As part of our commitment to Responsible Care and sustainability, we have been reporting annually to the public about our global activities since 1997. This 2014 Responsible Care and Sustainability Report covers the period of January 1 to December 31, 2014, and focuses on our performance and impact in four key areas: Workplace, Community, Environment and Product Stewardship.

We report on assets over which Methanex has direct or part ownership and full operational control. In the case of our wholly owned subsidiary Waterfront Shipping Ltd. (Waterfront), our reporting boundary includes time or spot chartered-in vessels to the extent that Waterfront has commercial control through charter party contracts.

For additional information about our Responsible Care programs and initiatives, please visit www.methanex.com.
I am proud of all the hard work and dedication of our team around the world in upholding our commitment to Responsible Care and our long-term sustainable growth. As we position our business for growth, reinforcing our brand and culture is extremely important. In 2014, through a process of identifying what is important to our stakeholders around the globe, we introduced our key brand differentiator – The Power of Agility™. The Power of Agility™ is how our team of employees around the world delivers on our brand promise every day, including our commitment to the Responsible Care Ethic and Principles for Sustainability.

Responsible Care and sustainability for Methanex is about understanding our connection to society and the planet, and aligning our priorities so we can be in business for the long term.

One of our strategic priorities is to maintain a global presence and leadership position in the methanol industry. This requires that we demonstrate leadership on some of the key sustainability challenges of our industry. Our continuous efforts to improve plant efficiency, minimize emissions, and more efficiently use resources (i.e., natural gas and water), demonstrate our global leadership in this space. For instance, at two of our plants we are introducing more waste CO₂ into our production processes to improve efficiency and lower emissions. Through our wholly owned subsidiary, Waterfront Shipping, we have invested in seven new ships with flex fuel engines that can run on methanol or other marine fuels, and have more efficient mechanical features, resulting in lower emissions. We are investing in renewable methanol, building markets for methanol fuel blending (which has lower overall emissions), and advocating for methanol as a cleaner energy alternative. These initiatives require a concerted effort in market development, advocacy and collaboration with industry peers and stakeholders, which we are well positioned to lead.

Everything we do to keep people and the environment safe reflects on the operational excellence of our team and reliability which are vital to our business and customers. 2014 was an outstanding year for Methanex, and I am particularly pleased with our health, safety and environmental performance. We had a full calendar year with zero employee recordable injuries, zero reportable environmental spills or environmental discharges, and zero Process Safety Tier 1 incidents. A big accomplishment this year was completing the reconstruction of our one-million-tonne Geismar 1 plant in Louisiana safely, reliably and on time.

I am also proud of the reputation we have earned with our communities, who have given us positive feedback about our open communications, solutions-oriented approach and efforts to go above and beyond being good neighbours. We will continue to create positive and sustainable efforts in the communities we operate in, now and in the future.

As the growth of methanol for energy applications brings methanol products closer to consumers around the world, the safe distribution, handling and use of methanol take on increasing importance. Our Product Stewardship Program was once again a success story for our business. Our global methanol safety program has evolved over time to the high level it is currently at through great leadership and commitment by a team of dedicated professionals. During the recent CIAC (Chemical Industry Association of Canada) Verification Assessment, our Asia Pacific program was singled out as a Responsible Care best practice by the review team. This was due to the Asia Pacific program’s ongoing leadership and support towards the continual development of improved Industry Association guidelines for methanol transportation and handling in China.

In 2015, we have a major plant refurbishment and maintenance project, the start-up of Geismar 1, and the continuation of the Geismar 2 project. A top priority will be to continue the great Responsible Care performance from 2014 and complete these projects safely, efficiently and reliably. With respect to sustainable uses of methanol, continuing to educate and advocate for safe handling of methanol in the expanding clean energy markets will also be extremely important for us.

We look forward to keeping this momentum through 2015.

John Floren
President and Chief Executive Officer
Methanex Corporation is the world’s largest producer and supplier of methanol to major international markets in North America, Asia Pacific, Europe and South America. With a corporate office in Vancouver, Canada, we currently operate methanol production sites in Canada, Chile, Egypt, New Zealand, Trinidad and Tobago, and the United States. In 2014, our sales volumes of 8.5 million tonnes represented approximately 15% of global methanol demand.

Our customers are predominantly in traditional chemical industries, and use methanol in countless industrial and consumer products. Methanol is also used in the energy sector as a clean-burning, readily biodegradable alternative transportation fuel and source of power.

We are expanding our production base in the United States by relocating two methanol plants from Punta Arenas, Chile to Geismar, Louisiana. The Geismar 1 plant started up in January 2015. The Geismar 2 plant is scheduled to be operational by late in the first quarter of 2016.

To meet the needs of our global customers, we have regional marketing offices in Beijing, Brussels, Dubai, Dallas, Hong Kong, Santiago, Seoul, Shanghai and Tokyo. Our distribution terminals and storage facilities are strategically located around the world, with key distribution hubs on the U.S. Gulf Coast, Latin America, Northwest Europe, Korea, and East and South China.

We are proud to have the world’s largest fleet of methanol ocean tankers, managed by Waterfront Shipping Limited, a wholly owned subsidiary of Methanex.

In 2014, we employed approximately 1,100 people at our plants and offices around the world. Ship staff are employed by ship owners and managers of vessels, and not by Methanex or Waterfront Shipping.

In 2014, our revenues were $3.2 billion, compared with $3 billion in 2013. Demand for methanol grew by 4% (or 2 million tonnes) in 2014. This increase in demand was driven primarily by
growth in the Asia Pacific region, and related to merchant MTO (methanol to olefins) facilities and other energy applications.

Over the last several years, the methanol market has become increasingly multi-faceted, due to the growing number of applications for methanol and methanol derivatives around the world.

What is Methanol?

Methanol (CH₃OH) is made of hydrogen, oxygen and carbon. It can be produced from a variety of sources, including natural gas and coal, as well as renewable sources such as municipal waste, landfill gas, biomass and captured carbon dioxide (CO₂). Methanol is most commonly produced on an industrial scale by combining natural gas with steam and oxygen to produce synthesis gas, which is then converted to raw methanol and distilled to create pure methanol. The result is a clear, liquid, organic chemical that is water soluble and readily biodegradable.

Approximately 60% of all methanol is used to produce traditional chemical derivatives (e.g., formaldehyde, acetic acid) that are used to make hundreds of industrial and consumer items, including building materials, foams, resins, paints, plastics and various health and pharmaceutical products. Approximately 40% of methanol is used in energy-related applications such as fuel blending, methyl tertiary butyl ether (MTBE), dimethyl ether (DME), biodiesel and olefins.

How Methanol is Made

At this stage, natural gas, steam and oxygen are combined under heat to produce synthesis gas, which consists of hydrogen, carbon monoxide and carbon dioxide.

The liquid raw methanol is heated to separate the components, and the resulting vapour is cooled and condensed to produce pure methanol.

Methanol is water soluble and safely transported by rail cars, trucks and ocean tankers to customers around the world.
Methanol in Our Lives

Methanol is an important chemical building block used to make countless industrial and consumer products. The fastest growing market for methanol is in the energy sector.

Uses of Methanol

- **Biodiesel**: Biodiesel is a renewable fuel alternative to diesel.
- **Other Energy Applications**: Marine fuels, methanol power, methanol fuel cells.
- **Methyl Methacrylate (MMA)**: Used in methacrylate resins and plastics (e.g., plexiglass, PVC). Also used in LCD TV and computer screens, molding/extrusion powder and coating.
- **Acetic Acid**: Used as a solvent and in the manufacture of rubber, plastics, acetate fibers and pharmaceuticals. Much of the world’s acetic acid is used to produce vinyl acetate monomer (VAM) for use in paints and adhesives.
- **Other Traditional Applications**: Other chemical uses and derivatives include: methylamines, silicones, windshield washer fluid, etc.

Fuel Blending

Direct blending of methanol with gasoline is cost competitive and reduces tailpipe emissions.

DME or Dimethyl Ether

DME is a methanol-based synthetic fuel similar to liquid petroleum gas (LPG), and can be directly blended with LPG or used as a diesel substitute.

Methanol to Olefins

Methanol has emerged as a competitive feedstock in the production of olefins used in plastics production.

Formaldehyde

The principal methanol derivative, this chemical building block is used to produce synthetic resins used in adhesives for plywood and carpeting. Also used in textiles, dyes, drugs, paper and leather.

Sustainability Aspects of Methanol

Methanol is a clear, colourless liquid chemical that is water soluble and readily biodegradable. The raw materials (i.e., natural gas, water) used to make methanol are natural resources that are shared with communities. With changing supply and demand for resources, ensuring long-term security of these raw materials is key to our business.

As the global demand for energy continues to grow, so does the demand for methanol as an alternative source of energy and fuel. Methanol is an attractive, economically viable alternative that can provide fuel diversity, reduce emissions and increase consumer choice.

As a clean-burning fuel, methanol can be blended directly into gasoline to produce a high-octane fuel that produces fewer emissions than conventional gasoline. Methanol is also used to produce methyl tertiary butyl ether (MTBE), a gasoline additive that is used as an oxygenate to raise the octane number, as well as dimethyl ether (DME), a clean-burning fuel with similar properties to propane. Finally, it’s a key component in the production of biodiesel, a renewable fuel that can be blended with conventional diesel or used on its own to power cars, trucks, buses and farm equipment.

Methanol can also be produced from renewable resources like biomass, landfill gas, power plant emissions and CO₂. The challenges of developing renewable methanol include the scale of its production, its economics relative to competing fuels, and both policies and regulations regarding renewable fuels. Feedstock availability (i.e., biomass, CO₂) is an additional market driver, but in the case of renewable methanol, is not expected to be a primary limiting factor.

The success of renewable methanol will require:
- End-to-end supply chain partnerships
- Realistic timelines for scale-up of operations
- Clear communication about intended products
- Targeted market entry strategies
- Blending into current fuels for greater acceptability in the existing transportation market

Please see page 34 for more information on growing the renewable methanol industry.
Global Leadership — Our goal is to maintain a global presence and leadership position in the methanol industry so we have a flexible supply chain to meet our customers’ needs.

Operational Excellence — We focus on running safe, reliable plants, and a reliable marketing and logistics operation, so we can provide quality methanol to our customers when and where they need it.

Low Cost — We provide value, and maintain a competitive position on the cost curve, so we can provide a competitive and secure supply to our customers on a sustainable basis, through all stages of the methanol price cycle.

The Power of Agility™

In 2014, we launched our key brand differentiator — The Power of Agility™. The Power of Agility™ is our competitive advantage. It’s how our global team of 1,100 employees safely and reliably deliver on our brand promise every day by quickly adapting and responding to our customers’ needs, and creating and capitalizing on opportunities in the marketplace. It helps us attract the right customers and top talent. This is critical to achieving our vision. The Power of Agility™ is a reflection of what we believe and how we behave.

- For customers, this means peace of mind: secure supply and safe, responsive, reliable and cost-effective operations.
- For shareholders, this means confidence that Methanex will deliver sustained value through profitable investments and safe, reliable operations.
- For employees, this means a culture of beliefs and behaviours aligned with their values and personal well-being, as well as professional development.
- For communities, this means upholding our commitment to health, safety and environment, as well as our commitment to social responsibility.

Throughout this report, you’ll find examples of how we deliver The Power of Agility™ throughout our business, and ensure we meet our commitments to our stakeholders and communities.
Our Methanex Culture

Our culture enables The Power of Agility™, and consists of four key elements:

1. Core Values: Trust, Respect, Integrity and Professionalism are what we look for in our people, and what we stand for in ourselves. They are at the core of our business and have remained the same throughout Methanex’s history. These core values are our guiding principles and embedded throughout Methanex.

2. Responsible Care: Our Responsible Care practices are a key driver of our sustainability-related activities and the foundation of everything we do.

3. One Team: We work together as One Team across functions, regions and disciplines toward our common goal. We believe we do our best work together and we depend on one another for success.

4. Learning and Development: We are a learning organization and we strive for continuous improvement. Our employees are our greatest asset and we are committed to the personal and professional growth of employees through a unique combination of on-the-job learning experiences, coaching and mentoring, and formal development opportunities.

Responsible Care®

Our Responsible Care Program is founded on the Responsible Care Ethic and Principles for Sustainability, a United Nations recognized sustainability initiative adopted by the global chemical industry to enhance community safety, employee health and safety, environmental protection, product stewardship and social responsibility.

The Responsible Care® Ethic & Principles for Sustainability

We are committed to doing the right thing.

We dedicate ourselves, our technology and our business practices to sustainability — the betterment of society, the environment and the economy. The principles of Responsible Care are key to our business success, and compel us to:

- Work for the improvement of people’s lives and the environment, while striving to do no harm
- Be accountable and responsive to the public, especially our local communities, who have the right to understand the risks and benefits of what we do
- Take preventative action to protect health and the environment
- Innovate for safer products and processes that conserve resources and provide enhanced value
- Engage with our business partners to ensure the stewardship and security of our products, services and raw materials throughout their life cycles
- Understand and meet expectations for social responsibility
- Work with all stakeholders for public policy and standards that enhance sustainability; act to advance legal requirements and meet or exceed their letter and spirit
- Promote awareness of Responsible Care, and inspire others to commit to these principles
Meeting the Highest Standards of Responsible Care® Internationally

Through the International Council of Chemical Associations (ICCA), over 50 countries have adopted the Responsible Care Ethic and Principles for Sustainability. As a global company, we maintain membership in a number of chemical and industry associations around the world. We are active members of the Chemistry Industry Association of Canada (CIAC), the American Chemistry Council (ACC), La Asociación Gremial de Industriales Químicos de Chile (ASIQUIM), the Association of International Chemical Manufacturers (AICM) in China, the Japan Chemical Industry Association (JCIA), Responsible Care New Zealand (RCNZ) and the Gulf Petrochemicals and Chemicals Association (GPCA). We are also a signatory to China’s Association of International Chemical Manufacturers Responsible Care Manifesto. Every three years, Methanex’s Responsible Care Program is externally verified through the CIAC or the ACC Responsible Care Management System RC 14001 certification process.

For more information on Responsible Care, please refer to the CIAC website (www.canadianchemistry.ca).

Governance

Our corporate governance policies ensure that all business decisions and practices live up to the highest values of accountability, ethical behaviour and Responsible Care.

Our Responsible Care and Social Responsibility policies and practices are established by our Executive Leadership Team and endorsed by our Board of Directors. The Board’s Responsible Care Committee oversees program performance and issues at the policy level, while the Public Policy Committee focuses on our Social Responsibility Program. The Board, through these two committees, considers ethics, accountability, governance, business relationships, operations, stewardship, community involvement, people and the environment. Together these two committees provide oversight of Responsible Care and Social Responsibility at Methanex.

As part of the Responsible Care Ethic, our Social Responsibility Policy aligns corporate governance, employee engagement and development, community involvement, people and environment. It contains policies relating to:

- Human rights, child labour, general labour and employment practices
- Sensitivity and awareness of the unique cultures and customs of communities

In November 1997, Methanex became the first chemical company in the world to receive global verification under Responsible Care.
• Fair and equitable criteria for awarding business contracts
• Effective processes to hear and promptly resolve complaints that arise from customers, suppliers, employees, communities and other affected stakeholders
• Socially responsible resource use and ethical procurement practices
• Environmental, social and governance reporting — clear and transparent reporting against the goals that we establish for Methanex

Global Responsible Care® Management System

Our Global Responsible Care Management System (GRCMS) supports our strategic pillars of Global Leadership, Operational Excellence and Low Cost, and helps us implement the Responsible Care Ethic and Principles for Sustainability. It is based on the Chemistry Industry Association of Canada’s (CIAC’s) Responsible Care Ethic, principles for sustainability and codes of practice, and follows a “Plan, Do, Check, Act” cycle to enable continuous improvement. This rigorous integrated management system covers all aspects of our program: health, safety, environment, security, process safety, reliability, emergency preparedness, crisis management, social responsibility, sustainability and product stewardship, both globally and locally.

To ensure compliance with the GRCMS, we have a risk-based Responsible Care global internal audit program that reviews higher-level management practices. This program also helps us assess performance, manage risk, verify conformance with laws and internal requirements, and drive continual improvement. We communicate to senior management and the Board about the overall health of our Responsible Care systems.

To put our Responsible Care Ethic and Sustainability Principles into practice, we have a variety of strategies and programs in place for health and safety, environment and social responsibility. We monitor improvements through leading and lagging key performance indicators (KPIs).

Our KPIs reflect all of the main elements of our Responsible Care Program:

1. People
2. Environment
3. Responsible Care Culture
4. Process Safety
5. Stewardship & Accountability

These KPIs are intended to stretch targets to help drive improved Responsible Care performance. The KPIs cascade to the CEO’s direct reports and, as a result, throughout the entire organization.

Responsible Care® Third Party Verification

We use third-party assessments to provide external benchmarking and maintain integrity of our processes. Verification is primarily conducted through the CIAC® or, in Trinidad and Louisiana, the American Chemistry Council RC 14001. The verification team looks for answers to three key questions:

• Is the company meeting the expectations outlined in the Responsible Care codes?
• Is there an effective management system in place that supports Responsible Care, and drives continuous improvement, in all areas?
• Is the company’s commitment to the Responsible Care Ethic and Principles for Sustainability tangible, and does it guide the company’s judgment, decisions and actions, both internally and externally?

Our Executive Leadership Team and Board have oversight of the Responsible Care verification process, to ensure key actions have been addressed. Verification occurs on a three-year cycle. 2014 was the sixth verification for us, with our Egypt operations being verified for the first time.

Methanex was the first, and remains the only, CIAC member company to ask the verification team to verify their operating sites and marketing offices outside Canada using the Canadian Responsible Care protocol. Methanex and I have travelled the Responsible Care road side by side since my participation in the initial “Responsible Care in Place” verification of Methanex’s Canadian operations in November 1996. Methanex has now been CIAC verified six times and I have had the good fortune of being a verification team member for all but one of these.

— Alec Robertson, CIAC Responsible Care Industry Verifier

Code of Business Conduct

Our Code of Business Conduct applies to all employees, directors and officers. It provides a set of standards and expectations to help Methanex personnel avoid wrongdoing and to promote honest and ethical behaviour while conducting Methanex business. We have established a confidential “Whistleblower” hotline for reporting suspected Code violations. The Code is reviewed annually by all employees and the Board, and is available on our website and Intranet.

Diversity

Through our Diversity Policy, we aspire to create a diverse workforce throughout our organization — including the Executive Leadership Team and Board — to ensure we have a diversity of perspectives and attributes. We aim for a workforce with three key aspects of diversity:

- Experiential (education, business, functional experience)
- Demographic (age, gender, ethnicity, nationality, geography)
- Personal (personality, interests, values)

Our Material Aspects

Material Aspects refer to topics that are of significant interest to our stakeholders or that have economic, environmental or social impacts on Methanex, our stakeholders and society at large. This report is organized around our most material aspects. It includes descriptions of how we manage our material aspects and, for some aspects, our quantitative measures, or KPIs. These KPIs help us drive progress and measure conformance with our policies in Responsible Care, product stewardship and human resources/talent management. They also reveal trends and help us identify issues that require further action.

We identify our top material aspects through an internal assessment of topics that are important to our key stakeholders and influence Methanex’s success in the longer term.

These material aspects were identified as a priority based on a management review and are emphasized within this report:

**Workplace**
- Health and Safety
- Talent Management

**Community**
- Community Impact
- Community Investment

**Environment**
- CO2 Emissions and Energy Efficiency
- Waste Management
- Spills

**Product Stewardship**
- Distribution and Safe Handling
- Sustainable Markets for Methanol

**Stakeholder Engagement**

Communities endorse our social licence to operate. Our Responsible Care Policy ensures we recognize and respond to community concerns about our operations and products, and that we promptly provide information concerning any potential health or environmental hazard to the appropriate authorities, employees and stakeholders.

Our Social Responsibility Policy, which is monitored by our Global Responsible Care Management System (GRCMS), further commits us to having an open, honest and proactive relationship in the communities in which we operate. This includes:

- Being accountable and responsive to the public
- Having effective processes to identify and respond to community concerns
- Informing the community about risks associated with our operations
Our Key Stakeholders

- Team members
- Customers and methanol end users
- Investors and shareholders
- Industry partners, suppliers and contractors
- Community members and industry associations
- Government and regulatory agencies

The way we communicate and collaborate with our stakeholders is guided by the CIAC’s Code of Practice, which defines expectations for a company’s actions related to the principles of accountability.

We engage with our stakeholders in a variety of ways:

- Customer surveys
- Investor surveys, quarterly updates and reputation audits
- Product stewardship outreach efforts and public policy engagement initiatives
- Community Advisory Panels (see below)
- Employee surveys
- The Methanol Group (see page 32)
- Collaboration/consultation on labour, community and environmental practices
- Advocacy work relating to environmental policies, health and safety regulations, international trade and taxation issues

We have established Community Advisory Panels (CAPs) at our manufacturing locations to promote communication between Methanex and our fence-line communities. Composed of a cross-section of independent community representatives, these CAPs provide a valuable forum for open and honest communications.
Living the Methanex Culture

Culture is an important driver of sustainable success at Methanex. By living our Core Values, leading the way in Responsible Care, fostering a culture of Learning and Development and working together as One Team, we create a culture that drives our performance as a company.

At Methanex, The Power of Agility™ is our competitive advantage. It is how our global team of approximately 1,100 employees delivers on our brand promise every day.

Our Responsible Care® Ethic and Principles for Sustainability

- Work for the improvement of people’s lives, while striving to do no harm
- Promote awareness of Responsible Care, and inspire others to commit to these principles
- Take preventative action to protect health and the environment
- Understand and meet expectations for social responsibility

At Methanex, The Power of Agility™ is our competitive advantage. It is how our global team of approximately 1,100 employees delivers on our brand promise every day.

Health and Safety

The safety and well-being of our employees, contractors and the communities in which we do business is our number-one priority.

WHY THIS MATTERS

As the largest producer and supplier of methanol, we understand how critical it is to ensure our employees and contractors are working in a safe environment with minimal risk of injuries, and not exposed to potentially harmful hazards.

HOW WE ARE MANAGING IT

Global Responsible Care® Management System

Our Global Responsible Care Management System (GRCMS) is designed to help us implement our Responsible Care Ethic and Principles for Sustainability, including health and safety practices. We firmly believe that all work-related injuries and illnesses are avoidable; it is on this basis that we design and manage our health and safety programs. Our Global Occupational Safety and Health (GOSH) team, and Global Loss Prevention Team (GLPT) for process safety management, are sub-committees of the Global Responsible Care Team. These two committees implement health, safety, and process safety standards, as well as policies, global strategies and initiatives across Methanex. Members consist of Responsible Care and technical practitioners from across our regions.

2014 was our most successful year, with zero employee recordable injuries, our lowest employee/contractor recordable injury rate in our history, and zero environmental spills.

— Brad Neumann, Vice President, Responsible Care, Methanex
Process Safety Management Program

To reduce the risk of incidents, our Process Safety Management Program (PSM) helps ensure the integrity of our operating plants and processes. We align our global and regional programs with the Center for Chemical Process Safety’s (CCPS) Guidelines for Risk Based Process Safety, which leverages global lessons learned from process safety incidents around the world. Our participation in the CCPS also provides our engineers with access to subject matter experts, a large process safety database, PSM program information, and the opportunity to work with process safety practitioners from other organizations.

Process safety affects many functions at a plant site. We believe our PS engineers should not operate in isolation, and that it’s critical for them to develop and maintain excellent communications. This is why our PS engineers meet regularly to review program development and plant data analysis, and look for opportunities to leverage what they are doing in their functional areas.

Behaviour-Based Safety Programs

Behaviour-Based Safety (BBS) programs have been implemented at most manufacturing sites, and focus on safety behaviours at the workplace. In this process, employees observe their colleagues performing a task during scheduled times, then discuss safety aspects of the task that were done well, as well as those that could be improved. We find this process has contributed to a more transparent safety culture in which employees feel they are able to report safety issues and concerns without hesitation, thus resulting in reduced injury-causing incidents.

Through statistical analysis it has been determined that the more behavioural observations conducted on an individual, the safer the individual will work.

HOW WE ARE DOING

Our goal is to achieve a zero-injury workplace, year after year. In 2014, we had zero employee recordable injuries and our lowest employee/contractor recordable injury rate in our history.

Recordable Injury Frequency Rate (RIFR)

The recordable injury frequency rate (RIFR) is the number of recordable injuries per 200,000 hours worked. Recordable injuries are incidents that require medical attention or that result in restricted work or lost time.

In 2014, our annual injury rate was driven by six incidents resulting in injuries to contractors. Two of the injuries were of minor severity, requiring medical aid. Four injuries were more serious, collectively resulting in 38 days of restricted work. As we do for all incidents, an investigation was conducted and actions were taken to prevent this from occurring again. See Contractor Management on page 15 for more information.
Our Process Safety Management Program

In 2014, we continued to show solid progress in developing our Process Safety Management (PSM) Program, including building knowledge and tracking of metrics. All manufacturing locations have a minimum of one process safety resource in place; these employees work together through an active global network.

Our global process safety effort has been largely focused on taking action on the internal gap assessment against the CCPS PSM guideline. To drive a more strategic approach, we benchmark against external companies with more evolved programs. To that end, we participated in a PSM benchmarking and training exercise with an external firm. In 2015, we will use the results from the benchmarking to shape our longer-term strategic thinking.

Contractor Management

At our plants, employees and contractors work alongside one another to complete complex projects. In 2013, we saw a heightened level of work at our sites due to expansion, restarts, maintenance projects and relocation. This resulted in a rise in overall contractor RIFR, which was due to the high number of contractors involved, as well as a variability in their skills and experience.

As a result, contractor management has been a major focus over the past three years. We believe the program improvements that have occurred across our manufacturing sites are having a positive impact. In 2014, we had no major maintenance activities. This allowed us the space and time to implement further improvements. However, these improvements have not been fully tested through the planning and execution of a major maintenance project. We will have the opportunity to develop these improvements further in 2015.

Trinidad Contractor Engagement

Every three to five years, our plants conduct routine major maintenance and refurbishment work. In 2014, prior to an upcoming maintenance project, we hosted a half-day session for CEOs and Health, Safety, and Environment Managers of 20 firms selected to provide maintenance services. The agenda focused on our Responsible Care requirements, and included discussions on how quality work impacts our reliability, tools to strengthen our partnerships and challenges contractors can face or may have faced in the past on our site. We also held monthly Responsible Care meetings for our contractors, which included discussions about safety and quality initiatives, and daily Toolbox Talks about protective measures and our requirements for safe, quality work.

In 2014, we received a National Excellence in Health, Safety and Environment (HSE) Award for ‘Most Improved HSE Performance’ from the American Chamber of Commerce of Trinidad and Tobago (AMCHAM) and the Ministry of Labour and Small and Micro Enterprise Development.
In 2014, our Behaviour-Based Safety (BBS) observations continued to be very successful in helping us shape a culture that encourages safety.

**BBS Program**

The observation rate is a measure of the number of people observed, as compared to the number of people who are at the workplace and could potentially be observed. The overall observation rate continues to be healthy across the organization, with a rate of 1.10 for 2014. We consider a target of 0.70 a minimum for an effective behavioural observation program, and a rate of 1.40 to be a highly effective program. An observation rate serves as a general indicator only. To maximize the program’s benefits, a full range of internal tools are applied at the regional level to ensure quality observations, data review, and the development of safe behaviour actions.

**Human Factors**

In addition to our BBS Program, we continue to implement a human factors approach to further improve our safety culture. This approach is in line with the views of the World Health Organization: “A simple way to view human factors is to think about three aspects: the job, the individual and the organization and how they impact people’s health and safety-related behaviour.”

Our approach incorporates other elements into each of these three aspects:

- Conducting a Safety Culture Maturity Model survey
- Establishing a Health & Safety Behavioural Standard
- Developing a Human Factors Analysis Technique (HFAT) for incident analysis

**Safe Days Program Benefits**

In 2013, to inspire others to commit to our principles of Responsible Care, we started a Safe Days Program during major refurbishments at our Motunui production plant in New Zealand. For each day without an injury or safety process incident resulting in lost time, Methanex gave $150 USD to one of four nominated charities. In 2014, there were 161 Safe Days out of 165 project days. The program was so successful that in 2014, we continued the Safe Days Program across all of our New Zealand locations, helping inspire personal ownership for safety, and bringing the community, employees and contractors together. In 2015, we plan to expand the Safe Days Program to other Methanex facilities during major plant refurbishments and maintenance projects.
Making Safety a Priority from Day One

During the relocation of our methanol plants from Punta Arenas, Chile, to Geismar, Louisiana, safety was a priority from day one. Our Geismar 1 Project Safety Program — a systematic approach to improving performance, behaviours and culture — was implemented from initial plant disassembly and loading in Chile, to transportation across the ocean, through construction, commissioning and plant start-up in Geismar. We applied learnings from early phases, improving our approach as the project moved forward. We also utilized a Behavioural Accident Prevention Process, an employee-driven method to improve workplace safety by identifying unsafe practices and intervening in situations that could lead to incidents. As part of this effort, approximately 48,000 Safety Observation Report cards were submitted. These efforts around safety and Responsible Care led to an Injury Frequency Rate of 0.27 and an Injury Severity Rate of 0.5, both well below Occupational Safety and Health Administration (OSHA) reference standards.

Talent Management

As the demand for methanol grows, over the next few years we will increase our 1,100 employees by approximately 400 people.

WHY THIS MATTERS

As we strive towards our 2020 Vision, our people are critical to our success. To deliver on our growth strategy, we need to ensure we keep our top talent in the company, and to continue to attract additional talent from around the globe.

HOW WE ARE MANAGING IT

We are focused on building leadership capacity and implementing effective talent management programs to support our new employees and successfully deliver on our strategy for growth. We also invest in the development of our leaders across the organization.

Talent and succession planning has been a core business process at Methanex for many years. All six members of our current Executive Leadership Team (ELT) were promoted from within, as were most of the 38 members of our Global Leadership Council (GLC), a group of functional and site leaders who develop and implement our global strategy, policies and programs.

Social Responsibility Program

Our Social Responsibility Program contains policies relating to human rights, and labour and employment practices, and aligns with our Responsible Care Ethic to improve people’s lives.

Learning and Development Opportunities

At Methanex we champion the personal and professional growth of employees through a combination of on-the-job learning experiences, coaching and mentoring, and the development of new employees. Our goal is to have a company-wide program that provides a pipeline for developing new employees with multidisciplinary capabilities and leadership potential.
Flexible Working Options

Many of our locations offer flexible work options that include alternate working hours and flex days, allowing employees to attend to personal and family needs. In some locations, job sharing opportunities exist to provide us with the option of having extra staff for high workload projects.

Employee Value Proposition

Our Employee Value Proposition (EVP) was created based on direct feedback received from employees. The EVP is an extension of the Methanex Culture, defining the unique experience of working at Methanex and the value an employee can expect in return for the value of their contributions to the business. The EVP will be used to support our global talent acquisition and retention needs, and reinforce the reasons why people would want to join, and stay with, Methanex.

Fostering Teamwork and Social Responsibility through Employee Volunteering

Methanex partners with employees who contribute financially or as volunteers to organizations within their community. This partnership can be in the form of matching financial donations, providing corporate support for fundraising opportunities, or coordinating volunteer events at which other Methanex employees can participate.

HOW WE ARE DOING

Global Leadership Suite

In 2014, we launched a Global Leadership Suite, which consists of the Executive Leadership Program, The Courageous Leadership Program, The Centre for Creative Leadership (CCL) Global Leadership Forum, and Methanex Leadership Essentials. Each program is geared to a different level of Methanex’s leadership, and is aimed at ensuring quality leadership throughout our organization.

Learning and Development Through Global Mobility

Through our Global Mobility Program, employees have the opportunity to move, either permanently or temporarily, to a new global location to undertake a new job posting. There are three core assignment categories: Strategic (assignment focus is on execution of key business objectives), Skilled (assignment focus is on specialized skill transfer to the host location), and Developmental/Growth (assignment focus is on employee growth, both personally and across business functions). In 2014 there were 48 employees on international assignment; 19 of these were for <3 month terms. 29 of these employees were assigned to work in Geismar to support plant relocation, commissioning and manufacturing activities.

Graduates in Training

In 2014, we rolled out our Graduate in Training (GiT) Program. This two-year development program is designed to foster leadership and professional growth potential of recent engineering graduates in the areas of technical, commercial, environmental and interpersonal skills. Through the program, graduates have the opportunity to work on cross-functional engineering projects, providing them with broad exposure to many areas of the business.

To develop all-round capability beyond the functional/technical requirements, a personalized, behaviour-focused development plan will be created for each graduate, including coaching and assessment tools. Graduates receive support from the technical disciplines, Human Resources, mentors, and a site steering committee to ensure a successful transition from the university setting into our work culture.
Competence Management and Assurance Program

We developed a Competence Management and Assurance Program focusing on the professional competencies and skills of our people. Competence Assurance is a controlled, evidence-based process to ensure that people have the skills and knowledge they need to do their jobs safely and effectively.

The project’s overarching goals are to connect learning and development with workplace needs through competency-based training. By developing a system that helps define the competencies required for specific roles as well as the knowledge and capability components needed to ensure ongoing quality assurance, we can deliver high-calibre training programs for our next generation of leaders. The program will be rolled out in stages, beginning in 2015.

Global Employee Statistics in 2014

Employees by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>4</td>
</tr>
<tr>
<td>Chile</td>
<td>9</td>
</tr>
<tr>
<td>Dallas</td>
<td>3</td>
</tr>
<tr>
<td>Egypt</td>
<td>13</td>
</tr>
<tr>
<td>Europe</td>
<td>3</td>
</tr>
<tr>
<td>Louisiana</td>
<td>12</td>
</tr>
<tr>
<td>Medicine Hat</td>
<td>10</td>
</tr>
<tr>
<td>New Zealand</td>
<td>21</td>
</tr>
<tr>
<td>Trinidad</td>
<td>15</td>
</tr>
<tr>
<td>Vancouver</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Length of Employee Service

<table>
<thead>
<tr>
<th>Service Range (yrs)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1</td>
<td>17</td>
</tr>
<tr>
<td>1–2</td>
<td>21</td>
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<tr>
<td>3–5</td>
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<td>6</td>
</tr>
<tr>
<td>21–25</td>
<td>3</td>
</tr>
<tr>
<td>26+</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Employee Gender

<table>
<thead>
<tr>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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Employee Generation

<table>
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<tr>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>By year</td>
</tr>
<tr>
<td>Generation X (1966–1980)</td>
</tr>
<tr>
<td>Millenial (1981 or after)</td>
</tr>
<tr>
<td>Boomers (1946–1965)</td>
</tr>
<tr>
<td>Mature (1945 or prior)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Eight Years of Responsible Care® in Trinidad

Since starting our operations in Trinidad eight years ago, we’ve made significant efforts to firmly establish our Responsible Care culture on the local landscape, through both workplace practices and community impact. Based on our people practices and remuneration, we maintained a top 25th percentile position as an ‘employer of choice.’ We also earned five significant awards, including three CSR Leadership Awards and a National Excellence in HSE Award. Our employees, through their willingness to embrace Responsible Care and their volunteerism in community giving, have played a big part in gaining this recognition, and are living testimonies to the Methanex Culture.
Community

Our Responsible Care® Ethic and Principles for Sustainability

- Work for the improvement of people’s lives and the environment, while striving to do no harm
- Be accountable and responsive to the public, especially our local communities, who have the right to understand the risks and benefits of what we do

We create a positive and sustainable impact in the communities where we operate. Building and maintaining our community relationships is essential to our social licence to operate. We also regularly invest in supporting and building healthy communities that are great places to live and work.

WHY THIS MATTERS
For us to continue to operate, it is essential that we maintain the health and well-being of our communities, including community investment, and reduce or eliminate negative community impacts.

HOW WE ARE MANAGING IT
Our Responsible Care and Social Responsibility policies define our goals and actions to build positive relationships in the communities where we have a significant presence, and to be accountable and responsive to the public.

We have established Community Advisory Panels (CAPs) at our manufacturing locations to encourage communication and transparency between Methanex and our fence-line communities. Depending on the location, each CAP meets four to six times per year.

TRANSCAER® (Transportation Community Awareness and Emergency Response) is an initiative of the Chemistry Industry Association of Canada (CIAC), and works with transportation carriers to ensure the safe handling of dangerous goods. It also helps communities be aware of the products passing through their area, and about the safety measures in place to respond to incidents.

We are currently putting into place TRANSCAER-aligned plans, procedures and resources to effectively respond to potential crisis and emergency situations, and to protect our workforce, the environment, the public and our customers. All of our locations have emergency response programs (ERPs) that address potential emergencies. Each facility participates in the community emergency planning process by sharing ERP-related information with other facilities and stakeholders, providing training for emergency responders and conducting regular tests of the community ERP.

We also contribute to the countries, regions and communities where we operate through tax and royalty payments, direct and indirect employment, and by purchasing local goods and services. In addition, we regularly invest money and time to support and build healthy communities. Employee-run social responsibility (SR) committees at our global locations identify local needs and develop
community investment strategies that align with our business objectives.

Our financial contributions and in-kind gifts are complemented by the countless hours of volunteer time that our employees generously donate to local projects; see the Workplace chapter for more information.

HOW WE ARE DOING
Community Impacts

The CAP for Egypt was established in 2014, consisting of five people who are well-respected members from the Damietta community. The CAP in Egypt met twice in the first year, mainly to explain the concept of CAP to members and acquaint them with Methanex in Egypt and our Responsible Care and Social Responsibility programs.

In 2014, we continued to hold Community Advisory Panel meetings and address issues across all communities.

Some highlights:

Trinidad Emergency Guide
We distributed an Emergency Response Guide on Floods, Hurricanes, Earthquakes and Chemical Releases to all CAP members. This initiative will be considered for distribution to fence-line communities in 2015.

Community Outreach in Medicine Hat
In 2014, we sponsored a two-day TRANSCAER training event in Medicine Hat to provide emergency personnel with information and training about equipment, procedures and hazards associated with the transportation of dangerous goods.

Firefighting Training in Chile
Methanex Chile invited Brazilian and Chilean customer representatives from our emergency response programs to attend a three-day firefighting training camp, which has become one of our most successful Responsible Care programs in the Latin America region. This training addressed topics such as methanol safe handling, Responsible Care and firefighting exercises.

Noise Mitigation at Waitara Valley, New Zealand

Following the restart of the idled Waitara Valley plant in October 2013, we received concerns from some residents about the level of noise being produced by the plant. While we were in full compliance with noise regulations, we decided that as part of our Responsible Care ethic to be a good neighbour, we should undertake additional noise mitigation improvements.

Plant areas targeted for noise modification were identified by an independent noise specialist during a noise mapping survey. As a result, steam vents were overhauled, acoustic insulation was added to a number of valves, a sound enclosure was built for a water pump gearbox and some fans were switched off. Subsequent monitoring has shown a reduction in off-site noise, along with anecdotal feedback from neighbours that they are not noticing the plant noise as much.

In addition, we’ve worked with neighbours on noise mitigation efforts in their homes, and increased our engagement with the community. This included visiting neighbours in their homes, doing a presentation to the Waitara Community Board, holding two Open House evenings and tours, and working with the district council to include information about Methanex plants for prospective land and house buyers in the area.

Since Waitara Valley reopened in 2013, we as neighbours near to this facility, have been kept closely informed of activities happening there — by email, phone and by mail. We were invited to view the plant and meet with staff who worked there, which we did — we found this a fantastic experience and learned a lot. We have also had Methanex staff working with us to consider options to reduce noise at our property. A big thumbs up for this and for the open communication — both ways.

— Caron Watson, Tikorangi

Geismar Start-up

We are active participants in Geismar’s CAP (a community-instigated CAP). In 2014, representatives from our plants attended all 10 CAP meetings, and provided updates on site activity, including injuries, environmental incidents and hiring activities. We also brought in outside speakers to address topics of interest to community members, such as legislation and road improvements.
Community Investment

In 2014, we undertook a number of initiatives to help build healthy communities, including:

Collaborating for Safety and Environmental Stewardship

Trinidad — Children Lead Change

Eight primary schools in central Trinidad participated in Methanex’s Eco-Heroes’ Plasti-thon, collecting over 180,000 plastic bottles in five weeks. Methanex donated TT $1.00 ($0.16 USD) for each bottle collected to a maximum of TT $18,000 ($3,000 USD) per school, to be used for library upgrades and/or other literacy initiatives. In total TT $144,000 ($23,000 USD) was donated to all eight schools. The bottles collected were sent for recycling. Through an education caravan, students learned about the environmental and health benefits from preventing plastic waste in the country’s landfills and waterways.

Supporting Youth and Education

Internships for High School Students in Medicine Hat

The Next Generation Fourth Class Power Engineering Program aims to give high school students in Medicine Hat the opportunity to graduate with rewarding work experience and their Fourth Class Power Engineering certificate. Over the course of their high school years, students complete post-secondary power engineering theory classes, including summer internships. In 2014, Methanex Medicine Hat hired the first high school student from this program.

 Supporting Healthcare, Schools and Special Needs in Egypt

The Damietta Cancer Institute serves 48,000 patients from five governorates (Damietta, Port Said, North Sinai, Dakahlia and Kafr El Sheikh) and suffers from a severe shortage of equipment. In 2014, Methanex Egypt made a commitment to donate equipment, and Methanex staff rallied to help. Over a two-month period, Methanex employees raised a total of $13,400 USD. Methanex matched, and topped, that donation, and at the end of the year, donated equipment worth $68,000 USD, including 18 hospital beds and 13 ICU beds. In 2015, the Institute will also receive 15 chemotherapy chairs, an ICU ventilator and ICU monitors.

In 2014, Methanex Egypt also helped renovate two kindergartens attended by 400 children in the village of Sananeya and provided training for their teachers. The training was designed to enable teachers to prepare the daily lessons, design teaching activities, create educational tools using items easily available from the surrounding environment and set objectives and evaluate results. We also helped train another 160 teachers in schools serving about 1,000 children with special needs. There is a strong need for properly trained teachers in this area so Methanex will continue with this training program in 2015.

Methanex is also proud to have sponsored training and uniforms for the Damietta Sitting Volley Ball Team, which is represented in the premier league of the Egyptian Paralympic Committee.

Eco-Heroes Plasti-thon – Trinidad.
Protecting Local Environments

New Zealand Native Forest Habitats

Methanex staff are working with the Taranaki Regional Council (TRC) to enhance a two-hectare area of native forest that contains regionally significant ecosystems, habitats and species. In 2014, upon the completion of an ecological assessment, we began implementing a predator control program, along with the building of a stock-proof fence to protect the Methanex-owned land. We are also working with the Queen Elizabeth II National Trust in New Zealand to place a covenant on the land, to provide legal protection and recognition of the area.

Sharing Responsible Care® Values with Communities in China

To mark World Environment Day (June 5, 2014), Methanex staff in Shanghai, Beijing and Hong Kong teamed up with other members of the Association of International Chemical Manufacturers (AICM) to share Responsible Care values with the public. This half-day event, which was held in the Zhangjiagang Free Trade Zone, was attended by more than 200 people, including local high school students and representatives of environmental groups and government agencies. Employees created a variety of games and activities to engage people in learning about methanol production and logistics, and to discover how methanol is increasingly being used as an alternate clean energy transportation fuel. During the session, participants posted their thoughts about Responsible Care on a colourful board. Their heartfelt comments showed they clearly understood the values of Responsible Care — of always doing the right thing and putting our values and safety practices into action every day.
Environment

All Methanex production facilities have environmental management systems that are consistent with ISO 14001:2004.

Our Global Environmental Excellence Team (GEET), a sub-committee of the Global Responsible Care Team, implements standards, policies and initiatives across Methanex. Members consist of environmental practitioners from each manufacturing region.

Our Responsible Care® Ethic and Principles for Sustainability

- Take preventative action to protect health and the environment
- Innovate for safer products and processes that conserve resources and provide enhanced value

In line with our Responsible Care Ethic, we take a two-pronged approach to reduce the environmental impact of our operations. We make efficient use of natural resources (especially natural gas, our key feedstock) and energy, and we minimize the production of waste (largely generated from major maintenance projects) and emissions.

C02 Emissions and Energy Efficiency

Our operations generate emissions when fuel is consumed during the methanol production process, and when we ship methanol to our customers worldwide (via Waterfront Shipping). The majority of Methanex’s GHG emissions are generated during the production of methanol through three basic processing stages: reforming, synthesis and distillation. Multiple factors, including the type of reforming technology, fuel composition, heat integration and power generation, determine the emissions intensity of process.

WHY THIS MATTERS

While methanol is a clean and viable alternative to conventional fuels, our operations still generate GHG emissions, which must be addressed in light of global concerns and regulations towards climate change.

HOW WE ARE MANAGING IT

The level of emissions generated by the methanol production process depends on: the production technology and the age of the manufacturing facility, the quality of natural gas used as fuel and feedstock, and the energy efficiency of our plants. As a result, our overall emission rates may vary from year to year depending on the different plants we have in operation.
One of the most significant ways we can minimize our emissions is by ensuring the reliability of our production facilities and the efficiency of production processes. In this way, we not only reduce our energy use, but also our emissions such as carbon dioxide ($CO_2$), nitrogen oxides ($NO_x$) and particulate matter.

To conserve energy and water in our plants, waste steam and heat are recovered, then reused in the production process. We have also expanded the distillation capacity at our Medicine Hat facility to increase production capacity and improve energy efficiency. Natural gas and energy consumption are routinely monitored to ensure our plants continuously operate at optimum levels.

We are also optimizing our production distribution networks, to help reduce energy use and minimize emissions.

In addition, we are working with the governments of the countries in which we operate to ensure our practices align with changing requirements for carbon taxes and low emissions. See our 2014 Annual Report, page 29, for more information.

### HOW WE ARE DOING

#### Emissions from Manufacturing

In 2014, Methanex generated 3,169,259 tonnes of $CO_2$ emissions (on an equity basis) from methanol production. Compared to 2013, global methanol production in 2014 increased by 12%. However, $CO_2$ emissions increased by 19% due to a 7% increase in $CO_2$ intensity (from 0.611 MT of $CO_2$/MT of methanol in 2013, to 0.653 MT in 2014).

The increase was mainly due to gas curtailments in Egypt, particularly in the third quarter, which caused the plant to be taken offline for approximately 85 days throughout the year. When plants are shut down, they use more gas to re-start operations, which impacts emissions and production efficiency. From year to year, natural gas supply restrictions and unplanned outages are the two primary factors that influence our production efficiency (and $CO_2$ emissions).

In 2015, we will continue developing process safety and reliability management systems to reduce plant outages and minimize emissions. We are also engaging with key stakeholders (e.g., gas suppliers) in affected regions to secure sufficient natural gas to sustain our operations. Refer to our 2014 Annual Report, page 29, for the status of natural gas supply in regions where we are experiencing gas curtailments.

#### Some Highlights from 2014

Carbon dioxide is one of the compounds needed to produce methanol, and increasing the amount of carbon dioxide in the synthesis stage improves the efficiency of methanol production by using up excess hydrogen in the synthesis gas. Two of our plants have been able to introduce more $CO_2$ into the process through two separate methods:

**Medicine Hat and $CO_2$ Injection**

In late 2013, our Medicine Hat plant started injecting approximately 200 tonnes of $CO_2$ per day into the methanol production process, using a relatively clean source of $CO_2$ emissions from a neighbouring plant.

This initiative is a great win for the environment and for Methanex, as it prevents the release of $CO_2$ into the atmosphere and simultaneously improves production efficiency by converting excess hydrogen molecules in the synthesis gas into methanol.

**Waitara Valley High $CO_2$ Natural Gas**

The natural gas we use as feedstock is comprised primarily of methane and small amounts of other gases, such as ethane, butane and carbon dioxide. Depending on the source of the gas, the percentage of other gases varies. At our Waitara Valley plant in New Zealand, we have been able to use natural gas with high $CO_2$ content, which will improve our production efficiency and lower our $CO_2$ emissions intensity.
Emissions from Marine Shipping

In 2014, the volume of cargo (i.e., methanol and backhaul cargos) transported by the Waterfront Shipping fleet increased by 7%. However, the CO₂ emissions only increased by 1% (from 393,193 MT CO₂ in 2013 to 397,923 MT in 2014). We achieved this by doing more slow steaming voyages and making better use of our vessels through fuller loads and backhaul voyages. This resulted in a 5% improvement in the CO₂ emissions intensity (i.e., 61.7 kg CO₂/MT transported in 2014).

Between 2002 and 2014, the CO₂ emissions intensity from the Waterfront Shipping fleet decreased by 32%, due to our continued focus on energy efficiency initiatives.

Waterfront Shipping CO₂ Emissions

Waterfront Shipping is investing in sustainable technology with seven new ships with flex fuel engines that can run on methanol, fuel oil, marine diesel oil or gas oil. These ships will also have more efficient mechanical features, resulting in lower carbon dioxide and other emissions. For more information, see Sustainable Markets for Methanol on page 34.

Maximizing Fleet Utilization While Decreasing Emissions

Waterfront Shipping has taken a truly strategic approach to increasing the backhaul of cargo by fully utilizing our fleet of vessels. What does it mean to fully utilize a fleet? After delivering methanol to its intended destination, we utilize the ship on the return voyage to carry another suitable cargo (backhaul of cargo), usually a clean petroleum product with similar characteristics to methanol. This is no easy feat: securing backhaul cargo requires three times the amount of coordination, and involves numerous internal and external stakeholders. However, by carrying cargo during both legs of the voyage and using fuel as efficiently as possible, we minimize the CO₂ emissions intensity of our fleet.

Waste Management

Our biggest generation of waste occurs during major maintenance, refurbishments and servicing work. The types of waste generated include construction-related materials such as scrap metal, wood waste, piping and vessel insulation, cardboard, and other packaging waste/containers.

WHY THIS MATTERS

It’s essential that we operate in a way that minimizes the use of resources and generation of waste that is disposed.

HOW WE ARE MANAGING IT

Each Methanex location monitors the volume of waste that is generated and diverted from disposal. Any waste generated is stored appropriately and disposed of by qualified waste management companies. We also track waste generation data to identify opportunities to reduce waste through recycling, reusing or reducing waste at source. All of our facilities have recycling programs in place.

The majority of waste generated during plant maintenance and special projects is recycled.
HOW WE ARE DOING

In 2014, there were no major maintenance projects at our manufacturing sites, so waste generation was significantly lower than previous years. In 2014, total global waste volumes (970,000 kg) were notably less than total global volumes generated in 2013 (~3 million kg). Note also that most plant maintenance waste in 2013 was recycled (i.e., non-hazardous waste — recycled).

Spills

A spill of hazardous materials is the most significant environmental incident that can occur at our plants. A spill is an unintended event that, in the vast majority of cases, is immediately contained and has no environmental implications. Due to the large volume stored on site, methanol is potentially the most significant type of spill, but other hazardous spills can include petroleum products (e.g., fuel, lubricating oils) from machinery, as well as water treatment chemicals.

WHY THIS MATTERS

A large release of methanol has the potential to adversely impact the affected environment depending on the nature and quantity of the release, as well as the physical, chemical and microbiological characteristics of the impacted environment. However, since methanol occurs naturally in the environment and is readily biodegradable, methanol spills are unlikely to accumulate in the groundwater, surface water, air or soil. When compared to substances such as conventional gasoline and diesel fuel (and many of their constituent elements such as benzene), methanol is safer and more environmentally benign.

HOW WE ARE MANAGING IT

We believe that all spills are preventable and that minimizing minor spills, which have little or no environmental impact, contributes to preventing larger spills that may have the potential to impact the environment.

Methanol Institute: Evaluation of the Fate and Transport of Methanol in the Environment

Surface Soil

- **Methanol Half-Life**: 1–7 days
- **Benzene Half-Life**: 5–16 days

Water

- **Methanol Groundwater**: 1–7 days
- **Benzene Groundwater**: 10–730 days

Air

- **Methanol**: 3–30 days
- **Benzene**: 3–30 days

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1 The time required for half the amount of a substance to biodegrade.
To prevent spills, we monitor and analyze minor spills to identify root causes. We also conduct routine plant maintenance and inspections, and undergo process safety management programs. (See Workplace section, page 14, for more on Process Safety Management.) In addition, in the event of a large spill, we have crisis and emergency response teams in place to mitigate any health, safety and environmental impacts.

A key aspect of our spill preparedness and response program is ensuring that local response organizations are prepared to handle a methanol-related transportation incident. In Canada and the U.S., we follow the CIAC-led initiative TRANSCAER® (Transportation Community Awareness and Emergency Response), a voluntary chemical industry initiative that focuses on assisting communities to prepare for and respond to possible hazardous materials transportation incidents. We will be implementing TRANSCAER in our other regions as well.

We also work closely with our Community Advisory Panels (see the Community chapter) to ensure community concerns about potential methanol incidents are addressed.

HOW WE ARE DOING

In 2014, we had zero reportable (i.e., serious or major) spills. This is a significant improvement over 2013, when we had four reportable spills. We achieved this by thoroughly investigating the incidents that occurred in 2013, identifying what changes needed to happen and taking preventative action.
Product Stewardship

As part of our Responsible Care Ethic to ensure the stewardship and security of our products, services and raw materials throughout their life cycles, we promote the proper use and safe handling of methanol at all times. We do this through a variety of internal and external health, safety and environmental initiatives, and we work with industry colleagues to improve safety standards. We readily share technical and safety expertise with key stakeholders, through active participation in local and international industry associations, seminars and conferences, and online education initiatives. Each year, we communicate with more than 1,500 individuals worldwide, and we reach many more through our train-the-trainer model.

Distribution and Safe Handling

Our global supply chain is supported by the world’s largest fleet of methanol ocean tankers, managed by Waterfront Shipping, a wholly owned Methanex subsidiary. In North America, we ship approximately 10,000 shipments of methanol by rail every year.

WHY THIS MATTERS

The distribution of methanol raises potential safety hazards from improper handling and storage, as well as environmental impacts, such as spills. (See the Environment chapter for more information.)

HOW WE ARE MANAGING IT

Vessel Safety

Waterfront Shipping takes practical precautions to minimize risk to people, the environment and the communities in countries in which we operate. We work with our contractors, ship owners and their ship managing companies to follow best industry practices and comply with all applicable regulations. We go above and beyond regulations with our Responsible Care programs for shipping. This includes:

- Vessel safety visits
- Chemical Distribution Institute’s Marine (CDI-Marine) audits and inspections
- Methanol safety training for ships’ crews

As the world’s largest methanol producer and supplier, we have six production facilities and over 60 contracted terminal and storage facilities throughout the world. We produce methanol from natural gas, and distribute it to our customers via ship, barge, road, pipeline and rail. We also support the development of sustainable markets for methanol.
Product Stewardship

Waterfront Shipping

With our 1.4 million tonne global storage capacity, we offer an extensive network throughout Asia, North America, Latin America, Europe and the Middle East.

Waterfront Shipping is a wholly owned Methanex subsidiary that manages the world’s largest fleet of methanol tankers. This allows for control and flexibility in delivery of product to customers.

A best-in-class fleet operating reliably maximizes opportunities, minimizes cost, and enhances our preferred supplier status.

- A fleet of 18 tankers
- Size: 3,000 to 49,000 dead weight tonnes
- Average age: less than 9 years
- Vessels are inspected annually through CDI-M standard
- > 750 crew members receive RC training annually

Our in-region barge operations are not owned or operated by Waterfront Shipping. However, all contracted companies have successfully passed our safety assessment protocol to enhance their Responsible Care performance when transporting methanol along inland rivers.

Terminals

Contracted terminals, used to store our methanol, are requested by Methanex to undergo Chemical Distribution Institute’s Terminal (CDI-Terminal) inspections by a third-party inspector every three years. This includes essential aspects of safety and environmental protection. Following these inspections, we work with the terminals to prioritize deficiencies for improvement. Other delivery locations that are not contracted by Methanex are also encouraged to participate in CDI-Terminal inspections.

Road and Rail Safety

In Canada, Methanex follows an initiative led by the Chemistry Industry Association of Canada (CIAC) called the Transportation Emergency Assistance Program (TEAP III). In the U.S., we adhere to the American Chemistry Council’s...
(ACC’s) Transportation Community Awareness and Emergency Response (TRANSCAER), a similar voluntary chemical industry initiative that supports transportation hazard management.

We implemented a North America Railcar Preventative Maintenance (PM) program several years ago, and have been recognized annually by railroads for our safety stewardship practices. In 2014, we received awards from BNSF, Canadian Pacific and Canadian National.

Our fleet management standard sets stringent preventative maintenance requirements for our railcars, incorporating best practices and lessons learned from past incidents. In many cases, these requirements exceed those of industry. For example, the railcars in our fleet are no more than 20 years old, compared to the industry lifespan of 40+ years.

In addition, all of the tank cars in our fleet undergo mandatory regulatory inspections every 10 years, including a thorough review of tanks and valves, to ensure all equipment meets and/or exceeds legislated standards. Our railcar PM program complements this protocol and exceeds minimum regulatory mandates by requiring our own internal inspections every five years.

Our Medicine Hat plant team works closely with all levels of government in Canada, as well as stakeholders in Alberta, regarding all aspects of emergency planning and response. These stakeholders include the City of Medicine Hat, the Province of Alberta’s Emergency Response Team, the Alberta Industrial Fire Protection Association (AIFPA) and HALO (Southern Alberta’s Helicopter Air Lift Operation), among others.

Our road safety program includes:

- Audits and assessments of our land-based carriers/haulers on a three-to-five year cycle using a Methanex-appropriate protocol (i.e., the CDI-Terminal program, SQAS in Europe, RSQAS program in China, ASIQUIM in Chile)
- Truck methanol handling safety seminars and workshops
- Truck company qualification and selection program
- Transportation route risk assessments for motor carrier routes from all producing locations, as well as assessments of newly proposed routes

HOW WE ARE DOING

**Marine Vessel Safety**

Results of our Internal Safety Visit Program in 2014 showed that ship management companies are meeting, on average, about 86% of the items in our review questionnaire. This was a 1.5% improvement compared to ratings in 2013.

CDI-Marine inspections were completed by accredited inspectors for all time chartered vessels. The number of observations requiring improvement has been continually decreasing, which indicates a good level of compliance with regulations and best practices within our fleet.

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<tr>
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</tr>
<tr>
<td>17 x Vessel Safety Visits</td>
<td>17</td>
</tr>
<tr>
<td>34 x Methanol Safety Training Sessions for Crew</td>
<td>35</td>
</tr>
<tr>
<td>16 x Nitrogen Safety Training Sessions for Crew</td>
<td>20</td>
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By minimizing risks at critical points in the methanol value-chain — product transportation, distribution, storage and use — Methanex is doing its part to protect the public, the environment and communities in every country where it operates.

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Product Stewardship

Terminals

In 2014, 100% of Methanex’s contracted terminals completed third-party audits based on the CDI-Terminal protocol. 58% of terminals that Methanex delivers products to, including customer terminals, completed audits based on either CDI-Terminal, the Oil Companies International Marine Forum (OCIMF), or approved Methanex Terminal Pre-screening Assessments.

The terminal used in Geismar began operations in December 2014. Key initiatives were completed to ensure safe start-up. These included completion of a Hazard Operability (HAZOP) Study and CDI-Terminal audit, as well as follow-up meetings to address outstanding items. We also held a Responsible Care seminar in Baton Rouge, with 11 suppliers and vendors in attendance, as well as a Methanol Safe Handling Training Session with employees from the terminal facilities.

In our Asia Pacific region, we have a Logistics Service Provider Recognition Award Program to encourage continuous safety, environmental and operational improvements. Through this program, awards are given to providers who come up with the best improvement ideas, which are then shared with other terminals. In 2014, these included:

- Preventing slips, trips and falls by repositioning fixed gauges and monitoring devices to safer locations
- Capturing small methanol vapour releases from transfer pumps using a simple flexible hose arrangement

In 2014, we planned for 26 terminal inspections, and achieved 27.

Road and Rail Safety

During the year, we held trucking industry-focused methanol safety seminars in Japan, China, South Korea, Singapore, Brazil and Egypt, which brought together customers, distributors, end-user customers (and their truck carriers), terminal staff and emergency responders.

We also continued to conduct assessments of our land-based carriers and began to implement route risk assessments for methanol tanker truck transportation by road. In Egypt, we completed comprehensive route risk assessment and driver methanol safety training sessions. Seventeen road tankers safely logged approximately 800,000 km while moving our product.

Our team in China was invited by the Shanxi Provincial Transportation Administration Bureau to deliver a methanol truck safety seminar to over 160 participants in Taiyuan, Shanxi. The event drew in a record number of attendees, including provincial government officials, local transportation administration bureaus, methanol truck operators and drivers from 11 cities of the Shanxi province.

The Methanol Group

The Methanol Group is a working group formed by representatives of Waterfront Shipping, the ship owners, the technical managers of the various vessels in our fleet, and various marine safety consultants. The group’s purpose is to develop and share best practices in safety, health, environment, quality and efficiency.

In 2014, the Methanol Group determined the need to eliminate or substantially reduce the need for ship employees to work in confined spaces in the course of tank cleaning and any other cargo-related operations. The group also identified Responsible Care and safety priority areas for the next two years. These include:

- Crew retention (especially senior officers)
- Crew wellness and well-being
- Crew training
- Mentorship and knowledge sharing
- Work/rest hours management
- Energy efficiency
- Compliance with company policies

In 2015, Waterfront will ensure these topics are checked in regular safety visits, to assess their progress.

Thank you Methanex for your support to methanol fuel applications in Shanxi and your contribution to equipping our people with more knowledge about Responsible Care and safe handling of methanol. From the government, we would like to actively promote more information exchange between Shanxi and Methanex in the years to come.

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— Li Xiaopeng, Governor of Shanxi province, China
In 2015, we will focus on improvements in the Responsible Care performance of our freight providers through monitoring of regulatory requirements, development of plans to address new requirements and periodic rail safety inspections at key locations.

Working Together for Safe Transport

In 2014, our Medicine Hat facility loaded 502,980 metric tonnes of methanol into railcars and trucks, distributing it to locations across Western Canada and the Northwestern United States. This was accomplished without a single spill incident.

How do we work to ensure the safe transport of methanol? Our Dallas office, which oversees distribution in North America, works with Medicine Hat to ensure our railcars are safe, inspected, maintained and appropriately phased out. Our product handling team works within the guidelines of the Rail Safety Management System based on Industrial Railway Regulations in Alberta. We also follow Transportation of Dangerous Goods rules, which provide a systematic way to control risk and ensure a high level of safety.

As a result of our efforts, we received the Canadian Pacific (CP) Shipper Safety Award, the Burlington Northern Santa Fe (BNSF) Railway Product Stewardship Award, and the Canadian National Safe Handling Award. This recognition is due to the hard work and dedication of our product handling team, who are committed to safely delivering our product to our customers.

Working with Distributors and Stakeholders in the Value Chain

In 2013, we launched a Distributor Responsible Care Standard with distributors in Japan, China and South Korea. The goal was to establish performance expectations on responsible product transportation and the safe use of methanol. In 2014, we began introducing this standard, in collaboration with local distributors. The standard will be implemented in other regions in 2015.

In 2014, we delivered more than 29 Responsible Care and methanol safety seminars, training sessions and presentations to global stakeholder groups, including customers, logistics providers and carriers, terminal staff, local communities, emergency responders, industry associations and governments. We planned to deliver 17 safety seminars and well surpassed our goal in this area.

Safe Handling and Use of Methanol

Like other chemicals, methanol must be handled and used with care. Unfortunately, in some countries, methanol is sometimes unscrupulously added to alcoholic beverages as a way of lowering costs or unintentionally added through poor alcohol distillation processes, which has led to alcohol poisoning. We work closely with the Methanol Institute (MI) to advocate for the safe handling of methanol in markets worldwide. The international non-profit organization Project HOPE monitors and increases public awareness of the issue, and provides training to stakeholders in targeted countries.

Life Saving Initiatives About Methanol (LIAM) is an international organization dedicated to providing alcohol poisoning prevention, and education and training services, to the public and medical community in Indonesia. In 2014, the MI and LIAM, with the developmental assistance of the Public Health Department of Udayana University’s Faculty of Medicine in Bali, created the Community Education Program (CEP). CEP’s objective is to help ensure safer production, distribution and consumption of alcoholic beverages in Bali. CEP is implementing community-based programs in dozens of villages and local health clinics, to educate the general public, health workers, and producers of arak (a locally produced alcoholic liquor).
Sustainable Markets for Methanol

We are supporting the development of new applications for methanol to provide innovative solutions for the world’s energy needs. As a clean-burning fuel, methanol can be blended directly into or substituted for gasoline to produce a high-octane fuel that produces fewer emissions than conventional gasoline. Methanol also has promising applications as a marine fuel, and we are leading developments in this industry.

Additionally, methanol is a key component in the production of biodiesel, a renewable fuel that can be blended with conventional diesel or used on its own to power cars, trucks, buses and farm equipment.

Renewable methanol, which can be produced via municipal waste, industrial waste, biomass and carbon dioxide, has been demonstrated to be a successful replacement for gasoline and diesel.

WHY THIS MATTERS

Many governments around the world are supporting initiatives for cleaner alternative and renewable fuels in an effort to reduce their dependency on conventional fuels and reduce emissions and greenhouse gas emissions. In Iceland, a new blending mandate took effect in 2014, resulting in a drive for cleaner and emission-free fuel in Europe and other parts of the world. The European Parliament and many other member states are on a pathway that is supportive of the introduction of ultra-low carbon fuels.

In addition, new environmental regulations from the International Maritime Organization require ships to decrease sulphur and NOx emissions, so the search is on for a cleaner shipping fuel.

HOW WE ARE MANAGING IT

We are investing in new sustainable technology for our shipping fleet and participating in numerous initiatives involving methanol as a clean-burning marine fuel.
We participate in national and international initiatives to promote methanol as a clean fuel and to advocate for its safe handling. This includes supporting the development of regulations and standards for the use of methanol in fuel blending or as a clean fuel.

Methanex is also a key shareholder and has Board representation on Carbon Recycling International (CRI). A privately held company with headquarters in Reykjavik, Iceland, CRI operates a renewable methanol plant in Iceland. CRI utilizes emissions-to-liquids (ETL) technology to convert renewable geothermal energy and recycled CO₂ emissions to renewable methanol.

CRI markets its renewable methanol in Europe, under the registered brand name Vulcanol, where it is blended with gasoline and used for production of biodiesel. Vulcanol is certified by the International Sustainability and Carbon Certification system (ISCC) as an ultra-low carbon advanced renewable transport fuel with significantly fewer emissions.

**HOW WE ARE DOING**

**Carbon Recycling International**

In 2014, we shared our approach to Responsible Care with CRI through a review of their plant health, safety, environmental and operational management systems and practices. CRI also visited our Medicine Hat site to see our Responsible Care ethic in practice. We will continue collaborating with CRI on Responsible Care initiatives to further strengthen the execution of their growth plan.

**Methanol as Marine Fuel**

New International Maritime Organization (IMO) environmental regulations come into effect in 2015, with stricter IMO environmental regulations for marine fuels expected to be in place globally as soon as 2020. In accordance with these regulations, Waterfront Shipping will renew and add sustainable technology to its fleet over the next few years. In 2016, this will include the commissioning of seven new ships with flex fuel engines that can run on methanol or traditional marine fuels.

The design of the new ships incorporates other sustainable improvements. Efficiency gains in various mechanical features, such as the main engine performance and tank cleaning system, will result in lower carbon dioxide and other emissions. In addition, as part of our commitment to the safety and well-being of our crew, the new vessels will offer substantially improved accommodation and wellness areas.

In the meantime, we continue to make progress with other marine sustainability initiatives. In 2014, we worked with industry partners in the Nordic region and completed the SPIRETH (“Alcohol (spirits) and ethers as marine fuel”) demonstration project. This project tested methanol as a marine fuel and evaluated its potential to reduce emissions and improve environmental performance. This led to the development of the world’s first methanol-powered vessel, the Stena Germanica, which operates in northern Europe. The first main engine on the Germanica was converted to methanol in April 2015, and all four main engines will be converted to run on methanol in late 2015. We will also continue to work with shipping industry stakeholders to establish guidelines for the safe use of methanol as fuel on ships. Find out more about the Stena Line on page 36.
Investing in Sustainable Marine Technology

Methanex develops innovative and unique partnerships to grow methanol use. With Stena Line, we helped address new shipping regulations that require lower emissions for marine fuels. By testing and now implementing methanol as a marine fuel and sustainable solution for the shipping industry, we quickly adapted and responded to this need. Waterfront Shipping is also taking a leadership role by investing in sustainable marine technology by building seven new flex fuel ships that can run on methanol, with all ships to be commissioned in 2016.

Methanol Market Growth

We have continued to support the development of regulations and standards for methanol into gasoline, dimethyl ether (DME) and other energy applications through our involvement in the Methanol Institute and the International DME Association. We also presented on the potential of methanol as a clean fuel at major conferences organized by leading Chinese industry associations.

In 2014, we entered into a cooperation agreement with the China Association of Alcohol and Ether Clean Fuels and Automobiles (CAAEFA) (the government-appointed lead), to develop methanol filling station best practices and promote the safe use of methanol fuels in China.

Collaborating with Partners in Australia

Methanex has partnered with Coogee Chemicals, which is leading a methanol blending project in Australia, with the goal of introducing GEM fuel (gasoline, ethanol, methanol) in the Australia market. A limited commercial launch is targeted in 2015.

Awareness and Advocacy

In Europe and the Pacific, we continued to collaborate with government agencies and fuel-related NGOs to identify health, safety and environmental (HSE) concerns about the use of methanol as a fuel and raise HSE standards and awareness. As a founding member of the Gulf Petrochemicals & Chemicals Association’s Responsible Care Committee, we continue to work to build a strong Responsible Care culture in the Middle East.
What’s Next

As the demand for methanol continues to grow, we will continue to seek value-adding opportunities to grow our production capacity, while ensuring our Responsible Care commitments are solidly embedded throughout our practices. This will be put into practice in 2015, when we have a major refurbishment project, the start-up of Geismar 1 in Louisiana and the continuation of the Geismar 2 project.

Sustainably growing our employee base is critical to our success in the coming years. To maintain a skilled and motivated team, we will continue to utilize our talent management programs and competency management systems to further encourage learning and development at every level of our organization. We will also continue to enhance our safety culture, including advocating for safe handling of methanol in the expanding methanol markets.

Finally, we will continue engaging gas suppliers and other relevant stakeholders to secure gas for our plants and mitigate the effect of any restrictions or interruptions in gas supply on plant efficiency.

We hope you have found this 2014 Responsible Care and Sustainability Report useful. Please let us know what you think.

publicaffairs@methanex.com
If you have any questions or comments about this report or our Responsible Care and sustainability activities, please contact us.