** Maintenance is up to date, vessel is clean and organized, efforts are being made to use energy-efficient practices.
- **Procedural:** Record keeping is up to date, crew work-rest balance is being monitored.
- **Programs:** Stop Work authorization is being reinforced, crews are encouraged to report near misses and raise concerns about safety, and methanol and nitrogen safety training is being provided.
- **People:** Ensure the atmosphere on board the vessel is respectful and efforts are made to promote mental health awareness and monitoring. Increased pandemic-related restrictions on seafarers has highlighted the importance of mental health.



### Safety training

In addition to safety training required by ship management companies, we develop targeted training programs for crews on Waterfront vessels, including training on key safety hazards. These programs reinforce seafarer knowledge through regular training on and off the vessels. Twice per year, crews receive training on the safe handling of methanol and nitrogen. Nitrogen is used on board to remove the risk of fire and explosion in the cargo tank, but it carries a risk of asphyxiation. Both safety trainings include a safe handling video and a presentation with a Q&A session.

The online training format facilitates personalized training, allows us to modify or supplement the training as needed and provides seafarers with the flexibility to take the training at a pace that promotes their learning and retention.

To verify that crew members fully understand the safe handling of methanol and nitrogen, including the risks, they must take a test. Waterfront Shipping, along with vessels Technical Managers, review individual test scores instead of vessel-wide results. This enables vessel managers to review the safety performance of individual crew members and provide additional support as needed.

### TERMINAL ASSESSMENTS

As part of our marketing and logistics service, we load and distribute methanol by vessel at 116 terminals around the world (five at our manufacturing sites, 31 leased terminals and 80 at customer or third-party locations). Guided by our commitment to Responsible Care, we assess terminal quality, health, safety, security, and environment practices on an ongoing basis. Each year we assess approximately 60-70 terminals. Where applicable, we work with terminals to make required changes. In 2023, we reached a milestone of having 100 per cent of our leased/contracted terminals assessed and approved under our new process. In 2023, we also began an annual internal audit of our terminal approval process.

For our own terminals at our six manufacturing sites, we have integrated terminal assessments into our three-year internal audit cycle. We also developed and began implementing a best practices document to standardize the operational processes and procedures followed at our terminals.

### IN 2023, WE COMPLETED:

**30**  
vessel safety visits

**7**  
vessel management  
office visits

## Collaborating With Owners on Shipping Safety

We believe industry collaboration can create opportunities and innovative solutions to industry challenges. Waterfront Shipping came together with 67 representatives from our time-charter ship owners. During the two-day workshop in June 2023, we discussed shared challenges in health and safety, the operation of methanol dual-fuel engines and tank cleaning procedures.

After the workshop, we:

- Updated our annual marine safety visit program to incorporate more human elements (such as mental health) into the inspection process
- Formed a working group to discuss hull cleaning standardization (read about the importance of hull cleaning on [the next page](#))

# Ecological Impacts of Shipping

**At Waterfront Shipping, we work to reduce the environmental impacts associated with transporting product by vessel. Precautions range from choosing new vessels with best-in-class technology to retrofitting existing ships to improve their emissions performance.**

## AIR QUALITY

NO<sub>x</sub>, SO<sub>x</sub>, and Particulate Matter are byproducts of combustion from ship engines and sources of air pollution in heavily trafficked shipping lanes. While use of methanol reduces NO<sub>x</sub> emissions compared to traditional marine fuels, ships must meet increasingly stringent air emissions regulations established by the International Maritime Organization (IMO), including Tier III NO<sub>x</sub> control requirements. A simple but innovative process allows ships to blend water with methanol or diesel, and results in additionally reduced NO<sub>x</sub> emissions with no significant loss of power. Eight ships in our fleet use this blending process. Read about Waterfront Shipping CO<sub>2</sub> emissions reduction efforts on [page 26](#).

## SPILL PREVENTION

In the unlikely event of an accident, all Waterfront vessels have double hulls and secondary deck containment to prevent product from impacting the environment and marine life. We have strict vessel loading guidelines and use best practices to prevent spills during loading and discharging.

## BALLAST WATER MANAGEMENT

When an empty ship is en route to a loading destination, it uses vast amounts of ballast water to provide stability and maneuverability. This ballast water is then discharged during loading operations. However, ballast water contains biological materials (e.g., bacteria, microbes) from the region in which it originated. When ballast water is discharged at a different location, these foreign materials can adversely impact the local aquatic ecosystem. All vessels in the Waterfront fleet have ballast water exchange plans that significantly reduce the risk of harmful aquatic organisms or pathogens. To comply with the IMO ballast water management convention, the vessels in our fleet completed the retrofitting of our ballast water treatment systems in 2021, well before the 2024 compliance deadline. During our safety visits to each vessel, we check the working condition of the ballast water system including the ship's on-board inventory of critical spare parts (such as the UV light lamp that is used to sterilize the water).

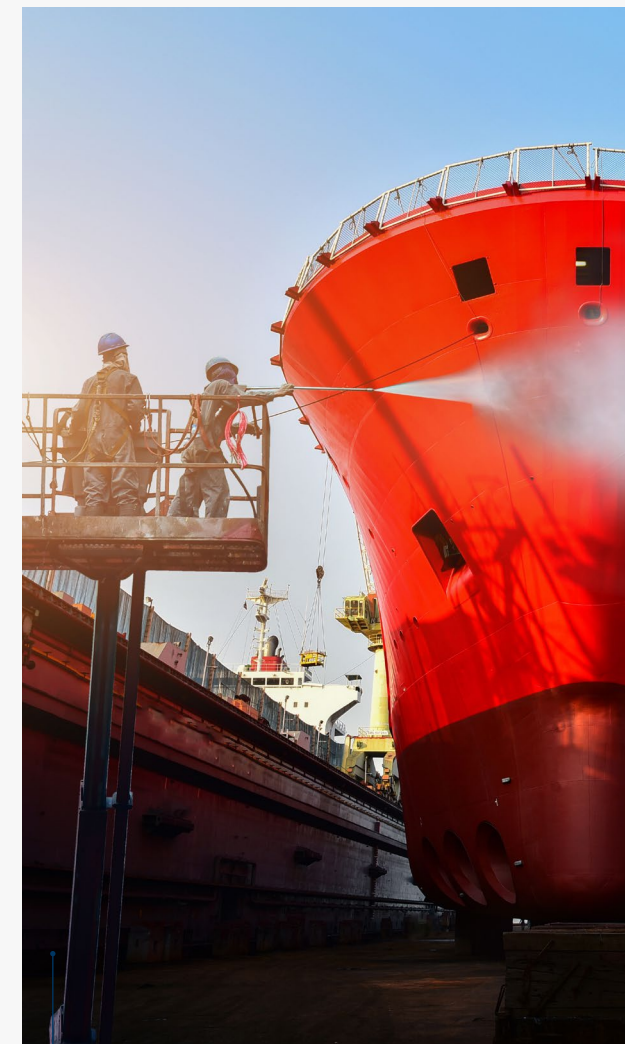
## NOISE REDUCTION

We have been installing propeller boss cap fins since 2016 to help reduce fuel consumption (see [page 26](#)). These have the added benefit of noise reduction, which reduces disturbance to marine life.

## WATER QUALITY

Many marine vessels use technology known as scrubbers to capture SO<sub>x</sub> emissions from the combustion of heavy fuel oil. This prevents the discharge of SO<sub>x</sub> into the atmosphere where it would contribute to local air pollution. While scrubber technologies keep pollutants out of the air, the water used to remove SO<sub>x</sub> is often disposed of into the ocean as scrubber wastewater, which can contribute to acidification of the ocean and related negative impacts on sea life. Waterfront Shipping does not use scrubbers on any of our vessels because we only use low-sulphur fuel (including methanol) in our vessels.

In 2023, all our dual-fuel ships began using methanol for tank cleaning (a standard practice to remove any previous cargo from the tanks). Running methanol through the tank cleaning equipment replaces the need to use bleach or other solvents, reduces tank entries by workers, which improves safety, and the resulting methanol can still be used as fuel in the engine.



## PREVENTING INVASIVE SPECIES

When vessels stay at anchor for longer periods of time (~20 days or longer) marine life can accumulate on the hull, which can reduce speed and increase fuel consumption and emissions. As the vessel is moved to another port or country it can also transfer invasive aquatic species from one area to another.

To mitigate these impacts (referred to as biofouling), we require ship owners to have an active hull cleaning plan, including regular underwater cleanings and underwater inspections every six months.

# Working with Integrity

**COMMITMENT**  
Consistently demonstrate high standards of integrity across the company.

**>2,000**

More than 2,000 employees and contractors received ethics training in 2023.

# Corporate Governance

**We believe good corporate governance is critical for the effective, efficient and prudent operation of Methanex. Methanex’s Board Mandate and Corporate Governance Principles establish a framework for good corporate governance, outlining Board and management responsibilities and accountabilities.**

## BOARD STRUCTURE

The Board’s primary goal is to act in the best interests of the company to enhance long-term shareholder value, while considering the interests of Methanex’s shareholders and other stakeholders. It is with these principles in mind that the Board provides oversight of and guidance to management.

The Board executes its mandate through four standing committees: Audit, Finance, and Risk; Corporate Governance; Human Resources; and Responsible Care. Only independent directors chair or sit on our committees. The Board has identified a list of director skills and experiences that are most valuable in supporting Methanex’s strategic direction. Annually, the Corporate Governance Committee reviews the current directors’ skills and experiences against that list and creates a skills matrix (see Figure 6).

When assessing potential nominees, the Corporate Governance Committee considers potential gaps in the skills matrix (current or anticipated through retirement) as well as our diversity requirements (see next section). For more details on our Board structure and nomination process, see our [Information Circular](#).

## BOARD COMPETENCY IN ESG MATTERS

Methanex’s Board members understand the increasing importance of environmental, social, and governance (ESG) matters to the long-term sustainability of any company. To enhance the effectiveness of their decision making and their ability to participate in ESG-related discussions, our Board members are continually developing their ESG competencies at both the individual and group level. Eight of our eleven independent directors have experience in managing an organization or business unit with significant health, safety or environmental issues or have knowledge and experience with ESG/sustainability initiatives. We also provide opportunities to build awareness on timely topics. In 2023, the Board received a presentation from the Maersk Mc-Kinney Moller Center for Zero Carbon Shipping to share some of the latest thinking around pathways for low- and zero-emissions fuels and the regulatory drivers for their development.

**FIGURE 6 – AREAS OF DIRECTOR SKILLS AND EXPERIENCE\***



\* As of December 31, 2023



### BOARD DIVERSITY AND RENEWAL

We recognize the importance of diversity, including gender diversity, at all levels of Methanex, starting with the Board. Board diversity promotes the inclusion of different perspectives and ideas and ensures Methanex has the opportunity to benefit from all available talent. This enhances and improves our decision-making, which makes for better corporate governance.

Our Board Diversity Policy requires at least 40 per cent of independent directors to be women, Aboriginal Peoples, persons with disabilities, visible minorities or LGBTQ+ (underrepresented groups). The Board must also maintain a composition in which each gender comprises at least 30 per cent of the independent directors. These diversity requirements, along with age, education, business experience, professional expertise, personal character and interests, stakeholder perspectives, and geographic background are factored into the recruitment and decision-making process for new Board member appointments. Sixty-four per cent of independent directors on our Board identify as being from underrepresented groups.

We do not have term limits or a formal retirement policy for Board members. It takes many years to acquire in-depth knowledge about Methanex and the cyclical nature of the chemical industry, and we place great value on maintaining a certain amount of institutional knowledge on our Board. At the same time, we believe it is critical to have Board renewal.



This helps ensure we have a high-performing Board over the long term and brings fresh ideas and new knowledge to the Board. It also provides opportunities to enhance diversity. We seek to achieve an appropriate balance of long-standing and new Board members to ensure the Board functions most effectively.

### EXECUTIVE COMPENSATION

Methanex’s executive compensation framework is based on a pay-for-performance philosophy to align performance with the interests of shareholders. Executive compensation is closely tied to Methanex’s financial performance.

Since 2011, we have included an advisory “say on pay” vote at our annual meetings. In addition, the Chair of the Board solicits feedback during annual meetings with institutional shareholders. From mid-March to June 30 of each year, we also provide a link on the Investor Relations page of our website to enable such feedback. For details on our executive compensation program, see our [Information Circular](#).

\* Information as of Dec. 31, 2023

\*\* *The Canadian Business Corporations Act* now provides for mandatory majority voting, which replaces our Policy.

### GOVERNANCE INFORMATION\*

#### Shareholder rights

Ability to call a special meeting	Yes
Say on Pay advisory vote	Yes

#### Shareholding

Share ownership requirements for Directors	Yes
Share ownership requirements for Executive Officers	Yes
Share ownership guidelines for management	Yes

#### Ethics

Code of Conduct for directors, officers and employees	Yes
Policy on Share Trading and Hedging	Yes

#### Board composition and independence

Size of Board	12
Number of independent directors	11
Separate Chair and CEO	Yes
Independent chair	Yes
Comprehensive Board and committee assessment process	Yes
Board meetings held in 2023	6
Average Meeting Attendance	100%

#### Board renewal and diversity

Annual election of Directors	Yes
Majority Voting**	Yes
Average age of Directors	64
Mandatory retirement age	No
Average (Independent) Director tenure	6 years
Women Board members (Independent)	45%
Visible minority Board members (independent)	27%
Board Diversity Policy with gender targets	Yes

# Governance for Sustainability and Climate-related Matters

**The Board oversees our long-term strategy through its involvement in our annual strategy process. This includes participation in the annual strategy session and review and approval of Methanex’s annual Strategy Report, as well as the consideration of Methanex’s principal strategic risks. Sustainability is integrated into our corporate strategy, with a particular emphasis on the role of methanol and the Company’s approach to the transition to a low-carbon economy. With oversight from Methanex’s Board, our Executive Leadership Team (ELT), including the CEO, is ultimately responsible for sustainability and climate-related matters at Methanex.**

## BOARD AND COMMITTEE OVERSIGHT

Methanex’s Board has oversight of Methanex’s approach to environmental, social and governance (ESG) issues and is responsible for understanding emerging trends, regulations, risks and opportunities, including the impact they can have on the methanol industry, our business, and our stakeholders. Specifically, the Board oversees Methanex’s approach to sustainability, ESG reporting, risk management for safety, health and the environment (including climate change), monitoring the Company’s diversity and inclusion initiatives, and the management of material sustainability topics.

The Board recognizes the increasing importance of ESG issues and their ability to impact Methanex’s strategy, and retains oversight of material sustainability topics that have been identified as strategic for the Company.

In 2023, the Board reviewed the Company’s updated materiality assessment, which identified transition to a low-carbon economy, greenhouse gas (GHG) emissions and energy use, employee and contractor safety, and process safety as the most strategic for the Company. The Board provides primary oversight of the Company’s approach to the transition to a low-carbon economy and GHG emissions and energy use as these topics cut across the Company’s operations. The Responsible Care Committee oversees employee and contractor safety, and process safety. Each Board committee has a formal mandate identifying the topics for which it provides guidance to management and recommendations to the Board, including the specific ESG matters outlined in the table at right. In February 2024, we amended our Corporate Governance Committee’s mandate to specify their role in the governance of ESG matters. For more information regarding our Board and committee structure, please refer to our [Information Circular](#), [Committee Mandates](#) and [Board Mandate and Corporate Governance Principles](#).

The Board receives updates prior to each regularly scheduled Board meeting (six times per year) on our sustainability activities, as well as periodic presentations on substantive sustainability topics. In 2023, in addition to the presentation from the Maersk Mc-Kinney Moller Center for Zero Carbon Shipping (see [page 69](#)), the Board received presentations on community investment/social responsibility, transportation safety and low-carbon markets and the development of our low-carbon strategy.

**FIGURE 7 – GOVERNANCE FOR SUSTAINABILITY AND CLIMATE-RELATED MATTERS**

BOARD/BOARD COMMITTEE	KEY RESPONSIBILITIES	PROVIDES OVERSIGHT FOR...
	For details, see our <a href="#">Information Circular</a> .	<i>Note: green items are climate-related matters.</i>
<b>Board of Directors</b>	Strategic planning, risk management, material ESG matters (including climate), corporate governance, communications, human resource management	<ul style="list-style-type: none"> <li>– Business strategy</li> <li>– Transition to a low-carbon economy</li> <li>– GHG emissions and energy use</li> <li>– Employee and contractor safety</li> <li>– Process safety</li> <li>– Equity, diversity and inclusion</li> </ul>
<b>Audit, Finance and Risk Committee</b>	Financial statements and disclosure, financing plans, risk management and internal controls, external and internal audits, ethics and compliance	<ul style="list-style-type: none"> <li>– Enterprise risk management</li> <li>– Tax transparency</li> <li>– Cybersecurity</li> <li>– Ethics compliance</li> </ul>
<b>Corporate Governance Committee</b>	Board selection, composition, evaluation; committee election, composition and evaluation; corporate governance	<ul style="list-style-type: none"> <li>– Corporate governance, including Board governance for ESG matters</li> <li>– Board diversity</li> <li>– Ethics policies/Code of Business Conduct</li> <li>– Prevention of forced and child labour</li> </ul>
<b>Human Resources Committee</b>	Compensation programs, policies and practices (including executive performance and compensation), pension plans, talent management, succession planning, and equity, diversity and inclusion	<ul style="list-style-type: none"> <li>– Equity, diversity and inclusion</li> <li>– Executive compensation</li> <li>– CEO’s goals and performance</li> <li>– Employee engagement</li> </ul>
<b>Responsible Care Committee</b>	Policies, management systems and performance related to: health, safety, environment, physical security, crisis management and communications, product stewardship and social responsibility	<ul style="list-style-type: none"> <li>– GHG emissions and energy use</li> <li>– Employee and contractor safety</li> <li>– Process safety</li> <li>– Product safety</li> <li>– Water</li> <li>– Spills and releases</li> <li>– Transportation/distribution safety</li> <li>– Community and Indigenous rights</li> <li>– Air quality</li> <li>– Physical security</li> <li>– Crisis management</li> </ul>

Where there is duplication of a topic between Board and committee oversight, the Board may partially delegate its oversight responsibility to a committee or supplement the committee’s work by considering the topic from a strategic perspective.

**MANAGEMENT’S ROLE**

Methanex delivers on our sustainability commitments and manages our impacts through our ELT and senior-level sustainability roles and teams. Their work is underpinned by our culture of Responsible Care and sustainability and implemented through our Global Integrated Management System.

Although the Board provides the highest level of oversight, our ELT has overall responsibility for ensuring our material sustainability topics are being effectively evaluated and managed. These include climate-related risks and opportunities associated with our GHG emissions and the transition to a low-carbon economy. The ELT incorporates these topics into our strategic and business planning activities to support the long-term sustainability of our business. For details on risk management, including climate risk, see [pages 74–76](#).

Methanex has embedded sustainability across its business with all functions accountable for various aspects of sustainability, as well as senior leadership roles with sustainability as part of their mandate: Senior Vice President (SVP), Low Carbon Solutions; Vice President (VP), Finance and Sustainability; and Vice President, Responsible Care. These individuals play a pivotal role in further integrating sustainability throughout Methanex.



In 2023, we also established the Low Carbon Solutions team. The team is responsible for developing low-carbon markets and supply opportunities, such as CCUS and integrating e-methanol at existing assets.

Management’s work is underpinned by our culture of **Responsible Care.**

In November 2023, we held our Board meeting at our manufacturing facilities in New Plymouth, New Zealand. The visit gave our Board of Directors (pictured above with our ELT) an opportunity to receive various presentations focused on our New Zealand facilities, interact with employees, business partners, government officials and community members. We aim to have one Board meeting each year at a manufacturing site.





**PERFORMANCE GOAL**

→ Conduct a corporate internal Responsible Care audit at each manufacturing location, once every three years.

**SUSTAINABILITY PRACTICES**

Our values and sustainability commitments are enacted through the following systems and processes:

**Executive compensation linked to environmental and social factors**

Methanex’s short-term incentive plan is based on corporate and individual performance. All employees, including executive officers, have annual individual performance goals that are aligned with the company’s overall strategic goals, including goals related to our sustainability performance. Thirty per cent of the CEO’s and named executive officers’ annual short-term incentive awards are tied directly to individual performance goals that align with Methanex’s strategic and operational goals. In 2023, the CEO’s individual goals related to sustainability factors included:

- Recordable Injury Frequency Rate of 0.35 or less and zero Severe Injury or Fatalities.
- One or fewer environmental major incidents and zero Tier 1 Process Safety Incidents.
- Deliver on CO<sub>2</sub> emission reduction projects and progress our commitment to reduce our CO<sub>2</sub> emission intensity by 2030.
- Mature our cyber resilience by continuing to invest in people, processes, and technology to manage risk and keep our data, network, and people safe from cyber threats.
- Prioritize and invest in low-carbon methanol opportunities.
- Facilitate industry readiness for the transition to the low-carbon economy and continue to engage with stakeholders on our strategy.

- Progress equity, diversity and inclusion efforts and execute strategy.
- Enhance employee value proposition and culture through learning development and succession planning.
- Promote viable alternative methanol uses, including continued support for renewable methanol and energy substitution in marine fuels, fuel blending, methanol to power and industrial boilers.

For details on executive compensation outcomes for 2023, see our [Information Circular](#).

**Responsible Care**

The Responsible Care Ethic and Principles for Sustainability are foundational to everything we do. This United Nations-recognized chemical industry initiative informs the governance and management of our environmental and social matters. It includes our commitment to continual improvement of environmental protection (including GHG emissions), health and safety (occupational and process safety), physical security and product stewardship, business continuity and crisis management, accountability to our stakeholders, and our social responsibility program and strategy. Our commitment to Responsible Care® means working to meet or exceed letter and the spirit of law – to do the right thing and be seen to do the right thing.

**Global Integrated Management System**

Methanex’s Global Integrated Management System (GIMS) allows us to embed our commitment to Responsible Care®, environmental and social responsibility into our operations and business activities.

It outlines requirements for all our operations and offices, and defines minimum expectations for the leadership and accountability, competency, environment, occupational safety, process safety, reliability, emergency preparedness, crisis management, product stewardship, stakeholder engagement, social responsibility, quality and security. All our operating sites and regional offices are required to operate in accordance with GIMS.

GIMS incorporates the following internationally recognized standards: Chemistry Industry Association of Canada (CIAC) Responsible Care Ethics and Principles for Sustainability, including the Codes of Practice, International Organization for Standardization: Quality (ISO 9001:2015) and Environment (ISO 14001:2015), Occupational Health and Safety Assessment Series (OHSAS) 18001:2007 and Center for Chemical Process Safety (CCPS) process safety management. GIMS is currently in a scheduled review to validate the requirements against updated industry standards, and to incorporate learnings from the previous internal audit cycle.

To ensure our sites and regional offices meet or exceed the GIMS requirements, we regularly assess performance and drive continual improvement. Methanex audits our management system through internal audits and regular third-party assessments, including global Responsible Care verification and regional ISO audits. We successfully completed a CIAC Responsible Care verification in 2022.

**METHANEX’S CULTURE OF SUSTAINABILITY**

A thriving global culture of sustainability underpins the governance systems, processes and people that guide Methanex. Our culture ensures we work in the best interests of our stakeholders.

**For shareholders**, this means giving them confidence that Methanex will deliver sustained value through profitable investments and safe, reliable operations.

**For customers**, this means a safe and reliable supply of methanol and responsive, cost-effective operations.

**For communities**, this means upholding our commitment to health and safety, environmental protection and social responsibility.

**For team members**, this means having a culture that aligns with their values, personal well-being and professional development.

# Risk Management

We use our enterprise risk management (ERM) process, led by our Chief Financial Officer (CFO) and our Director, Risk to identify, monitor, evaluate, and address important enterprise-wide strategic and business risks, including climate-related risks. We annually review and update our register of strategic and enterprise-wide risks (the Enterprise Risks Register), the significance of these risks, and our risk mitigation strategies, as well as identify who is responsible for overseeing mitigation strategies for each risk.

As part of the continual improvement of our risk management and disclosure, we reviewed and enhanced our ERM process in 2023. The goal of the enhancements was to improve integration and consistency between the regions and enterprise-level assessments.

We specifically request that senior leaders consider **climate-related risks** as part of our risk assessment.

## RISK IDENTIFICATION

Our risk identification process starts at the regional level. Leaders in each of our marketing and logistics (M&L) and manufacturing regions identify risks in the following categories:

- **Operational Risk** which can include business disruption, damage to physical assets, health and safety, impact on the environment, people, corruption, cybersecurity, and other risks related to business processes, policies, systems or events that disrupt operations.
- **Strategic Risk** which can include reputation, leadership position, shareholder expectations, gas availability and pricing, climate, and risks that impact the ability to achieve our short- and long-term business objectives.
- **Regulatory Risk** refers to regulatory sanctions or fines, license to operate, breaches in contractual obligations and other compliance-related risks.
- **Financial Risk** refers to the financial impact of any of the above risks as well as those risks with a purely financial impact (e.g., credit risk).

To ensure climate risks are considered uniformly across regions, we specifically request that senior leaders consider climate-related risks, as defined by TCFD, as part of the four risk categories.



## IDENTIFYING CLIMATE-RELATED RISKS

Our process for identifying climate-related risks is integrated into, not separate from, our ERM process (see left). Climate-related risks are incorporated into our risk identification process by:

- Monitoring emerging regulatory and policy trends regarding climate change and GHG emissions globally to assess their potential financial impact.
- Monitoring market and technology development to assess the risks they present in the global transition to a low-carbon economy.
- Engaging with capital providers to understand their expectations around climate-related risks.

Our climate-related transition risks and physical risks are described on [pages 77–80](#) and our material environmental and social risks are fully described in the Risk Factors section of our 2023 Management's Discussion and Analysis in our [Annual Report](#).



**RISK ASSESSMENT**

- When assessing each risk, we take into account:
- **Potential impact** of the risk on our financial position, reputation, environment, or strategy.
  - **Likelihood** of the risk occurring.
  - **Time horizon** refers to the time period when the impact might occur. We have expanded the time horizon to include longer-term risks, like climate.
  - **Speed of onset** refers to the time in which it takes a risk event to start, to the impact being felt.
  - **Risk appetite** refers to our tolerance for different types of risks.

We consider the impact of **new investments** on our GHG emissions profile.

In each region, the management teams for our manufacturing sites, M&L regions, and functional teams (e.g., HR, IT) use the elements described above to create a risk register that captures the assessments of the risks to our business.

As part of the ERM process, the Director, Risk consolidates all regional inputs. This process allows us to reassess, escalate and communicate risks through the organization. The CFO, the Director, Risk and the ELT prioritize enterprise-level risks and plot them on a risk matrix, which form the Enterprise Risk Register.

The Enterprise Risk Register is provided to the Audit, Finance and Risk Committee, which considers and approves the ERM process, and to the full Board as part of the annual corporate strategy process. The Board also reviews any new emerging risks.

**INTEGRATING CLIMATE-RELATED RISKS**

Since climate-related risks have been identified and assessed, we have been working to incorporate them into different aspects of our business. Some examples of this are:

- Considering the impact of new investments on our GHG emissions profile
- Embedding the consideration of CO<sub>2</sub> emissions into our Authorization for Expenditures (AFE) process for capital projects
- Incorporating extreme weather events into emergency preparedness

**CRISIS MANAGEMENT AND EMERGENCY PREPAREDNESS**

Our ability to respond effectively to disruptions is essential for safe, continuous operations during a crisis or disaster.

**Crisis Management:** We have crisis management plans and crisis management teams in all regions. Our crisis management plans cover many scenarios and include responses to extreme weather events, pandemics and process safety events. Our regional teams collaborate with our Corporate Crisis Management Team to support business continuity during a crisis or disaster. Guiding global and regional activities during a crisis, this plan provides clarity around roles and responsibilities, defines when and how crises are escalated, and describes how individual sites work together with our corporate office to ensure business continuity. The Corporate Crisis Management Team conducts annual exercises that incorporate regional crises or current high-risk scenarios to maintain competency. Our Business Continuity Planning Standard provides the overarching structure for how sites should identify and plan for various natural and man-made crises that could impact business continuity.

**Emergency Preparedness:** We hold regular exercises to test our emergency response procedures. Our exercises include regional emergency simulations and exercises with internal and external emergency response agencies. In 2023, we held 408 emergency response exercises with more than 1,400 individuals. Our Emergency Response Training Standard outlines the minimum requirements for training, tabletop and full-scale exercises.

In 2023, we held **408** emergency response exercises with more than **1,400** individuals.



**Keeping Workers Safe During Excessive Heat**

One of the chronic climate-related risks we monitor and must prepare for is extreme heat in places that already experience high temperatures year round. In 2023, the southern U.S. surpassed its record for the greatest number of excessive heat warnings in a year (heat indices above 100°F/20°C) – with 12 heat warnings, compared to five in 2022.

For our G3 project at our Geismar site, this meant taking the proper precautions to keep our construction and commissioning crews safe (read about our efforts on [page 41](#)).

# Climate-related Opportunities and Risks

We believe that effectively identifying and managing climate-related risks and opportunities contributes to value creation today and in the future. In this section we describe the key climate-related opportunities we are pursuing and the risks we are monitoring and mitigating, in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures. Our material climate-related risks are fully described in the Risk Factors section of our MD&A in our [Annual Report](#).

## TRANSITION RISKS – REGULATORY

CLIMATE-RELATED ISSUE	WHAT IS THE OPPORTUNITY?	WHAT IS THE RISK?	WHAT ARE WE DOING TO CAPITALIZE ON THE OPPORTUNITY OR MITIGATE THE RISK?
<p><b>U.S. Inflation Reduction Act</b> The U.S. <i>Inflation Reduction Act</i> provides tax credits to incentivize investment in carbon capture and storage, and clean hydrogen production, which can be used as a feedstock to produce e-methanol. In 2022, the 45Q tax credit for carbon capture was raised from \$50 to \$85 per tonne for permanently stored CO<sub>2</sub>.</p>	<p>The benefits outlined are improving the economics of carbon capture and e-methanol production in the U.S.</p>	<p>There is a risk that such incentives will be decreased or eliminated after an investment decision is made. The incentives are also creating increased competition for the expertise needed to execute these projects.</p>	<p>We are progressing our evaluation on the economic feasibility of carbon capture at Geismar, U.S. and in Medicine Hat, Canada (<a href="#">page 28</a>).</p> <p>We are also evaluating the use of green hydrogen to produce e-methanol at two of our existing sites: Geismar and Egypt (<a href="#">page 30</a>).</p>
<p><b>Carbon tax/trading schemes</b> Under the Kyoto Protocol and the Paris Agreement, many of the countries we operate in have agreed to reduce GHG emissions and/or impose carbon taxes. We are currently subject to GHG regulations in Canada, New Zealand and Chile, and Waterfront Shipping is subject to the EU’s Emissions Trading System (ETS).</p>	<p>Carbon border adjustment mechanisms are being implemented and considered in the U.S. and Canada to address carbon leakage issues and support the competitiveness of Emissions Intensive Trade Exposed (EITE) industries such as methanol. These types of policies have the potential to boost our competitiveness with regions producing methanol from coal, or where producers are less carbon efficient.</p>	<p>Potential for increased cost of production due to:</p> <ul style="list-style-type: none"> <li>– Continued asymmetric carbon tax/trading schemes (Canada, New Zealand, Chile) that could impact us and/or our natural gas providers vs. competitors could erode our profitability.</li> <li>– Reduction in CO<sub>2</sub> emissions allowance/cap for us or our natural gas providers.</li> <li>– Carbon border adjustment mechanisms could impact the efficient management of our global supply chain.</li> </ul>	<p><b>BUSINESS PROCESSES</b></p> <ul style="list-style-type: none"> <li>– Model a range of carbon prices and mechanisms when forecasting revenues, demands, and costs in locations with an existing tax.</li> <li>– Integrate carbon pricing into our internal Application for Expenditure process in locations with an existing tax.</li> <li>– Hedge natural gas prices up to 10 years in some locations and negotiate long term gas supply linked to methanol price in other locations.</li> <li>– Active management of carbon tax credits.</li> <li>– Engage with governments.</li> </ul>
<p><b>Clean fuel regulations</b> Jurisdictions targeting reductions in the lifecycle emissions of liquid fuels have introduced regulations such as Clean Fuel Regulation (Canada), Renewable Energy Directive II (EU), Renewable Fuel Standard (U.S.), Low Carbon Fuel Standard (California, British Columbia), Clean Fuel Standard (CA).</p>	<p>Increasing demand for low-carbon methanol and customers willing to pay a premium for it strengthens the business case for our company to invest in alternative feedstocks or carbon-reducing technologies. Methanol producers with existing assets capable of sourcing renewable feedstocks will have a competitive advantage in such an environment.</p>	<ul style="list-style-type: none"> <li>– If increased demand for methanol from lower-carbon intensity forms of production grows rapidly, it could lower demand for conventional methanol in North America and Europe.</li> <li>– Future growth expectations around methanol as a clean/ lower-carbon fuel may be less than anticipated.</li> <li>– Current regulatory focus in Europe is on additional requirements for the utilization of renewable natural gas (RNG) delivered by pipeline for fuel production. This may prevent biomethanol produced from RNG outside Europe from qualifying as a low-carbon fuel under European regulations.</li> </ul>	<p><b>ACTIVITIES</b> Read about our work in the following areas:</p> <p>The <a href="#">Low Carbon Solutions team</a> was established.</p> <p><b>Emissions reduction</b></p> <ul style="list-style-type: none"> <li>– <a href="#">Reducing emissions from conventional methanol</a></li> <li>– <a href="#">Producing low-carbon methanol</a></li> </ul> <p><b>Growing markets for methanol</b></p> <ul style="list-style-type: none"> <li>– <a href="#">Methanol as a marine fuel</a></li> <li>– <a href="#">Passenger and cargo vehicle fuel</a></li> <li>– <a href="#">Cleaner-burning thermal applications</a></li> <li>– <a href="#">Low-carbon methanol for traditional chemical applications</a></li> </ul>
<p><b>IMO regulations</b> In 2023, the International Maritime Organization (IMO) revised their GHG strategy to include a common ambition to reach net-zero emissions from shipping by 2050, and a 20 per cent emissions reduction by 2030 with an average 40 per cent emissions intensity reduction across international shipping. The IMO has also adopted a lifecycle emissions approach, which is expected to come into force in 2027, and will require vessels to use a minimum of five per cent renewable fuels by 2030. Stringent standards are also in place that limit SO<sub>x</sub>, NO<sub>x</sub>, and PM from vessels.</p>	<p>Methanol presents a practical solution for the maritime industry to meet the IMO regulation. It can be used in existing diesel engines (with minor modifications). Conventional methanol already meets the NO<sub>x</sub>, SO<sub>x</sub>, and PM emissions reductions required, and low-carbon methanol can meet the long-term CO<sub>2</sub> reductions required (on a well-to-wake basis).</p>	<ul style="list-style-type: none"> <li>– Methanol is one of several options being tested by the shipping sector, creating the risk that maritime customers may prefer another fuel (e.g., ammonia, liquefied natural gas, hydrogen, renewable/biodiesel). Should insufficient volumes of low-carbon methanol be produced and/or should such methanol be too expensive, the shipping industry could adopt a different fuel.</li> <li>– There is also an associated increase in methanol shipping costs to comply with these regulations.</li> </ul>	
<p><b>EU fuels regulations for shipping</b> The European Parliament and Council have also agreed to stringent new fuel requirements for ships travelling within, from and to the EU, including GHG intensity limits for maritime fuels and requirements for ship owners to use an increasing percentage of renewable fuels over time.</p>	<p>Low-carbon methanol is one of the few fuels that meet this stringent EU regulation in 2050 (<a href="#">read more on page 33</a>), which creates an important opportunity for methanol to be a marine fuel of choice for the future. This regulation creates more incentives for GHG reductions in the manufacturing of fuels including methanol and potentially more demand for lower-carbon intensity methanol.</p>	<p>There may be insufficient low-carbon methanol available to meet the demand created, which may disadvantage methanol compared to other alternative low-carbon fuels.</p>	

## TRANSITION RISKS – MARKET

### CLIMATE-RELATED ISSUE

Demand for low-carbon methanol is increasing globally.

### WHAT IS THE OPPORTUNITY?

- Existing assets will lead the transition to a low-carbon economy, as renewable natural gas can be used as a feedstock and equipment can be added to facilities to produce low-carbon methanol at lower costs. For example, renewable natural gas is completely interchangeable with the natural gas we use today in our manufacturing process.
- Increasing demand for low-carbon methanol and customers willing to pay a premium for it strengthen the business case for our company to invest in alternative feedstocks or carbon-reducing technologies and leads to increasing upside potential on the long-run price expectations for methanol.
- Established methanol producers with experience in producing, handling and commercializing methanol will have a competitive advantage in such an environment.

### WHAT IS THE RISK?

- One of the risks related to scaling renewable methanol production is securing access to renewable natural gas (RNG) as feedstock. In the U.S. we are competing with buyers who pay a premium to purchase RNG for utilities or in compressed form for vehicle fuel.
- E-methanol production currently has high capital and operational costs, and requires access to renewable power and CO<sub>2</sub> sources to produce green methanol, creating a risk that we are unable to meet the demand for green methanol.
- With increased pressure for the use of low-carbon fuels, traditional fuel demand for methanol could drop.

### WHAT ARE WE DOING TO CAPITALIZE ON THE OPPORTUNITY OR MITIGATE THE RISK?

Read about our work in the following areas:

- [Carbon capture utilization and/or storage](#)
- [Renewable natural gas](#)
- [E-methanol production](#)
- [New technologies](#)

We are also pursuing offtakes for low-carbon methanol

Demand for alternative fuels is growing.

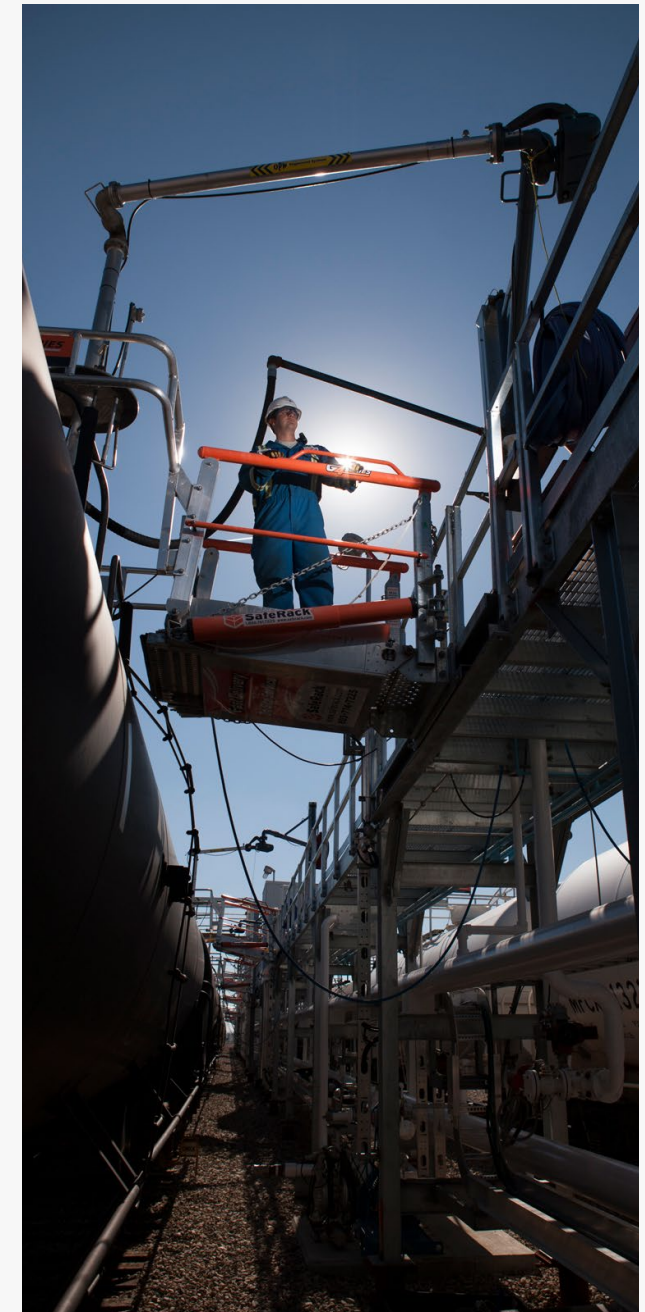
### Hydrogen

Momentum for hydrogen as an alternative fuel is growing worldwide. Hydrogen is seen as a fuel (including fuel cells) that can help countries achieve their emissions reduction targets. Methanol is one of the most hydrogen-dense fuels and can play a role in a hydrogen economy, by functioning as a hydrogen carrier (i.e., methanol could be processed after transportation to release the hydrogen molecules that are contained in both the methanol and water required to support the reforming reactions).

### Liquefied natural gas (LNG), ammonia, and renewable diesel

As a liquid fuel, methanol is easy and safe to transport compared to gaseous fuels (LNG, ammonia) and can be an effective and practical fuel compared to other alternative fuels.

- In certain energy-related applications, hydrogen could be perceived as a potential substitute to methanol as a fuel.
- Increased demand for LNG (and/or blue ammonia) could lead to higher natural gas prices which could impact our operating costs.
- There could be lower-than-expected demand growth for methanol (especially low-carbon methanol) if the market favours competing alternative fuels in the transition to decarbonization, namely:
  - LNG, ammonia, and bio/renewable diesel, could be used as low-carbon marine fuels.
  - Hydrogen fuel cells and bio/renewable diesel could be used to power light and heavy-duty vehicles.
- Current demand for methanol in fuel applications, including biodiesel, is approximately 15 per cent of total demand.
- Because of cost, technology and supply challenges (described above), supply of low-carbon methanol may develop more slowly than demand leading to a preference for alternative fuels.
- We closely monitor methanol's competitiveness for various applications, compared to alternative products, and incorporate this into our supply and demand forecasts.
- We continue to advocate for the use of methanol in applications which take advantage of its lower-emission qualities.
- We continue to demonstrate the viability of green methanol as a marine fuel through our dual-fuel vessels and biomethanol produced at Geismar and are studying the feasibility of producing e-methanol at our existing assets.
- Read about our work in the following areas:
  - [Methanol as a marine fuel](#)
  - [Passenger and cargo vehicle fuel](#)





## TRANSITION RISKS – TECHNOLOGY AND REPUTATIONAL

CLIMATE-RELATED ISSUE	WHAT IS THE OPPORTUNITY?	WHAT IS THE RISK?	WHAT ARE WE DOING TO CAPITALIZE ON THE OPPORTUNITY OR MITIGATE THE RISK?
<p>Companies are seeking transformational technologies and processes that could revolutionize the emissions profile and profitability of emissions-intensive industries like ours.</p>	<ul style="list-style-type: none"> <li>We can leverage our existing assets to produce low-carbon methanol. Today, we can produce biomethanol with RNG with our existing assets without requiring additional capital investment. In addition, through investment and collaboration, we can implement step-change technologies—such as CCUS—that would dramatically alter the emissions profile of our methanol plants. We are also studying the potential for other technological changes to transition our existing assets, such as the addition of electrolyzers to produce e-methanol. As the transition to a low-carbon economy evolves and the market for low-carbon methanol develops, we are taking an incremental approach to future capital investments in a manner that ensures we are meeting the needs of all our stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Significant capital required for new technology (e.g., electrolyzers). There may be delays in finding/ implementing new technology.</li> <li>If we do nothing, then new technologies could reduce the competitiveness of existing plants (which can run for many decades).</li> <li>Rapid technology transitions in other industries, such as a rapid adoption of electric vehicles, could result in lower-than-expected demand growth for methanol in MTBE or as a vehicle fuel.</li> <li>One of the risks related to choosing a technology is the possibility that more cost-effective technologies will be developed in the future.</li> </ul>	<ul style="list-style-type: none"> <li>Read about our work in the following areas:                             <ul style="list-style-type: none"> <li><a href="#">Carbon capture utilization and/or storage</a></li> <li><a href="#">Renewable natural gas</a></li> <li><a href="#">E-methanol production</a></li> <li><a href="#">Methanol as a marine fuel</a></li> <li><a href="#">Passenger and cargo vehicle fuel</a></li> <li><a href="#">Low Carbon Solutions team</a></li> </ul> </li> <li>Monitoring the key drivers that will support the commercial viability of this technology (e.g., cost of electrolyzers, cost of power, availability of concentrated carbon sources, government incentives/regulations), and customer demand.</li> </ul>
<p>Stakeholder perceptions of how companies address climate-related issues are becoming an increasingly influential component of a company’s reputation.</p>	<p>We have an opportunity to articulate our solutions-oriented approach to our material sustainability topics, to support continued access to the best customers, team members, partners and capital providers.</p>	<p>Although we believe we conduct our operations in a prudent manner and take care in protecting our reputation, we ultimately do not have direct control over how we are perceived by others. Reputation loss may result in decreased access to and/or higher cost capital and insurance coverage, decreased investor confidence, challenges with team member retention and talent attraction, an impediment to our overall ability to advance our projects, obtain permits, or increased challenges in maintaining our social license to operate, which could have an adverse impact on our results of operations and financial condition.</p>	<ul style="list-style-type: none"> <li>In our role as the industry leader, we are working to demonstrate our commitment to provide solutions to our customers while creating value to shareholders and society.</li> <li>Read more about our work in the following areas:                             <ul style="list-style-type: none"> <li><a href="#">Sustainability commitments</a></li> <li><a href="#">Our approach</a></li> <li><a href="#">Low Carbon Solutions team</a></li> </ul> </li> </ul>

**CLIMATE-RELATED PHYSICAL RISKS**

The physical impacts of climate change pose a number of potential risks that may negatively impact our operations, suppliers or customers. We focus on acute physical risks, recognizing that chronic risks such as temperature change could exacerbate the impact of such risks.

RISK	RISK MITIGATION
<p><b>WATER SCARCITY IN CURRENT OPERATIONS</b> The conversion of water into steam is an essential step in the methanol production process. Fresh water shortages could restrict the amount of methanol we produce. Four of our six manufacturing sites use fresh water, and two sites use desalinated water in the methanol production process. Water shortages at sites without desalination units may have the impact of restricting methanol production. To better understand water risks, we have assessed our water sources using the World Resources Institute’s Aqueduct Water Risk Atlas. In 2023, the portion of our water withdrawn from areas with high or extremely high-water stress baseline was four per cent of our total water withdrawal.</p>	<ul style="list-style-type: none"> <li>– We desalinate seawater to produce methanol in Trinidad and Chile, reducing our reliance on fresh and municipal water sources which can be impacted by drought.</li> <li>– We maintain our focus on water optimization at all sites through our water stewardship program.</li> </ul>
<p><b>WATER CONSIDERATIONS FOR GROWTH</b> Water scarcity could also impact our ability to build new manufacturing sites in some locations.</p>	<ul style="list-style-type: none"> <li>– We integrate water scarcity considerations into our growth planning and as part of the maturation of our production technology.</li> </ul>
<p><b>CHANGING SEA OR RIVER LEVELS</b> We primarily transport methanol on vessels, shipping our product from our production sites to customers around the world. We have, at times, experienced logistics delays in our supply chain due to high and low river levels when we are exporting methanol from a production site or delivering methanol by vessel or barge to customers. High or low river levels could also negatively affect our operating capacity.</p>	<ul style="list-style-type: none"> <li>– Our resilient supply chain has allowed us to keep our customers supplied in even the most challenging scenarios. Our purchasing agreements and our relationships with other methanol producers allow us to exchange product where needed to meet our commitments with our customers even during supply chain interruptions.</li> </ul>
<p><b>CHANGING STORM PATTERNS/INTENSITIES AND EXTREME WEATHER EVENTS</b> More severe and frequent storms and weather events could negatively impact our operating capacity and supply chain. Specifically, tropical storms could impact our plants in Geismar and Trinidad, while our Medicine Hat site has also experienced storms and flooding in the past. Other extreme weather events can impact rail or marine shipping transportation.</p>	<ul style="list-style-type: none"> <li>– As part of our business continuity standard plans, we have integrated processes to respond to extreme weather events.</li> </ul>





# Business Ethics

**Ethical behaviour is essential for building trusting relationships with stakeholders, protecting our reputation, and reducing our legal and financial risk.**

## ETHICS AND ANTI-CORRUPTION

Our culture is centred around ethical and honest behaviour, which is reinforced through our corporate policies, regular training, and an effective compliance program.

### Setting Expectations and Providing Training

**1. Code of Business Conduct** – Our Code of Business Conduct (Code) outlines our expectations for ethical behaviour and reinforces our core values of trust, respect, integrity, and professionalism. All team members, including Methanex Board members, are required to annually complete a Code e-learning module as part of our Annual Values Refresher, including a short test to ensure they understood the content. 100 per cent of our team members completed the Code e-learning module in 2023. All senior leaders are required to acknowledge their responsibility to communicate expectations in the Code to team members under their supervision. New team members must review and acknowledge the Code as part of our hiring and onboarding process.



### 2. Respectful Workplace Learning Module –

Our Anti-Harassment Standard outlines our commitment to providing a workplace that is free from all forms of harassment and includes our processes for investigating and responding to allegations of harassment. All team members, including our directors, ELT and other senior leaders, are required to annually complete our Respectful Workplace e-learning module as part of our Annual Values Refresher, which reviews their responsibilities under our Anti-Harassment Standard.

Similar to the Code e-learning module, there is a short test at the end to ensure the content has been understood. In 2023, 100 per cent of our team members completed the Respectful Workplace e-learning module.

**3. Corrupt Payments Prevention Policy** – At Methanex, we do not tolerate bribery or corruption and we are committed to acting professionally, honourably and with integrity in all business dealings and relationships.



### PERFORMANCE GOAL

→ All employees and Methanex Board members complete ethics/Code of Business Conduct and Respectful Workplace training annually.



Our Corrupt Payments Prevention Policy prohibits the negotiation, payment, or receipt of bribes, facilitation payments or kickbacks by employees, contractors, or agents acting on our behalf

To address risks around facilitation payments in international shipping, we contractually prohibit our ship management companies (who operate the vessels that Waterfront Shipping charters) from accepting or offering facilitation payments in their charter contracts with us. Our Corrupt Payments Prevention Policy also includes guidance for third-party gifts and entertainment expenditures to ensure a gift would not be viewed as a bribe, facilitation payment or kickback. Our Corporate Gifts and Entertainment Policy provides additional detail around the appropriateness of gifts and entertainment that team members may be offered or accept. Training on the Corrupt Payments Prevention Policy occurs every two years for specific team members, including senior leaders, who interact with government officials. Our legal department provided this training at all our manufacturing sites and marketing and logistics regions in 2022 and the training will be provided to all regions again in 2024.



**Confidential Information and Trading in Securities Policy:**

This policy provides guidelines to team members with respect to the treatment of confidential information and advises insiders as to when they may trade in Methanex shares. This policy also prohibits insiders, including all Methanex’s executive officers and directors, from purchasing financial instruments designed to hedge or offset a decrease in the market value of our common shares or equity-based incentive awards that they hold.

Insiders are also prohibited from short selling the company’s securities, trading in put-or-call options on the company’s securities or entering into equity monetization arrangements related to the company’s securities. Team members regularly receive either web-based or in-person compliance training that focuses on ethical business conduct, including the foregoing policy. In addition, employees and directors who are considered “insiders” under Canadian securities laws have been provided with training concerning their obligations and responsibilities under Canadian securities laws.

**Assessing Risks**

Each year, as part of the planning process for our Sarbanes-Oxley (SOx) compliance testing, our internal audit team conducts a global fraud risk assessment. The team evaluates fraud risks and determines if the organization has controls in place to address these risks and if additional testing is required. In particular, this assessment considers different fraud-related risks such as kickbacks, theft (e.g., misappropriation of inventory, petty cash, false expense claims, equipment theft, securities fraud, creation of fictitious vendors), illegal payments/inappropriate gifts, securities fraud and conflicts of interest.

**Reporting Via our Ethics Hotline**

Team members must report any conduct or proposed conduct that they reasonably believe to be a violation of the Code. They can do so through their supervisor, human resources, our legal department or the confidential whistleblower Ethics Hotline. The hotline is available through our intranet, our company website or by phone. Team members who report Code violations in good faith will not be disciplined, demoted, fired, threatened, harassed or discriminated against in any way.

We take allegations regarding breaches of the Code seriously and all reports of Code violations received through the Ethics Hotline are investigated by Methanex’s General Counsel and forwarded to appropriate members of management for follow-up. In the case of an alleged violation by an executive officer or director, the Chair and/or CEO and the Board of Directors are responsible for determining whether a violation has occurred and, if so, what disciplinary measures are appropriate. Reported violations of the Code are handled promptly, professionally and with as much confidentiality as possible.

Concerns regarding financial or accounting-related matters are immediately reported to the Chair of the Audit, Finance and Risk Committee. Together with the General Counsel, they determine how best to investigate the reported concerns. In addition, management annually provides the Corporate Governance Committee with a report that reviews compliance with the Code and employee awareness of the Ethics Hotline for the Committee to satisfy itself that management has created a culture of integrity throughout the organization.



**PERFORMANCE GOAL**  
→ All marketing and logistics regions receive antitrust training annually.



### ANTI-COMPETITION

As the leader in the global methanol industry, we believe it is critically important for our team members to be able to identify what is considered anti-competitive behaviour and to know how to prevent or respond to anti-competitive behaviour, real or perceived, that they may encounter. As a global company we have many different relationships with third parties—including customers, distributors, gas suppliers and competitors—with whom we have methanol “swap” agreements or from whom we purchase methanol. We also have memberships in industry associations, such as the Methanol Institute.

In all our relationships, we abide by the principles of fair competition and comply with all applicable antitrust and competition laws. In addition to highlighting the importance of fair dealings with third parties and compliance with competition laws in our Code, we have a Competition Law Policy. This policy outlines prohibited anti-competitive behaviours with competitors, customers or other third parties, as well as behaviours and practices to avoid inadvertent or perceived anti-competitive behaviour.

Our legal department regularly provides training (often with the support of external legal counsel) to team members who may encounter competitors through commercial negotiations, transactions or industry associations. All our marketing and logistics offices and global supply chain team received competition law training in 2023.



# Tax Transparency

**Through our business activities, we contribute to local economies through employment, the purchase of goods and services, tax payments and community investments.**

In accordance with our Tax Policy, we ensure our tax procedures and interactions are compliant, co-operative, transparent and ethical. We undertake tax planning in accordance with applicable local laws and international transfer pricing standards such as the Organisation for Economic Co-operation and Development guidelines, with the goal of supporting the development of Methanex’s business in a way that reflects our legal obligations and our commitments to our team members, our shareholders and the communities in which we operate. Our financial statements and [Annual Report – MD&A](#) provide detailed information on income taxes. Our approach to tax compliance and tax risk is outlined and shared publicly in our [Tax Policy](#).

# Responsible Procurement

**Maintaining an ethical and responsible approach to our procurement processes helps us uphold our company standards for social and labour practices, and builds resilience to events that are environmental, political or disruptive in nature. The majority of our procurement budget is used to purchase natural gas and other feedstocks, followed by the procurement of services such as transportation for our product and labour, including contractors. We seek to work with suppliers and contractors that align with Methanex’s values and responsible practices.**

## NATURAL GAS PROCUREMENT

Regional supply and demand of natural gas, the feedstock we use to manufacture methanol, can change over time. In the event of a supply shortfall in any region, our goal is to work with local authorities to ensure basic population needs are met while ensuring we are treated fairly alongside other industrial natural gas users in the region.

For further details on the security of natural gas for our operations, please see our [Annual Report](#).

## CONTRACTOR AND DISTRIBUTOR SELECTION

A contractor’s environmental, health and safety performance is an important consideration during the vendor qualification and selection process. We use ISNetworld or equivalent internal tools to select and screen contractors across our operations. Our selection process begins with extensive interviews with contracting companies to determine their safety culture and performance. Once appointed, contractors undergo onboarding, following by on-site orientation. Each contractor is assigned a Methanex contractor representative that conducts regular meetings, performance and safety discussions to ensure alignment throughout the contract execution.

For details on how we select responsible carriers, terminals and contractors, see [Transportation Safety \(page 64\)](#), and [Contractor Safety \(page 40\)](#).

We use distributors globally to transport and sell a portion of our methanol to the end consumer. Our global Distributor Responsible Care Standard helps distributors align their handling practices with Responsible Care and Methanex’s product stewardship principles. For details, see [Product Safety, page 62](#).

## OUR ROLE IN CANADA’S FIGHT AGAINST MODERN SLAVERY IN SUPPLY CHAINS

Methanex takes seriously our responsibility to respect human rights and address the risks of forced labour and child labour across our business. In 2023, we engaged a third party to conduct a gap analysis and risk assessment of our operations and global supply chain, as outlined in *Canada’s Fighting Against Forced and Child Labour in Supply Chains Act*. This work included an identification of priority risk areas and recommended mitigations. Please see our [Report here](#).



# Cybersecurity



**PERFORMANCE GOAL**  
→ All employees complete cybersecurity training annually.

**Methanex focuses on resilience against cyberattacks to protect our data, systems, assets and identities by using the following processes and systems:**

We protect our systems, information and physical assets through a cybersecurity system that aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework, a leading global framework for managing cybersecurity. The system is internally reviewed on an annual basis and assessed by an independent third party every three years. In our most recent external assessment conducted in 2023 we exceeded our target rating, reinforcing the strength of our controls and the overall maturity of our cybersecurity program.

We exceeded **our target rating** in our most recent cybersecurity external assessment, conducted in 2023.

## PROGRAM PILLARS

Our cybersecurity program revolves around three key pillars:

- **Governance and oversight:** Management reports to the Board six times per year on cybersecurity matters. Annually, the Audit, Finance and Risk Committee receives a deep-dive presentation on IT-related risk that includes cybersecurity. Our IT Security Governance Standard and Cybersecurity Strategic Plan set our requirements and expectations around: (i) roles and responsibilities, (ii) how we measure success, (iii) adherence to cyber practices and requirements, (iv) continuous training of workforce regarding cyber risks and appropriate behaviours, and (v) advanced training for high risk roles.
- **Plant systems:** Priority focus on plant systems and aligning practices that minimize cybersecurity risk.
- **Technical improvements and risk assessments:** We work with our business units to conduct cybersecurity reviews of emerging threats, cyber process hazard assessments at our manufacturing sites, and threat modelling to simulate potential threats. The results inform changes to make our business processes more resilient.

## KEY CYBERSECURITY POLICIES AND PRACTICES

- **Training:** We provide mandatory annual cybersecurity awareness training sessions for all team members. In 2023, 100 per cent of employees and contractors completed cybersecurity training. We also provide specific training for distributed control system engineers and Finance, Human Resources and IT team members to help them manage department-specific cybersecurity and data privacy risks. We regularly test all team members' cybersecurity awareness through phishing campaigns. The results inform our annual cybersecurity training strategy.
- **Awareness:** We provide information to make team members aware of their critical role in preventing unauthorized access to our network. The Cybersecurity team publishes a quarterly blog to reinforce the importance of cyber awareness, highlight digital best practices, and direct employees to resources. On our intranet, we provide a list of best practices to prevent common attacks such as phishing scams and social engineering. We also hold awareness events such as International Cybersecurity Awareness Month and International Privacy Awareness Day.
- **Network segmentation:** Our network is divided into zones to ensure our critical systems and assets are protected from malware and malicious actors. Each zone is classified based on its function with security controls or rules to manage access and traffic flow. We protect our most critical zones, such as our plant systems, from the Internet and our corporate network.

- **Identity and access management:** We utilize multi-factor authentication, facial recognition and best practices for password management and system access. In 2023, we also implemented a digital risk protection platform that scans our material vendors' public profiles and online presence to detect any potential threats.
- **Incident response:** In July 2023, we completed a tabletop cyber/IT emergency response exercise at our plant in Medicine Hat as part of the development of their Incident Response Plan. During this four-hour simulation, we responded to scenario events in real-time and gained insights on role clarity and the most effective expertise for an incident command position in a plant environment. A second similar exercise was completed in November 2023 at our Trinidad site.
- **Security information and event management:** In 2022, we successfully piloted the use of artificial intelligence and threat modeling within our operational technology environment to provide visibility to anomalies and threats. Once the pilot project was successfully completed, the software was rolled out to other plants. The tool continuously monitors our system for anomalies and alerts our security operations center to any suspicious activity. Our team reviews the activity and, if necessary, escalates the alert.
- **Disaster recovery:** We conduct annual disaster recovery testing for our critical systems.

# Appendices



# About this Report

**This report provides our stakeholders with information about how Methanex manages its material sustainability topics, and how our business and product contribute value to stakeholders and society. By managing our risks, capitalizing on opportunities and conducting our operations in an environmentally and socially responsible manner, we create long-term value, protect our reputation, enhance our resilience and contribute to the sustainability of our business.**

We cross-reference our disclosures against the following recognized reporting frameworks:

- Sustainability Accounting Standards Board (SASB) for the chemical and marine transportation sectors (Indices on [pages 96 and 98](#))
- Task Force on Climate-related Financial Disclosures (TCFD) (see [Climate Disclosures Index on page 99](#))
- Global Reporting Initiative (GRI) (Index on [pages 100-101](#))

## REPORTING SCOPE

- The terms “Methanex”, “our”, “we”, “us”, “the company”, and “the organization” refer to Methanex Corporation and its subsidiaries as a whole.
- This report covers information related to our subsidiary Waterfront Shipping. Metrics for Waterfront Shipping are provided separately on [page 95](#), with a qualitative discussion on [pages 22 and 26](#) (emissions performance), [pages 65-66](#) (safety) and [page 67](#) (minimizing environmental impact).

- We account for our GHG emissions for our methanol manufacturing business based on financial ownership (equity). Therefore, we include 50 per cent of the emissions from our Damietta plant in Egypt and 63.1 per cent from our Atlas plant in Trinidad.
- We report shipping-related emissions using two methods: operational control and financial ownership. For operational control, we include 100 per cent of the GHG emissions associated with the 30 vessels in the fleet, regardless of financial ownership. For financial ownership, we include the GHG emissions related to Waterfront Shipping’s equity ownership in 5 vessels (60 per cent equity in 50 per cent interest in each vessel).
- This report describes initiatives related to our material sustainability topics and supporting metrics for the year ended December 31, 2023 (unless otherwise specified). When available, additional years of historical data are provided for reference.
- Financial data is in U.S. dollars (unless otherwise specified) and environmental data is in metric units.
- Safety data includes Methanex employees and contractors.
- Senior management and relevant employees have reviewed the information in this report and believe it is an accurate representation of our performance. Metrics included in this report have not been externally assured.
- The terms “sustainability” and “ESG” are used interchangeably in this report.



# Our Sustainability Ratings Profile

**We believe that providing decision-useful environmental, social and governance information to our shareholders enables informed investor decision making. We seek to continually improve our disclosure to support broader understanding of our sustainability activities and efforts.**

	RATING ORGANIZATION	SCALE	2021†	2022†	2023†
	MSCI ESG Rating**	← → CCC to AAA	BBB	AA	AA
	Eco Vadis***	Bronze → Silver → Gold → Platinum	Silver 63	Gold 67	<b>Silver 67</b>
	Sustainalytics ESG Rating****	← → 100 (severe risk) to 0 (low risk)	25.5	24.4	*
	ISS ESG Corporate Rating	← → D- to A+	C-	C	*
	CDP	← → D- to A	D	C	<b>C</b>

† All ratings received as of February 15 of the following year.

\* Due to the timing of the Sustainalytics and ISS rating assessments, our 2022 Sustainability Report disclosure was not rated prior to the release of this report.

\*\* The use by Methanex of any MSCI ESG RESEARCH LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Methanex by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided ‘as-is’ and without warranty. MSCI names and logos are trademarks or service marks of MSCI. [Learn more about MSCI ESG ratings here.](#)

\*\*\* In 2023, EcoVadis changed the score required to achieve a Gold rating to 70.

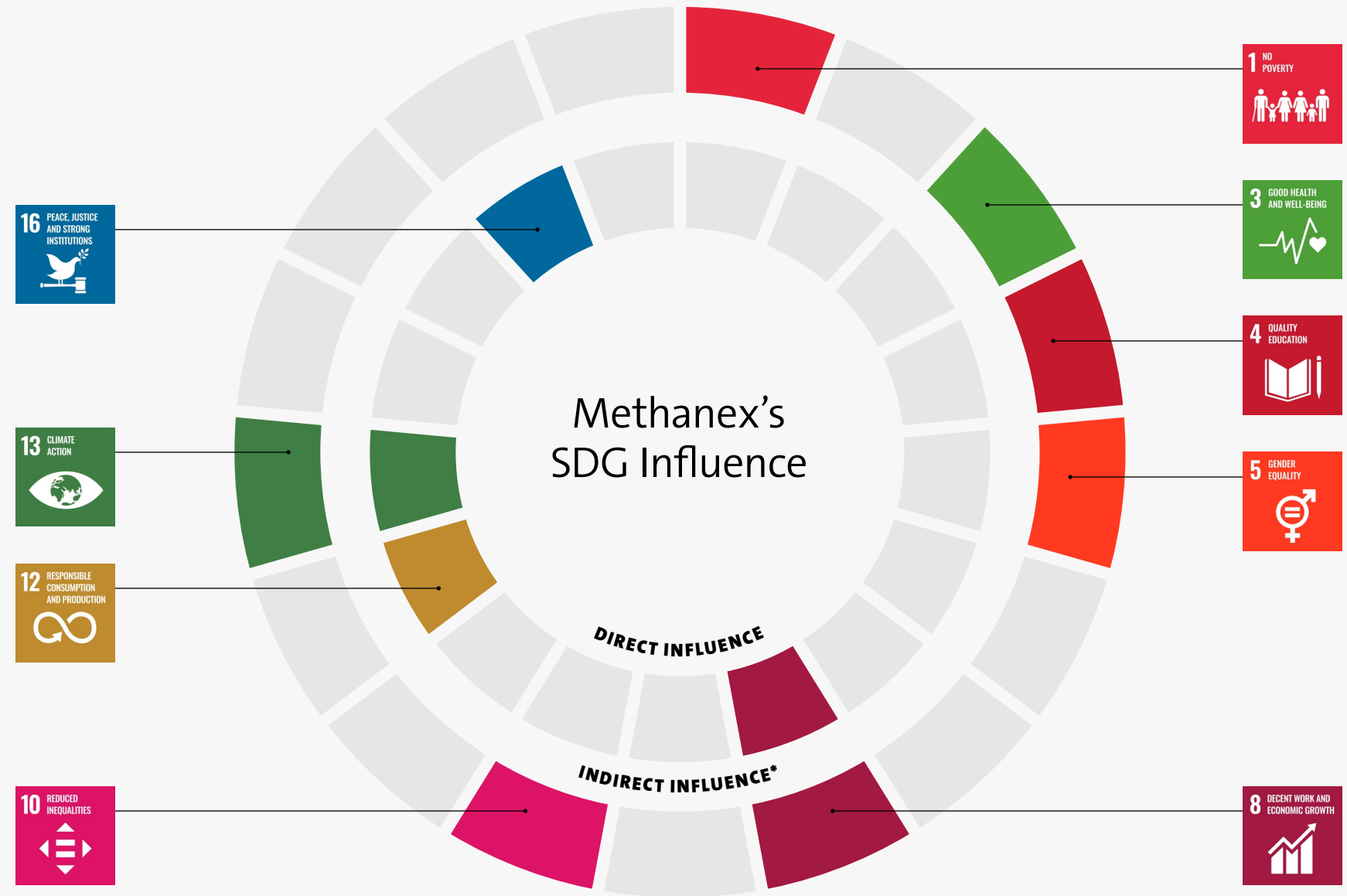
\*\*\*\* Copyright © 2023 Sustainalytics. All rights reserved. This publication contains information developed by Sustainalytics ([www.sustainalytics.com](http://www.sustainalytics.com)). Such information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third-Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.



# Our Contributions to the Sustainable Development Goals

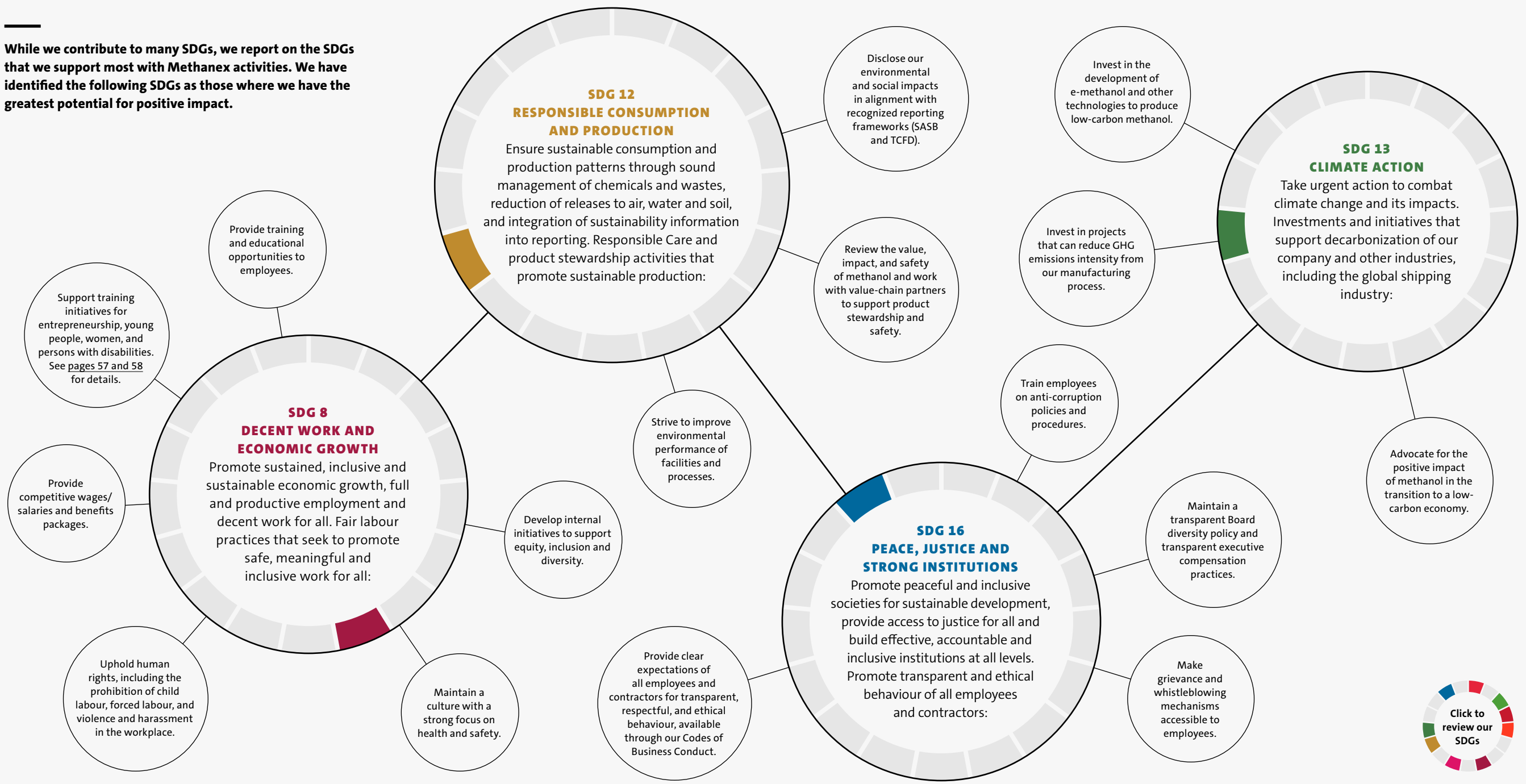
**We care deeply about the people and the environments in which we live, work and play, and we believe our business should have a positive impact on people's lives. Methanex supports the United Nations' Sustainable Development Goals (SDGs) to end extreme poverty, reduce inequality, and protect the planet by 2030.**

To better align our actions, we conducted an internal assessment to identify the SDGs where we have the greatest potential for positive impact. The next page shows the SDGs that we directly influence through our business, and [page 58](#) shows the SDGs that we support indirectly through our community investments and partnerships. As we progress our sustainability efforts, we will work to maintain alignment with the SDGs in support of the global movement towards a more equitable and sustainable world.



\* SDGs are indirectly influenced through community investments.

While we contribute to many SDGs, we report on the SDGs that we support most with Methanex activities. We have identified the following SDGs as those where we have the greatest potential for positive impact.



# Performance Table (EXCLUDES WATERFRONT SHIPPING)

Includes performance metrics and historical trends for environmental, social, and governance topics.

OPERATIONS	UNIT	2019	2020	2021	2022	2023
<b>Manufacturing</b>						
Methanol produced (total tonnes)	tonnes	8,579,766	7,666,550	7,775,484	7,077,623	<b>7,774,879</b>
Methanol produced (equity share)	tonnes	7,589,000	6,613,579	6,514,388	6,118,454	<b>6,642,757</b>
<b>ENVIRONMENT</b>						
<b>GHG emissions (equity share)</b>						
Direct GHG emissions (scope 1) (equity share) <sup>1</sup>	tonnes CO <sub>2</sub> e	4,714,000	4,008,000	3,920,000	3,840,000	<b>3,871,000</b>
Energy indirect GHG emissions (scope 2) (equity share)	tonnes CO <sub>2</sub> e	162,000	140,000	145,000	154,000	<b>158,000</b>
Total GHG emissions	tonnes CO <sub>2</sub> e	4,872,000	4,148,000	4,065,000	3,994,000	<b>4,029,000</b>
Intensity (Scope 1)	tonnes CO <sub>2</sub> e/tonnes methanol	0.62	0.61	0.60	0.63	<b>0.58</b>
Intensity (Scope 1 + Scope 2) <sup>2</sup>	tonnes CO <sub>2</sub> e/tonnes methanol	0.64	0.63	0.62	0.65	<b>0.61</b>
<b>Energy use</b>						
Total energy consumed from natural gas (excluding electricity)	TJ	329,100	293,100	290,100	269,400	<b>291,000</b>
Total electricity use	MWh	454,500	465,200	447,700	436,000	<b>462,200</b>
Total self-generated electricity	MWh	127,400	142,300	142,400	130,200	<b>129,900</b>
Self-generated electricity – non-renewable	MWh	127,400	142,300	142,400	130,200	<b>129,900</b>
Self-generated electricity – renewable	MWh	0	0	0	0	<b>0</b>
Total purchased electricity	MWh	327,100	323,000	305,300	305,900	<b>332,300</b>
Purchased electricity – non-renewable	MWh	272,100	262,600	246,600	252,800	<b>268,000</b>
Purchased electricity – renewable <sup>3</sup>	MWh	55,000	60,400	58,600	53,100	<b>64,300</b>

ENVIRONMENT	UNIT	2019	2020	2021	2022	2023
<b>Air emissions</b>						
NO <sub>x</sub> (excluding N <sub>2</sub> O)	tonnes	7,051	7,157	5,838	5,923	<b>5,107</b>
VOCs <sup>4</sup>	tonnes	3,315	2,807	3,779	3,246	<b>2,101</b>
SO <sub>x</sub> <sup>5</sup>	tonnes	40	24	22	21	<b>2</b>
<b>Water protection and water use</b>						
Water consumption – GRI <sup>6</sup>	m <sup>3</sup>	NR	NR	23,310,000	21,580,000	<b>24,030,000</b>
Fresh water consumption <sup>7</sup>	m <sup>3</sup>	14,300,000	14,220,000	14,580,000	13,750,000	<b>15,320,000</b>
Seawater consumption	m <sup>3</sup>	NR	NR	8,740,000	7,830,000	<b>8,710,000</b>
Water withdrawal (by source) <sup>8</sup>	m <sup>3</sup>	18,210,000	115,220,000	114,800,000	96,100,000	<b>85,450,000</b>
Non-fresh (sea water, saline, grey water)	m <sup>3</sup>	NR	96,700,000	96,650,000	78,860,000	<b>66,300,000</b>
Surface waters (e.g., rivers, creeks)	m <sup>3</sup>	11,710,000	11,640,000	11,120,000	10,310,000	<b>11,680,000</b>
Purchased	m <sup>3</sup>	4,760,000	4,850,000	4,490,000	4,540,000	<b>5,010,000</b>
Municipal system	m <sup>3</sup>	1,750,000	2,040,000	2,540,000	2,390,000	<b>2,460,000</b>
Ground water (aquifer)	m <sup>3</sup>	0	0	0	0	<b>0</b>

<sup>1</sup> We report our GHG emissions in alignment with the ISO 14064-1 Quantification and Reporting of GHG emissions standard.

<sup>2</sup> The decrease in intensity is driven by improved emissions intensities at all manufacturing sites.

<sup>3</sup> Renewable energy is reported as the per cent of grid electricity that is from a renewable source. This is different than the SASB definition.

<sup>4</sup> The reduction in VOC emissions is attributed to a reduction to zero tonnes of VOC being vented during the distillation process at one of our sites.

<sup>5</sup> In 2023, a more precise method was adopted for calculating SO<sub>x</sub> emissions, which now incorporates the sulfur content in the feed gas, and the volume combusted as fuel.

<sup>6</sup> We report water consumption (defined as water withdrawn minus water discharged) in alignment with the GRI Standards. Data for 2021 has been restated since the publication of our 2021 sustainability report to include.

<sup>7</sup> Fresh water calculations align with the definition of fresh water consumption in the GRI Standards including purchased desalinated water as fresh water. The 2019 number is not comparable since it uses a previous methodology.

<sup>8</sup> The numbers for 2019 exclude seawater and are therefore not comparable.

ENVIRONMENT	UNIT	2019	2020	2021	2022	2023
Total water discharge (by destination)	m <sup>3</sup>	3,920,000	93,070,000	91,490,000	74,520,000	<b>61,420,000</b>
Water returned to sea	m <sup>3</sup>	NR	92,050,000	90,220,000	73,090,000	<b>59,740,000</b>
Water discharged to rivers, creeks, etc.	m <sup>3</sup>	680,000	610,000	820,000	1,010,000	<b>1,280,000</b>
Water disposed to municipal systems	m <sup>3</sup>	450,000	400,000	450,000	420,000	<b>410,000</b>
Water disposed via third parties (for treatment)	m <sup>3</sup>	NR	1,365	943	4,976	<b>1,639</b>
Number of incidents of non-compliance associated with water quality permits and regulations	count	0	0	0	0	<b>0</b>
Fresh water intensity (Fresh water consumption/tonnes methanol)*	m <sup>3</sup> water/tonnes methanol	2.75	2.54	2.24	2.25	<b>2.31</b>
<b>Spills</b>						
Methanol spill (serious)	count	0	0	0	0	<b>0</b>
Methanol spill (major)	count	0	0	0	0	<b>0</b>
Other spill – petroleum products or treatment chemicals (serious)	count	0	0	0	0	<b>0</b>
Other spill – petroleum products or treatment chemicals (major)	count	0	0	0	0	<b>0</b>
<b>Waste from operations</b>						
Total waste generated (excluding major capital projects)	tonnes	4,768	5,283	3,563	4,044	<b>5,055</b>
<b>Hazardous waste (excluding major capital projects)</b>						
Total generated	tonnes	342	790	985	1,436	<b>1,225</b>
Sent for disposal	tonnes	263	102	549	708	<b>301</b>
Sent to recycling	tonnes	79	687	436	728	<b>924</b>

ENVIRONMENT	UNIT	2019	2020	2021	2022	2023
<b>Non-hazardous waste (excluding major capital projects)</b>						
Total generated including special waste	tonnes	4,426	4,493	2,578	2,608	<b>3,830</b>
Sent for disposal	tonnes	2,974	3,302	2,233	2,249	<b>3,143</b>
Sent to recycling	tonnes	1,453	1,190	345	359	<b>687</b>
Non-hazardous waste recycled (per cent of total waste disposed)	per cent	49	26	13	14	<b>18</b>
Hazardous waste recycled (per cent of total waste disposed)	per cent	23	87	44	51	<b>75</b>
<b>SOCIAL</b>						
<b>Safety</b>						
<b>Employee and contractor safety</b>						
Recordable injury frequency rate, employees	injuries per 200k hours	0.07	0.34	0.08	0.38	<b>0.34</b>
Recordable injury frequency rate, contractors	injuries per 200k hours	0.41	0.52	0.34	0.23	<b>0.31</b>
Recordable injury frequency rate, combined	injuries per 200k hours	0.27	0.44	0.22	0.28	<b>0.32</b>
RIFR five-year rolling average, combined	injuries per 200k hours	NR	0.57	0.52	0.45	<b>0.31</b>
<b>Employee and contractor safety (excluding major capital projects)<sup>9</sup></b>						
Recordable injury frequency rate, employees	injuries per 200k hours	0.07	0.35	0.08	0.39	<b>0.36</b>
Recordable injury frequency rate, contractors	injuries per 200k hours	0.44	0.60	0.42	0.30	<b>0.50</b>
Recordable injury frequency rate, combined	injuries per 200k hours	0.29	0.48	0.25	0.34	<b>0.44</b>
RIFR five-year rolling average, combined	injuries per 200k hours	NR	0.58	0.54	0.48	<b>0.36</b>

<sup>9</sup> These injury rates exclude worked hours in major capital projects to provide better comparability year over year.

<b>SOCIAL</b>	<b>UNIT</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Employee and contractor safety (including major capital projects)</b>						
Days away from work rate, employees	injuries per 200k hours	0.00	0.14	0.00	0.15	<b>0.13</b>
Days away from work rate, contractors	injuries per 200k hours	0.21	0.21	0.34	0.10	<b>0.13</b>
Days away from work rate, combined	injuries per 200k hours	0.14	0.18	0.18	0.12	<b>0.13</b>
Fatalities, employees	count	0	0	0	0	<b>0</b>
Fatalities, contractors	count	0	0	0	0	<b>0</b>
<b>Leading indicators</b>						
Near misses	count	NR	982	669	1,183	<b>1,724</b>
Hazard identification	count	NR	2,143	4,521	7,348	<b>10,387</b>
Behaviour-based safety observations <sup>10</sup>	count	NR	9,843	11,214	84,410	<b>71,559</b>
<b>Process safety rates<sup>11</sup></b>						
Process Safety Total Incident Rate (PSTIR) <sup>12</sup>	incidents/200k hours	0.03	0.03	0.04	0.07	<b>0.06</b>
Process Safety Incident Severity Rate (PSISR) <sup>13</sup>	incidents/200k hours	0.26	0.03	0.04	0.14	<b>0.12</b>
<b>Process safety<sup>11</sup></b>						
Process Safety Incidents Count (PSIC) Tier 1	count	1	1	1	2	<b>2</b>
<b>Product safety</b>						
Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	per cent	NR	100	100	100	<b>100</b>
Percentage of such products (above) that have undergone a hazard assessment	per cent	NR	100	100	100	<b>100</b>

<b>SOCIAL</b>	<b>UNIT</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Transportation safety</b>						
Number of reportable transport incidents	count	NR	0	0	0	<b>1</b>
Non Accidental Release NARS (for rail transportation)	count	NR	0	0	0	<b>1</b>
<b>Methanex indicators</b>						
Approved terminals <sup>14</sup>	count	NR	36	107	115	<b>109</b>
Responsible Care seminars held	count	NR	35	45	30	<b>39</b>
Responsible Care seminar attendees <sup>15</sup>	count	NR	798	835	931	<b>7,342</b>
Organizations reached	count	NR	144	167	192	<b>602</b>
<b>Human resources</b>						
<b>Employee numbers</b>						
Total number of employees	count	1,544	1,489	1,300	1,410	<b>1,451</b>
Full-time	count	1,512	1,464	1,268	1,372	<b>1,410</b>
Part-time	count	32	25	32	38	<b>41</b>

<sup>10</sup> The number is based on safety observations submitted by employees and contractors. This number includes major capital projects and the higher numbers in 2022 and 2023 are driven by the G3 project.

<sup>11</sup> The 2022 number has been changed from what was reported in prior years due to an unrecognized Tier 1 event that occurred in February 2022.

<sup>12</sup> Worked hours for PSTIR include hours worked by employees, contractors and subcontractors, but exclude hours associated with major capital projects.

<sup>13</sup> Process Safety Incident Severity Rate (PSISR) is calculated using the American Petroleum Institute (API) recommended practice 754 from 2016. This aligns with SASB recommendations.

<sup>14</sup> Terminals approved for use under Methanex's risk-based Type I, II, or III terminal assessment process. This definition was changed in 2022 so the previous numbers are not comparable.

<sup>15</sup> Methanex presented at two online chemical safety webinars in China on chemical regulations, and chemical storage safety. These sessions typically have between a few hundred and a few thousand participants.

<b>SOCIAL</b>	<b>UNIT</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Employees by location</b>	count	1,544	1,489	1,300	1,410	<b>1,451</b>
North America	per cent	36.0	36.0	38.0	39.9	<b>41.7</b>
South America	per cent	27.0	27.0	24.4	23.6	<b>22.4</b>
Europe	per cent	2.0	2.0	2.8	2.8	<b>2.8</b>
Oceania	per cent	19.0	19.0	18.5	17.6	<b>18.1</b>
Africa	per cent	11.0	11.0	10.5	10.1	<b>9.5</b>
Asia	per cent	5.0	5.0	5.8	6.0	<b>5.5</b>
<b>Diversity</b>						
<b>Percentage of women</b>						
Total workforce	per cent	29	28	28	28	<b>28</b>
Managers	per cent	36	34	32	29	<b>27</b>
Senior leaders	per cent	16	17	14	15	<b>22</b>
Executive leaders	per cent	17	17	17	17	<b>13</b>
Independent Board members	per cent	36	45	40	50	<b>45</b>
<b>Employee age categories</b>						
30 years and under	per cent	15	12	11	11	<b>12</b>
30 to 50	per cent	64	66	66	65	<b>64</b>
50 plus	per cent	21	22	23	24	<b>24</b>

<b>SOCIAL</b>	<b>UNIT</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Length of employee service</b>						
< 5 yr	per cent	47	42	42	45	<b>45</b>
5–10 yrs	per cent	29	32	32	30	<b>29</b>
11–20 yrs	per cent	15	16	17	15	<b>16</b>
20+ yrs	per cent	9	10	9	10	<b>10</b>
<b>Retention</b>						
Turnover rate, voluntary and involuntary	per cent	7.2	7.5	19.8	10.0	<b>7.3</b>
Turnover rate, voluntary	per cent	5.3	3.6	6.5	8.6	<b>5.4</b>
<b>Community</b>						
<b>Community investment</b>						
Total value of community investment	USD	1,467,193	1,740,149	1,287,681	1,315,412	<b>1,988,314</b>
<b>Other community-related metrics</b>						
Total time contribution	hours	NR	2,383	4,240	4,305	<b>6,742</b>
Beneficiaries (# of organizations receiving our support)	count	304	310	322	347	<b>381</b>
Scholarships	count	53	98	94	88	<b>97</b>
Community advisory panel (CAP) meetings	count	22	16	19	21	<b>20</b>

# Performance Table (WATERFRONT SHIPPING)

GOVERNANCE	UNIT	2019	2020	2021	2022	2023
<b>Cybersecurity</b>						
Employees and contractors who received mandatory cybersecurity training <sup>16</sup>	number	NR	1,824	1,620	1,777	<b>2,005</b>
<b>Ethics training/awareness</b>						
Number of employees and contractors who received ethics training <sup>16,17</sup>	count	NR	55	15	1,367	<b>2,009</b>
Percentage of senior leaders who acknowledged the Code of Business Conduct	per cent	NR	100	100	100	<b>100</b>
<b>Legal actions</b>						
Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	\$	NR	0	0	0	<b>0</b>
Fines or settlements paid in the fiscal year related to anti-competitive business practices	\$	NR	0	0	0	<b>0</b>
Number of legal actions (completed or pending) for anti-competitive behavior, anti-trust, and monopoly practices	number	NR	0	0	0	<b>0</b>

INDICATOR	UNIT	2019	2020	2021	2022	2023
<b>Operations</b>						
Total distance traveled by vessels	nautical miles	NR	2,050,638	1,816,325	1,694,327	<b>1,776,489</b>
Operating days	days	NR	10,550	10,048	10,285	<b>10,890</b>
Deadweight tonnage	thousand deadweight tons	NR	1,256	1,220	1,375	<b>1,378</b>
Number of vessels in total shipping fleet	Count	NR	29	28	30	<b>30</b>
Number of vessel port calls	Count	NR	1,152	1,196	1,155	<b>1,176</b>
<b>GHG emissions (operational control)<sup>1</sup></b>						
Direct GHG emissions (scope 1) – operational control	tonnes CO <sub>2</sub>	678,154	622,866	550,200	523,536	<b>524,474</b>
Emissions intensity (marine transportation) – operational control <sup>2</sup>	kg of CO <sub>2</sub> /tonne of cargo shipped	75.1	74.5	70.9	67.7	<b>63.4</b>
<b>GHG emissions (equity share)<sup>1,3</sup></b>						
Direct GHG emissions (scope 1) – equity share <sup>4</sup>	tonnes CO <sub>2</sub>	50,839	46,665	41,094	21,502	<b>24,077</b>
Emissions intensity (marine transportation) – equity share	kg of CO <sub>2</sub> /tonne of cargo shipped	63.7	68.9	63.4	53.8	<b>63.2</b>
<b>Safety (Methanex indicators)</b>						
Marine vessel safety visits	count	30	22	24	30	<b>30</b>
Marine vessel inspections (CDI-Marine)	count	31	29	29	30	<b>30</b>
Marine safety training sessions	count	118	160	160	182	<b>128</b>

<sup>1</sup> Excludes non-CO<sub>2</sub> emissions.

<sup>2</sup> The lower 2022 number mainly results from replacing older ships in the fleet with newer, more efficient ships, a shorter average distance per voyage sailed and the use of methanol as a fuel.

<sup>3</sup> We report shipping-related emissions using two methods: operational control and financial ownership. For operational control, we include 100 per cent of the GHG emissions associated with the 30 vessels in the fleet, regardless of financial ownership. For financial ownership, we include 50 per cent of the GHG emissions associated with the five vessels we own.

<sup>4</sup> In addition to changes in WFS's fleet, MOL acquired 40 per cent of Waterfront Shipping in 2022 impacting our equity share of emissions.

<sup>16</sup> Number for 2023 includes contractors with access to Methanex systems, applications, network and or email.

<sup>17</sup> Starting in 2022, this metric includes all employees not just new employees.

# SASB Index (CHEMICAL)

SASB REF	SASB SUGGESTED DISCLOSURES	UNITS	2023
<b>Activity metrics</b>			
RT-CH-000.A	Methanol produced (total tonnes)	tonnes	7,774,879
RT-CH-000.A	Methanol produced (equity share)	tonnes	6,642,757
<b>GHG gas emissions</b>			
RT-CH-110a.1	Gross global Scope 1 emissions, equity share	tonnes CO <sub>2</sub> e	3,870,000
RT-CH-110a.1	Percentage of Scope 1 emissions covered under emissions-limiting regulations		Not reported
RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		
<b>Air quality</b>			
RT-CH-110a.3	NO <sub>x</sub> (excluding N <sub>2</sub> O)	tonnes	5,107
RT-CH-110a.3	SO <sub>x</sub>	tonnes	2
RT-CH-110a.3	Volatile organic compounds (VOCs)	tonnes	2,101
RT-CH-110a.3	Hazardous air pollutants (HAPs)	tonnes	Not reported
<b>Energy management</b>			
RT-CH-130a.1	Total energy consumed from natural gas (excluding electricity)	GJ	291,000,000
RT-CH-130a.1	Total purchased electricity	MWh	332,300
RT-CH-130a.1	Percentage renewable electricity purchased	per cent	0
RT-CH-130a.1	Self-generated electricity	MWh	129,900

SASB REF	SASB SUGGESTED DISCLOSURES	UNITS	2023
<b>Water management</b>			
RT-CH-140a.1	Total water withdrawn (fresh and seawater)	m <sup>3</sup>	85,450,000
RT-CH-140a.1	Total water consumed	m <sup>3</sup>	24,020,000
RT-CH-140a.1	Percentage water withdrawn in regions with high or extremely high baseline water stress	per cent	4
RT-CH-140a.1	Percentage water consumed in regions with high or extremely high baseline water stress	per cent	Not available
RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	count	0
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks		
<b>Hazardous waste management</b>			
RT-CH-150a.1	Amount of hazardous waste generated	tonnes	1,815
RT-CH-150a.1	Percentage hazardous waste recycled	per cent	51
<b>Community relations</b>			
RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests		
<b>Workforce health &amp; safety</b>			
RT-CH-320a.1	Total recordable incident rate (TRIR) employees and contractors	injuries per 200k hours	0.32
RT-CH-320a.1	Fatalities	count	0
RT-CH-320a.1	Near misses	count	1,724
RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks		



SASB REF	SASB SUGGESTED DISCLOSURES	UNITS	2023
<b>Product design for use-phase efficiency</b>			
RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency		Not reported
<b>Safety &amp; environmental stewardship of chemicals</b>			
RT-CH-410b.1	Percentage of revenue from products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	per cent	100
RT-CH-410b.1	Percentage of GHS 1 and 2 products that have undergone a hazard assessment	per cent	100
RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact		Not applicable
<b>Genetically modified organisms</b>			
RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)		Not applicable
<b>Management of the legal &amp; regulatory environment</b>			
RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry		
<b>Operational safety, emergency preparedness &amp; response</b>			
RT-CH-540a.1	Process Safety Total Incident Rate (PSTIR)	incidents/200k hours	0.03
RT-CH-540a.1	Process Safety Incident Severity Rate (PSISR)	incidents/200k hours	0.03
RT-CH-540a.2	Number of transport incidents	count	1

# SASB Index (MARINE)

SASB REF	SASB SUGGESTED DISCLOSURES	UNITS	2023
<b>Activity metrics</b>			
TR-MT-000.A	Number of shipboard employees		Not applicable
TR-MT-000.B	Total distance traveled by vessels	nautical miles	1,776,489
TR-MT-000.C	Operating days	days	10,890
TR-MT-000.D	Deadweight tonnage	thousand deadweight tons	1,378
TR-MT-000.E	Number of vessels in total shipping fleet	count	32
TR-MT-000.F	Number of vessel port calls	count	1,176
TR-MT-000.G	Twenty-foot equivalent unit (TEU) capacity		Not applicable
<b>Greenhouse gas emissions</b>			
TR-MT-110a.1	Gross global Scope 1 emissions – operational control	tonnes CO <sub>2</sub> e	524,474
TR-MT-110a.1	Gross global Scope 1 emissions – equity share	tonnes CO <sub>2</sub> e	24,077
TR-MT-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		
TR-MT-110a.3	Total energy consumed	GJ	7,529,334
TR-MT-110a.3	Percentage heavy fuel oil	per cent	2
TR-MT-110a.3	Percentage renewable	per cent	0
TR-MT-110a.3	Percentage methanol as fuel	per cent	23
TR-MT-110a.4	Average Energy Efficiency Design Index (EEDI) for new ships	index	4.27
<b>Air quality</b>			
TR-MT-120a.1	NO <sub>x</sub> (excluding N <sub>2</sub> O)	tonnes	14,177
TR-MT-120a.1	SO <sub>x</sub>	tonnes	7,126
TR-MT-120a.1	Particulate matter (PM <sub>10</sub> )	tonnes	983

SASB REF	SASB SUGGESTED DISCLOSURES	UNITS	2023
<b>Ecological impacts</b>			
TR-MT-160a.1	Shipping duration in marine protected areas or areas of protected conservation status	number of travel days	2,440
TR-MT-160a.2	Percentage of fleet implementing ballast water exchange	per cent	100
TR-MT-160a.2	Percentage of fleet implementing ballast water treatment	per cent	100
TR-MT-160a.3	Number of spills and releases to the environment	count	0
TR-MT-160a.3	Aggregate volume of spills and releases to the environment	m <sup>3</sup>	0
<b>Employee health and safety</b>			
TR-MT-320a.1.	Lost time incident rate (LTIR)		Not reported
<b>Business ethics</b>			
TR-MT-510a.1.	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	count	0
TR-MT-510a.2.	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	\$	0
<b>Accident &amp; safety management</b>			
TR-MT-540a.1	Number of marine casualties	count	0
TR-MT-540a.1	Percentage classified as very serious	per cent	0
TR-MT-540a.2	Number of conditions of class or recommendations	count	6
TR-MT-540a.3	Number of port state control deficiencies	count	25
TR-MT-540a.3	Number of port state control detentions	count	0

# Climate Disclosures Index

We report in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Discussions of Methanex’s climate-related governance, risks, and opportunities, and our activities that contribute to transition to a low-carbon economy, can be located using the table below.

CATEGORY	DISCLOSURE	PAGE
Governance (a)	Board oversight	<a href="#">71, Information Circular</a>
Governance (b)	Management’s role	<a href="#">72, Information Circular</a>
Strategy (a)	Risk and opportunities	<a href="#">77-80</a>
Strategy (b)	Impact of risks and opportunities	<a href="#">77-80</a>
Strategy (c)	Resilience scenarios	NR
Risk management (a)	Risk identification process	<a href="#">74</a>
Risk management (b)	Risk management process	<a href="#">74</a>
Risk management (c)	Risk integration	<a href="#">75</a>
Metrics and targets (a)	Metrics used to measure risks/opportunities	NR
Metrics and targets (b)	GHG emissions (Scope 1–3)	<a href="#">22*</a>
Metrics and targets (c)	Targets and performance	<a href="#">19, 20</a>

NR = Not reported  
 \* Partially meets the disclosures suggested by the TCFD

# Waterfront Shipping Index

Content that describes practices related to our subsidiary Waterfront Shipping has been incorporated throughout this report and can be found in the following pages:

CATEGORY	DISCLOSURE	PAGE
About waterfront shipping		<a href="#">7</a>
GHG emissions		<a href="#">22, 26</a>
Air quality		<a href="#">67</a>
Safety		<a href="#">65-66</a>
Ecological impacts of shipping		<a href="#">67</a>
Water quality		<a href="#">67</a>
Ethics		<a href="#">81</a>

# GRI Index

This report contains general disclosures from GRI 2: General Disclosures 2021 and GRI 3: Material Topics 2021, and topic-specific disclosures from GRI Standards 2017.

GENERAL DISCLOSURES		PAGE
<b>The organization and reporting practices</b>		
2-1-a	Legal name	<a href="#">7</a>
2-1-b	Nature of ownership and legal form	<a href="#">7</a>
2-1-c	Location of headquarters	<a href="#">7</a>
2-1-d	Countries of operation	<a href="#">7</a>
2-2-a	Entities included in sustainability reporting	<a href="#">87</a>
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2-2-c	Approach to consolidation	<a href="#">87</a>
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2-5-b	External assurance details for sustainability reporting	<a href="#">87</a>
<b>Activities and workers</b>		
2-6-a	Sector	<a href="#">7</a>
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2-6-d	Significant changes	<a href="#">2</a>
2-7-a	Total employees (by gender and region)	<a href="#">93</a>
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<b>Governance</b>		
2-9-a	Governance structure	<a href="#">69</a>

GENERAL DISCLOSURES		PAGE
2-9-b	Committees that oversee matters re economy, environment, people	<a href="#">71</a>
2-9-c	Board and committee composition	<a href="#">Information Circular</a>
2-10-a	Nomination and selection process	<a href="#">Information Circular</a>
2-10-b	Criteria for nomination and selection	<a href="#">Information Circular</a>
2-11-a	Chair independence	<a href="#">71</a>
2-12-a	Board and executive roles in sustainable development	<a href="#">71-73</a>
2-13-b	Reporting process and frequency of responsible parties	<a href="#">71-73</a>
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Note 1: Aligned with SASB metric “percentage of products classified as GHS level 1 and level 2 that have undergone assessments”.

# Forward-looking Statements

This report contains forward-looking statements with respect to us and our industry. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. Statements that include the words “believe”, “expect”, “may”, “will,” “can,” “should”, “potential,” “develop,” “estimate,” “strive,” “anticipate,” “aim,” “goal,” “target,” “plan,” “predict” or other comparable terminology and similar statements of a future or forward-looking nature identify forward-looking statements. More particularly, and without limitation, any statements regarding the following are forward-looking statements: Methanex’s business strategies, plans, prospects, opportunities and its sustainability, climate change and sustainability initiatives and strategies; expected demand for methanol (including for low-carbon, carbon neutral, biomethanol, e-methanol, or for fuel or thermal related applications, including marine fuel) and its derivatives; the ability for low-carbon, carbon neutral, biomethanol or e-methanol to become commercially viable; expectations around our ability to reduce GHG emissions intensity, including the availability of new technology and our ability to invest in such technology; the reliability of our plants; our expected capital expenditures; the establishment of new fuel standards, including the ability for methanol to meet such standards; the establishment of future or increased carbon taxes in the regions where we manufacture methanol and where our competitors manufacture methanol; the impacts of significant weather events; expectations regarding our ability to improve water efficiency; and expectations regarding our equity, diversity and inclusion initiatives. All of the forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions referred to in the report. Although we believe that we have a reasonable basis for making such forward-looking statements, including our experience, our perception of trends, current conditions and expected future developments as well as other factors, certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections that are included in these forward-looking statements, including, without limitation, future expectations and assumptions concerning the following: the supply of, demand for and price of methanol (including low-carbon, carbon neutral, biomethanol or e-methanol, or for fuel or thermal related applications, including marine fuel) and methanol derivatives; our ability to procure natural gas feedstock (or renewable gas feedstock) on commercially acceptable terms; operating rates of our facilities; the establishment of new fuel standards and methanol meeting those standards; the availability of committed credit facilities and other financing; the commercial viability of producing low-carbon or carbon neutral methanol (including carbon, capture, utilization and storage (CCUS), biomethanol or e-methanol technology and the capital costs thereof) and absence of a material negative impact from changes in laws or regulations, including carbon taxes.

However, forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The risks and uncertainties primarily include those attendant with the ability to produce and market low-carbon, carbon neutral or biomethanol and our ability to deploy sufficient capital to fund the necessary expenditures to implement the necessary operational changes to achieve the goals, strategies and plans set out in the report, including, without limitation: conditions in the methanol and other industries including fluctuations in the demand and price for low-carbon, or carbon neutral methanol, or for fuel or thermal related applications, including marine fuel; the ability to carry out sustainability initiatives and strategies; actions of competitors, suppliers and financial institutions; our ability to obtain natural gas feedstock on commercially acceptable terms to underpin current operations; conditions within the natural gas delivery systems that may prevent delivery of our natural gas supply requirements; the availability and price of renewable natural gas feedstock; the availability and commercial viability of technology (including CCUS and electrolyzers for e-methanol) to reduce our GHG emissions intensity; actions of governments and governmental authorities, including, without limitation, implementation of policies or other measures that could impact the supply of or demand for methanol (including low-carbon, carbon neutral biomethanol, e-methanol, or for fuel or thermal related applications, including marine fuel) or its derivatives; changes in laws or regulations; worldwide economic conditions; and other risks described in our 2023 Sustainability Report and our 2023 Annual Management’s Discussion and Analysis. Having in mind these and other factors, investors and other readers are cautioned not to place undue reliance on forward-looking statements. They are not a substitute for the exercise of one’s own due diligence and judgment. The outcomes implied by forward-looking statements may not occur and we do not undertake to update forward-looking statements except as required by applicable securities laws.

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