MEMORANDUM

DATE: 16 March 2018

TO: MI Board of Directors

FROM: Greg Dolan

RE: Methanol Institute Board of Directors Meeting – Houston

Attached are materials for the Methanol Institute’s Houston Board of Directors Meeting. The Board Meeting will be held on **Friday 23 March from 9:00 AM to 12:30 PM** at the Mitsui & Co. offices located at 1300 Post Oak Blvd., Suite 1700, Houston, TX 77056. Following the BOD meeting, there will be a light lunch.

The meeting will be held following the IHS World Petrochemical Conference in Houston, and just before the AFPM International Petrochemical Conference in San Antonio.

All attendees have been invited to join Mitsui’s pre-AFPM reception in Houston the evening of Friday 23 March at 6 PM. The event will be held at the Briar Club located at 2603 Timmons Lane, Houston, TX 77027, see: https://www.thebriarclub.com.

MI has moved to a paperless Board pack, using the Diligent Boards software/application. MI Board members who are on Diligent can access the electronic Board Books via their electronic devices and sync the Diligent app to find the latest Board Book. Non-Board members will receive the Board Books in Acrobat PDF format.

If any Board members need additional assistance with accessing the Diligent e-Board Books, please let us know.

*Dress code for the Board Meeting and reception: business casual (jacket and no tie).*

Please do not hesitate to contact me through my mobile phone at +1 202 421 5267 if you have any questions or need assistance.

We look forward to seeing you in Houston. Thank you.
I. Call to Order/Announcements/Antitrust Guidelines

II. Approval Minutes – 10 November 2017 BOD Meeting

III. MI Vision and Mission

IV. Committee Reports

V. Treasurer’s Report

VI. Membership Report

VII. Current Business
   • Revenue Task Force
   • MI China Entity & China NGO Law Update

VIII. New Business
   • Resolution: Election of Officers and Executive Committee
   • Very Connect Member Platform
   • June and November Board Meetings
Antitrust Guidelines

1. Do not engage in discussions or activities which may tend to:
   A. Fix or otherwise restrict the prices charged by members;
   B. Allocate markets, sales territories or customers between members;
   C. Initiate or encourage boycotts of specific products or services, or refusals to deal with designated customers or suppliers;
   D. Limit production levels of members and otherwise restrict the availability of products or services;
   E. Purposely hinder or disparage the competitive efforts of non-members;
   F. Coerce or encourage members to refrain from competing;
   G. Limit impede or exclude anyone in the manufacture, production or sale of goods or services;
   H. Promulgate or encourage unfair or misleading practices involving advertising, merchandising of products or services; or
   I. Condition or tie the purpose of one product or service to the purchase of another product or service.

2. Do not discriminate against competitors when (a) developing standards or specifications for products or services; (b) setting ethical standards; or (c) dealing with customer credit information.

3. Do not exchange data concerning prices, production levels and costs, or customer credit; however, the exchange of past data (as distinguished from future data) does not in itself constitute a violation of antitrust laws if the past data reflects composite or average figures without identifying a company or if the past data is from public sources.

4. Do not participate in the dissemination of suggested price lists of members.

5. Do not participate in informal “rump sessions” outside of the formal sessions which disregard these guidelines. Otherwise, the precautions developed in connections with meetings would prove to be of no consequence.

The foregoing guidelines are not intended and should not be understood as a comprehensive summary of all antitrust problem areas. The complexity of the antitrust laws preclude easy abridgement. These guidelines are intended to familiarize members with the broad contours of antitrust prohibitions so that the antitrust compliance policies are achieved. If there is any question concerning the application of antitrust laws, an opinion should be obtained from legal counsel.
• **Click here** to navigate to the Minutes of the 10 November 2017 MI Board of Directors Meeting held in Singapore

• **Action: Review and Approve**
2018 Vision and Mission

Our Vision: Protect – Expand – Communicate

Our Mission: As the global trade association for the methanol industry representing the world’s leading methanol producers, distributors and technology companies, the mission of the Methanol Institute is to serve and provide cost-effective value to its membership by:

• Protecting existing markets is a core function
  • Meeting regulatory challenges and driving policy opportunities
  • Leading product stewardship excellence
  • Promoting best practices across the global distribution chain

• Promoting the growth of emerging energy markets
  • Marine fuels
  • Diesel substitute for road transport
  • Cook stoves and industrial boilers
  • Low carbon and renewable methanol
  • Methanol-to-Power

• Serving as the voice of the global methanol industry
  • Amplify member messaging
  • Global stakeholder networks
  • Web sites, social media, media relations, newsletters, conferences/webinars
• Click [HERE](#) to navigate to the February 20th Global Fuel Blending Committee Call minutes
M15 Sample Safety Data Sheet

• M15 Gasoline Methanol Blends are in commercial use or being considered in a number of markets (China, Egypt, Italy, India, etc.)

• Methanex led development of a draft Sample Safety Data Sheet that has been shared by the Methanol Institute to promote best practices

• Includes disclaimer notice

• Posted to www.methanolfuels.org
Project Co-Optima

- MI participating in Co-Optima stakeholder group
- Concern program could be cut from DOE budget
- June 2017: DOE announced methanol did not “make the cut” from Tier 2 to Tier 3 evaluation
- August 2017: MI sent letter to DOE in challenging decision
- November 2017: MI held conference call with Co-Optima leadership in to express concerns
- Co-Optima provided link to “database” with little info
- Preparing Freedom of Information Act Request to access Co-Optima data on methanol assessment
ENI/FCA M15 for Italy

- Nov 2017: With Italian Prime Minister, CEOs of Eni and Fiat Chrysler sign MOU for joint development of technology reducing CO2 of road transport vehicles
- Eni developed a 15% methanol and 5% bioethanol fuel blend
- Demonstrated in 5 FCA Fiat 500 vehicles in Eni’s Enjoy car-sharing fleet
- At Ecofuel’s invitation Greg Dolan visited ENI/FCA on March 1-2
- MI encouraged to support vision advocacy – Italy→EU-Wide→Global Markets
ASTM

- ASTM adopted a new specification for High Octane Number Test Fuel that specifically prohibits any fuels containing methanol.

- April 2017: MI contacted ASTM task force chairman urging change to this specification, notified MI members with email.


- Dec 2017: first ballot approved by ASTM D02 committee, going to second ballot for June approval.

- This specification could be precursor to a high octane fuel standard so critical to keep methanol included.
New Zealand

• August 2017: New Zealand announced new fuel regulations increasing the country’s limit for methanol in petrol from one to three percent by volume
• The new rules also raised the biodiesel blend limit in diesel from five to seven percent
• The three percent methanol blending allowance was supported by comments from Methanex and MI
India

• Sept 2015: NITI Aayog formed Methanol Economy Expert Group
• Sept 2016: MI/NITI Aayog joint Methanol Economy International Seminar held in Delhi
• Summer 2017: Transport and Petroleum Ministers announce ethanol and methanol production/use push
• Dec 2017: Gazette notice of M15, M100 and MD95
• Expert Group looking to get projects going before Roadmap Plan completion
• July 6-7: Potential Methanol Seminar in Bangalore
China

• Sept 2017: China state media announced plans to require the use of E10 gasoline blends
• ACFA engaging to support MTBE market
• MIIT has completed acceptance of all provincial methanol demonstration programs
• Chinese Vice President visits Geely methanol car plant in Shanxi, plans for M100 bus and truck, MI presents Li Shufu with Olah Award
• Next steps to advocate for public policy initiatives to support methanol fuels in China
BC Low Carbon Fuel Program

• British Columbia released a low carbon fuels compliance pathway assessment

• Concluded: “Methanol will not be considered as a transportation fuel under the Renewable and Low Carbon Fuel Requirements Regulation until it is demonstrated to be a commercially available transportation fuel capable of delivering significant carbon intensity reductions, and compatible vehicles are available in the market.”

• Methanex submitted comments and presented at a BC workshop noting benefits of methanol as a fuel
EU RED II

• The Renewable Energy Directive establishes overall policy for the production and promotion of energy from renewable resources in the EU

• RED I requires all EU countries to ensure that at least 10% of transport fuels come from renewable sources by 2020

• Nov 2016: EU Commission published proposal for RED II to ensure 27% renewables in EU by 2030

• 2018: Expect to complete work on RED II

• Concerns with treatment for biodiesel and renewable methanol

• MI staff preparing White paper with positions on RED II
• Oct 2015: ACEA (European Automobile Manufacturers’ Association) issued a white paper highly critical of methanol fuel blending

• Mar 2018: FCA/Eni briefs ACEA on M15/E5 fuel blends

• MI to prepare a general white paper on the benefits of methanol fuel blending and refuting concerns from ACEA and other stakeholders
Legislative/Regulatory Affairs Committee Chairman’s Report

Steffen Erler, Chairman
Mari Veldekens, Vice Chair

MI Board of Directors Meeting
March 23, 2018 – Houston
Leg/Reg Chairman’s Report

Click [HERE](#) to navigate to the March 1st Legislative and Regulatory Committee Call minutes
1. Canada Activities

• Health Canada and Environment Canada are conducting risk assessments of methanol to evaluate whether methanol meets the criteria to be considered “Toxic” to the public

• MI is working to help Health Canada to access the EU REACH Health Hazard Assessment

• MI held a meeting in Ottawa with Health Canada officials on February 13, 2018

• MI contracting consultant to conduct PBPK modelling
2. EU Methanol Consumer Product Restriction

- EU proposed limiting amount of methanol in windshield wash fluid and denatured alcohol to 0.6% by volume
- MI has submitted official comments to the European Chemicals Agency (ECHA), the EU Commissioner for Better Regulation, and contacted EU REACH representatives at the member state level
- The restriction will be finalized once published in the EU Register and take effect 1-year from date of publication
3. AP/ME Activities

- Government & Regulatory Affairs matrix under development
- Expected completion in April
4. US EPA IRIS Methanol & Formaldehyde

• IRIS Methanol Assessment is not listed on EPA’s current work plan

• Formaldehyde Assessment to “hopefully” be ready for National Academy of Sciences review “within the year”

• President Trump’s proposed budget calls for the elimination of the IRIS program, and program funding remains a source of contention in the congress
5. ASTM STANDARDS

- ASTM working to revise MTBE standard, D5983
- Negatives need to be addressed
- Conference call held in March, Greg Dolan has joined the Task Force
6. Japan

- MI staff to engage Japan on its advisory classification of methanol as a reproductive hazard

- MI staff to contact Asian Clean Fuels Association (ACFA) to learn of experience with Japanese authorities on chemical hazard classifications
7. Philippines

- The Philippines has shortlisted methanol on its Priority Chemicals List (PCL)
- PCL designation could impact methanol import and trade in the Philippines
- MI to contact Philippine authorities regarding the PCL designation’s status
8. Cross-Committee Activities

- ASTM Monitoring and task force participation – ASTM standard for High-Octane Number Test Fuel

- Methanol marine fuel engagement – MI IGF Task Force

- MI engagement with government officials in India, Japan, Korea, Malaysia
Product Stewardship Committee
Chairman’s Report

Sue Appleton, PSC Chairman
Christian Meinecke, PSC Vice Chairman
Shri Gugan Siva Subramaniam, BAPS Chairman

MI Board of Directors Meeting
March 23, 2018 - Houston
PSC/BAPS Chairman’s Report

• Click [HERE](#) to navigate to the September 25 Product Stewardship Committee Call minutes
1. Safe Handling Video Update

- Total projected cost of US$30,000 for Safe Handling Video update, $16,500 submitted to Hadron Films from 2017 funds.

- Video scope expanded slightly to include additional safe handling information, shooting date pushed back

- Updated video outline and storyboard to be shared with committee for review and comment
2. Safety Snapshot Newsletter

- Issue Focusing on new Safety Milestones at MI Member Companies and MI WWT Safety Seminar was released

- New edition highlighting full range of MI’s safe handling materials to be produced
3. Government & Regulatory

- EU REACH restriction on windshield wiper fluid (WWF)
  - Poland’s submission to limit methanol content to <3%v/v set to be enacted by European Commission.

- Government & Regulatory Affairs Matrix (AP/ME)
  - Will map methanol trade across differing jurisdictions with leg/reg requirements
  - Allows MI to more proactively build relevant relationships & effectively manage new challenges
4. Bootleg Alcohol Prevention Subcommittee (BAPS)

- **Technology:** Orphan Diagnostics (OD) test strips update
  - OD still seeking to secure additional funding

- Possible collaboration with Apothecon Pharma (India)
  - MI’s Chris Chatterton proposed visit to Apothecon with Knut Hovde (Oslo University Hospital) & OD
5. Bootleg Alcohol Prevention Subcommittee (BAPS)

- **Pharma: Fomepizole:** Apothecon (India), Indonesia cooperation etc.

- MI seeking cost-effective supply of Fomepizole by Apothecon in Indonesia

- Potential distribution channels and associated costs, price reductions from scale production etc.
6. Bootleg Alcohol Prevention Subcommittee (BAPS)

- **Translation**: Translate BAPS materials into local languages for dissemination in high-risk countries

- **Further Collaboration**: MI to continue to explore areas for engagement with institutions such as Doctors without Borders (MSF) to help leverage their global reach & technical expertise
Market Development Committee Chairman’s Report

M. Zameer Zahur Hussain, Chairman
MDC Chairman’s Report

• **Click here** to navigate to the February 28 Market Development Committee Call minutes

Committee Updates

• The MDC appointed Deepak Devendrappa from Methanex as the new Committee Vice Chairman

• Proposal to hold in-person, 2018 MDC strategic planning meeting
MDC Chairman’s Report

Strategic Planning

• MDC leadership strategic planning call on Jan 23

• Assess whether MDC priorities can be further refined to 1-2 key objectives

• MI staff to develop sub-strategy/matrix by May 1

• Raising member involvement: proposal to have ad-hoc presentations by outside experts, and allow non-members to participate in the MDC
MDC Chairman’s Report

MDC Focus Areas

High Priority Engagement
• Industrial Boilers
• Renewable Methanol
• Small-scale Methanol Technology (SSMT)
• Methanol-to-Power

Lower Priority Engagement
• Cooking Applications
• Methanol Fuel Cells
• Wastewater Treatment (WWT)
• **Methanol-to-Hydrogen (New)
Industrial Boilers & Cookstoves (IB/CS)

• MI-Peking University IB/CS Report
  • Report completed; staff discussing PR and distribution plan and dates – *release date by March 30*

• Industrial Boiler Standards
  • CPCIF approved two boiler standards in January
  • CICEA-produced third standard in final approval stage
  • Stds focus: methanol for burners, as fuel, energy storage
  • IB full standard to cover M50, M75, M100
  • CAAEFA keen to work with MI on developing one international standard from these – *timeline TBD*
  • MDC should assess how MEOH boilers can be expanded into markets like Japan, Korea, ASEAN, Pakistan
Renewable Methanol (RM)

- EU’s Renewable Energy Directive 2 (RED 2) could pose challenge to bio- and renewable methanol

- Eelco Dekker developing MI position paper on RED 2 and bio/renewable methanol – April 15

Small-scale Methanol Technology (SSMT)

- Greg recently talked with Haldor Topsoe about SSMT interest

- Greg and Eelco looking to meet with Haldor ahead of MI’s March 20 marine fuels workshop in Copenhagen
Methanol Fuel Cells

• Kai recently met with Hydrogen, a Chinese RMFC producer

• Hydrogen keen to export technology to the Middle East; Dom would assist with identifying market interest

Methanol-to-Power (MTP)

• Dor Chemicals feels India might be good market for methanol turbines. India has lot of installed capacity but lacks fuel

• MI staff to follow-up with Methanex by March 19 on next steps to identify whether low SOx/NOx maritime regulation compliant combustion engines might foster MTP opportunities for electric power generation in the Caribbean
Wastewater Treatment (WWT)

• MI members increasingly utilizing WWT within their production facilities. This could be a good area for potential growth.

• 2016: Philippines Dept of Energy & Natural Resources (DENR) released guidelines on denitrification of wastewater.

• Stakeholders have contacted MI and interested in working with methanol producers on WWT in the Philippines.

Methanol-to-Hydrogen (M2H2)

• NE Asian national policies focused on hydrogen production; substantial production of M2H2 in China and Korea. M2H2 to be added to MDC priority focus areas.

• MI staff to develop short fact sheet (by May 1) on M2H2 in China and other markets, including checking with MGC on their technology.
Top Three MDC Priorities

• Industrial Boilers
• Renewable Methanol
• Methanol-to-Power

Upcoming MDC Calls

• 2nd Quarterly Call: May
• 3rd Quarterly Call: October
• Face-to-face mtg: July 5 in Bangalore ? (MI-NITI Aayog: July 6-7)
• Identify potential guest speakers / dates around quarterly calls

India Business Mission?
REVIEW OF PREVIOUS MINUTES

• Click [HERE](#) to navigate to the February 26th Marine Fuels Committee Call minutes
Expanding the use of methanol in marine fuel blending applications globally

Mission

Goals

A. Increase awareness & educate

B. Promote values & attributes

Objectives

- Influence public policy drivers & international standards
- Global media campaign
- Initiate and manage pilot projects

2015 - 2016

2017

2018
UPDATE ON IGF CODE – NEARTERM

- IGF Codes
  - Engagement is through IBIA with IMO Correspondence Group for low-flash point fuels
  - Waterfront Shipping arranged for a Senior Project Manager from Westfal-Larsen to support this work at CCC4, which is planned to continue through CCC5 (Sep 2018)
  - MI IGF Code task force was created to allow for more direct participation in this initiative, and which will include several representatives from external parties such as World Fuels, ScandiNAOS and Westfal-Larsen
  - Round 3 of 6 is expected to be announced very soon and, although delayed, there has been no indication that the final report submission date targeted for June will be moved:

  **Proposed time schedule:**

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<th>End Date</th>
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<td>21.05.2018</td>
<td>TOR 3 – 5</td>
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UPDATE ON IGF CODE – TIMING FOR ADOPTION | IN FORCE

CCC 1
• Establish CG to develop measures for:
  o Ethyl/methyl alcohol
  o Fuel cells
  o Low-flashpoint diesel

CCC 2
• Consider establishing WG to develop measures for:
  o Ethyl/methyl alcohol
  o Fuel cells
  o Low-flashpoint diesel

CCC 3
• Consider establishing WG to finalize measures for:
  o Ethyl/methyl alcohol
  o Fuel cells
  o Low-flashpoint diesel

CCC 4
• Approval
  • Consider establishing WG to finalize measures for:
    o Ethyl/methyl alcohol
    o Fuel cells
    o Low-flashpoint diesel
    • Not Approved

CCC 5
• Approval
  • Consider establishing WG to finalize measures for:
    o Ethyl/methyl alcohol
    o Fuel cells
    o Low-flashpoint diesel

MSC 97
• Approval
  • Not Approved

MSC 98
• Adoption, if required
  • Not Adopted

MSC 99
• Approval
  • Adoption, if required

MSC 100
• Approval
  • Adoption, if required

2014 2015 2016 2017 2018

 MSC 97
• Approval
  • Not Approved

MSC 98
• Adoption, if required
  • Not Adopted

MSC 99
• Approval
  • Adoption, if required

MSC 100
• Approval
  • Adoption, if required

2019

MSC 100
• Approval
  • Adoption, if required

v Not clear when IGF Codes will be Approved (ie; which future CCC X)
v Not clear after IGF Codes will be Approved, at which MSC they could be Adopted In Principle
v IMO has reserved 2024 by which IGF Codes must come into Force
v After Approval, IGF Codes may be implemented at flag state level with the understanding that additional amendments may be added, requiring compliance, before IGF Codes come into Force
LLOYD’S REGISTER INITIATIVES

• Fuel Comparison Model
  o Fuel Comparison Model work was to be completed by November, 2017 – now expecting it to be released by the end of February due to some last hour improvements from LR’s side, to include:
    ✓ Create differing layers of sophistication by adding levelized, costs for each compliance option as a focus (easy output for non-financial users of the model)
    ✓ Relegate NPV and IRR calcs as a more sophisticated option for users with a finance background
    ✓ More work on the visuals as well as ensuring options users can manipulate in the model are not overlooked, to include default settings (“idiot proofing”)
    ✓ Tighten guidance notes, instructions and FAQ section further so users know exactly what is being used in the cells
    ✓ Will plan for a closed webinar with LR and invited 3rd parties as a soft launch, followed by an official launch
    ✓ http://quiits.com/fuel-choice-calculator/

• Guidelines
  o Cooperating on creating Guidelines for Safe Bunkering & Handling of Methanol as a Marine Fuel was due by year end, 2017
    ✓ Delayed until after the Fuel Comparison Model is completed and launched
COMMUNICATION INITIATIVES

**MAN Workshop**
- To address ship owner options for low sulphur compliance
- Co-hosted with MI at MAN’s facilities on March 20
- Taking place alongside GST & Shipping 2030 event March 20 – 23

**Manifold Times**
- Former Bunkerspot Asia journalist
  - [www.manifoldtimes.com](http://www.manifoldtimes.com)
- Asian bunkering focus
- Looking to conclude an agreement for promoting the bunkering of methanol across Asia

**Mariner Communications**
- Former Bunkerspot journalist
- 1+1 year agreement
- Strategic focus on key messaging around priority events, globally
- Extensive network with leading maritime organizations and publications
PILOT PROJECT ENGAGEMENT 1 of 2

- Eight methanol-fueled vessels in service:
  - 7 dual-fuel product carriers (Waterfront)
  - 1 ropax ferry (Stena Germanica)

- Four main, methanol pilot projects:
  - Summeth Martec II (Finland/Sweden)
    - 1-cyl conversion from ethanol to methanol (VTT University)
    - 1-cyl covering a range of optimization tests (Lund University)
  - MethaShip (Germany)
    - 2 designs – cruise and ropax, with Lloyds, Meyer Werft, HELM, Flensburger Schiffbau-Gesellschaft
    - Recently completed successful truck-to-ship bunkering
    - Presented at IMO’s most recent CCC 4
  - Billion Miles (Singapore)
    - 4-cyl M100 prototype, skid-mounted, auxiliary power to formally launch in 2017
    - Main propulsion unit coming later in 2018
  - GreenPilot (Sweden)
    - Funding from Methanol Institute and Swedish Maritime Administration
    - 6-cyl M100 converted NG engine in rescue/pilot vessel provided by FiT
    - Sea trials started on WeChai engine in March, which concluded year end, 2017
    - WeChai-powered vessel and converted Scania engine on stand, both exhibited at Norshipping on May 3, 2017
    - Final project workshop scheduled for June, 2018
PILOT PROJECT ENGAGEMENT 2 of 2

- Other methanol pilot projects:
  - Methanex
    - Tianjin University and ZiChai (engine OEM) as partners
    - Converted 1,100kW marine engine to DMCC technology for commercial fishing vessel applications
  - FiT
    - Mainland China
      - Fujian (140kW), fishing vessel (still discussing)
      - MoA multi-vessel, LNG to methanol conversion (still discussing)
  - NTU’s test bed facility
    - 1st Phase
      - Test bed emissions and fuel consumption analysis
      - Converted YuChai engine with FiT, ScandiNAOS, LR, IBIA, CCS, Keppel
      - No vessel yet, but now targeting dual-engine, lighters, tankers and tugboats at the 600kW level
  - Port of Rotterdam – Inland Waterway Barge
    - Initial workshop discussion hosted by Port on April 24th, 2017
    - Expecting preliminary decision to create project by end of March
  - Mississippi/Great Lakes
PROGRAMS & BUDGET

USD

- Marine Exhibitions Events 25,000
- Pilots 20,000
- Technical Consultant Resource 36,000
- PR Consultant Resource 27,000
- IBIA Membership 1,280
- DGAC Membership 3,000

TOTAL 112,280
Treasurer’s Report

Dennis Patrick, Board Treasurer
Greg Dolan, CEO

Methanol Institute Board of Directors
23 March 2018 – Houston
Cash Reserve

• 2017 Year-End Surplus = $45,821
  • Total income: $2,023,392
  • Total Expenses: $1,977,180

• YE 2017 Cash Reserve = $1,004,134

• Cash Reserve is 51% of projected 2017 operating expenses

• Meets Board desire for Cash Reserve target of 50% of annual operating expenses
2017 Revenue

- 2017 Actual Dues Received: $1,937,587
  - 95% of 2017 budgeted dues
- 2017 Revenue Loss: BP, Lanxess, Oberon, Oorja, SCC Distribution and Vitol – -$125,000
- 2017 New Member Dues: Lebzi Halal, Muntajat, NFP, UCC – +$41,250
- Other Revenue: Washington Methanol Policy Forum ($55,818), SG Tax Refund ($27,035); Interest ($2,561)
- Total Revenue: $2,003,392
  - 100% of budgeted revenue
2017 Expenses

- **Total Expenses:** $1,977,180 (98% Actual-to-Budget)
- **Program Expenses:** $402,464 (94% A-to-B)
  - Separate budget section for Regional Representative Offices
  - Reduced spend on China due to suspension of PKU agreement
  - No interest loan of $30,000 to Orphan Diagnostics
  - Mercer-KPI Workshop $32,303 in unbudgeted expenses
- **Operating Expenses:** $351,194 (91% A-to-B)
  - Singapore office move on 20 October, significant rental savings
- **Payroll:** $1,039,897 (100% A-to-B)
  - Includes 2016 Performance Bonuses
- **Travel:** $183,625 (112% A-to-B)
  - Educating government/stakeholders on market and regulatory issues
  - Global presence at over 60 industry conferences/events
2018 Board-Approved Budget

- Total Income: $2,018,000
- Total Expenses: $2,017,830
- “Balanced Budget” Projected Surplus: $170
- Expenses:
  - Program Expenses: $435,280
  - Operating Expenses: $344,750
  - Payroll: $1,080,300
  - Travel: $157,500
2018 Revenue

- 2018 Actual as of 16 March: $1,437,475
  - Dues received from 26 of 39 Members
  - 71% of 2018 budgeted revenue
  - Reminder notices sent

- 2018 New Member: IGP Methanol (Tier 4)
2018 Expenses

As of February 28, 2018:

- **Total Expenses:** $385,473 (19% Actual-to-Budget)
- **Program Expenses:** $17,002 (4% A-to-B)
- **Operating Expenses:** $84,232 (24% A-to-B)
- **Payroll:** $274,133 (25% A-to-B)
  - Includes 2017 Performance Bonuses
- **Travel:** $10,106 (6% A-to-B)

*Click here* for full 2018 operating budget w/ actual spending through 2/28
Full Detail Budget

- Click here for Cash Reserve analysis
- Click here for full detail budget
Membership Report

Greg Dolan

Methanol Institute Board of Directors
23 March 2018 – Houston
2017 Actual Dues Received: $1,937,587
  95% of 2017 budgeted dues

2017 Revenue Loss: BP, Lanxess, Oberon, Oorja, SCC Distribution and Vitol – -$125,000

2017 New Member Dues: Lebzi Halal, Muntajat, NFP, UCC – +$41,250

2018 Actual as of 22 March: $1,437,475
  Dues received from 26 of 39 Members
  71% of 2018 budgeted revenue
  Reminder notices sent

2018 New Member: IGP Methanol (Tier 4)
Principal Recruitment Targets

- Yuhuang – Expected to join in Q2
- Geely Automotive and Fiat Chrysler Automotive
- MAN
- Ship Operators: Iino; Marinvest; Oiltanking; NYK Group; Westfal-Larsen
- Primus Green Energy; US Methanol; Blue Fuel Energy
- Air Liquide
Recent Staff/Member Engagements

- Vopak; Kaltim; Statoil; BASF; Mider Helm; Shell; OTI; US Methanol; South Louisiana Methanol; Wanhua Chemical Group; Coachella Energy; Flour; Iogen; Celanese; Serenergy; Horizon/H3; Swiss Liquid Fuels; BASF; bse Engineering; Stena; MAN; and a number of market interests in China, including Wison, CECC, and Yulin Mining

- **Action: Board Member Engagement Wanted!**
Current Business: Revenue Task Force

MI Board of Directors Meeting
March 23, 2018 - Houston
Mercer Survey and Workshop

• The 2017 Mercer Member Survey and the June 2017 Strategic Planning Workshop held in Hamburg demonstrated strong support for MI providing leadership for regulatory structure, lobbying, and education/promotion.

• Members also interested in pursuing opportunities for emerging methanol markets: marine fuels; industrial boilers; power generation; etc.

• Members suggested that MI can play a role in identifying activities that are needed to “unlock” these markets.

• Members also noted that financial support for projects should come from those members interested in promoting these market applications.
Task Force Mission

• Based on Strategic objectives of the association determine unfunded program needs

• Consider total revenue targets for *Proposed 2019 Operating Budget*

• Provide recommendations on revisions to MI dues structure *which has not changed since 2007*

• Any changes to dues structure should seek to minimize loss of existing members

• Identify opportunities for non-dues revenue

• Discuss ways to accelerate member recruitment
Task Force Members

- ExCo Members representing Tier 1 – Ben Iosefa, Methanex and Olga Sessions, SABIC
- Tier 2 Members – Mark Vassar, MGC and John Carley Mitsui
- Tier 3 Member – Peter Roberts, Johnson Matthey
- Tier 4 Member – Jan W. Spin, SCC
- Staff: CEO & COO – Greg Dolan and Chris Chatterton
Task Force Timeline

- October 26 – Task Force Request for Participation
- November 10 – Singapore Board Meeting Discussion
- 1 February – Conference Call Held
- 7 March – Second Conference Call (Tabled)
- March 23 – Houston Board Meeting Discussion
- April-June – Task Force Conference Calls and Final Recommendations
- June 14 – Como Board Meeting Adoption
## Membership Structure

### Tier 1
**Major Methanol Producers**
- Major producers of methanol (> 1.5M mtpa)
- Two Board Seats with voting rights
- Executive Committee participation
- Standing Committee Chairmanship potential
- 3 Member Companies = $600,000 Dues
- Annual Dues: $200,000

### Tier 2
**Methanol Producers**
- One Board Seat with voting rights
- Board Secretary participation
- Standing Committee Chairmanship potential
- 7 Member Companies = $700,000 Dues
- Annual Dues: $100,000

### Tier 3
**Associate Members**
- Minimum Tier level for producers
- Board of Directors meeting participation (non-voting)
- Standing Committee Chairmanship potential
- 8 Member Companies = $400,000 Dues
- Annual Dues: $50,000

### Tier 4
**Affiliate Members (Non-Producers)**
- Board of Directors meeting participation (non-voting)
- Participation in Standing Committees
- 20 Member Companies = $300,000 Dues
- Annual Dues: $15,000
MI Dues Revenue History

Noted: Since 2007, inflation has increased by 25% eroding MI dues levels
Since 1990, MI dues revenue increased from $1 million to $2 million, while industry market value increased from $5.4 billion to $22.8 billion.

*Indicative MI Budget = $4.2 million*
Efficient Strategy Execution

• MI focus and movements should evolve from confirmed Strategy

• ExCo (oversight) and Committees (operationally) manage execution of Strategy

• All “program” funds supporting MI’s focus should flow out of strategic prioritization:
  • → Targets → Objectives → Results

• Implementing strategy and efficient use of MI’s scarce resources can therefore be improved by adhering to strategy and objectives which move MI closer to targets and expected results
Lessons Learned

- EU Fuel Blending Scenario
  - In hindsight, was not a high priority for members, even though it was aligned with strategy
  - After spending funds, theme was dropped as no members were prepared to put additional funds in to see its execution, which was a key assumption prior to engaging an outside consultant

- BAPS Scenario
  - Was given too high a priority compared to other programs and overfunded
  - Although much was learned, poor local project oversight and reporting did not move MI closer to its target

- Marine Scenario
  - Has a high a priority compared to other programs but is underfunded
  - Inadequate allocation of funds based on proposed level of priority will translate into a missed opportunity
2018 Budget Summary

• “Conservative” budget
  • Income = $2,018,000; Expenses = $2,017,830

• Program Expenses: $435,280
  • Committees Total = $139,780: Leg/Reg = $10,000; PSC = $6,000; MDC = $11,000; GFBC = $0; Marine = $112,280
  • Regional Representative Offices (EU/China): $247,000
  • Public Affairs: $48,500

• Operating Expenses: $344,750
  • Singapore, Washington and Beijing offices

• Payroll: $1,080,300
  • 6 full-time employees in Singapore and Washington

• Travel: $157,500
  • Continuing reductions in travel expenses
Unfunded Committee Priorities

• Global Fuel Blending
  • Coryton Methanol/Gasoline Fuel Blend Testing = $40,000
  • FEV Diesel Substitution Feasibility Study = $80,000

• Legislative/Regulatory
  • Hazard Assessment Canada Chemicals Management Plan = $10,000

• Marine Fuels
  • Marine Exhibition Events = $100,000
  • Pilot Demonstration Programs = $150,000

• Product Stewardship
  • Translation Services = $40,000
  • Webinars = $30,000

• Market Development
  • Renewable Methanol Report = $20,000
  • Boiler Report and Standards = $30,000

Committee Initiatives
Total = $500,000
MI Revenue Option #1: % Increase

• Increase dues on a percentage basis across the board:
  • 10% Dues Increase = $200,000
  • 15% Dues Increase = $300,000
  • 20% Dues Increase = $400,000
  • 25% Dues Increase = $500,000
MI Revenue Option #2: By Tier

• Keeping the four tier dues structure, another option is a staggered adjustment of dues levels by tier, such as:
  • Tier 1 -- $200,000 → $250,000 (2019)
  • Tier 2 -- $100,000 → $125,000 (2019/2020)
  • Tier 3 -- $50,000 → $62,500 (2020)
  • Tier 4 -- $15,000 → $18,750 (2020)
MI Revenue Options

• **A la carte Funding**
  
  • MI staff could identify specific project proposals, and then determine if specific member companies wish to provide support
  
  • Model used in past for MTBE research in US and other activities
  
  • MI staff could still provide management for project activities

• **Methanol Foundation**
  
  • The Methanol Foundation could be utilized for the receipt and management of government or foundation funds (as well as supplemental or a la carte funding)
1 February Conference Call Notes

- Participants: Ben Iosefa, Olga Sessions, John Carley, Peter Roberts, Jan Spin and Greg Dolan

- The committee “wish list” demonstrates what could be done with an additional $500k in revenue

- Would indicate need for 25% increase in revenue

- Need to do better job of informing members of our accomplishments

- Members were supportive of a % dues increase, could also define minimal production capacity thresholds for Tier 1-3 (Tier 1 now identified as Producers over 1.5 MMT capacity)
• Methanol Foundation could be used to provide mechanism for members to support specific project activity

• Sponsoring conferences or conducting market analysis was not viewed as appropriate sources of non-dues revenue, as it would distract from primary mission

• Accessing government grants/funds and membership recruitment highlighted
Discussion Points

• Do members see a strong value proposition for MI in protecting existing markets and driving commercialization of emerging energy pathways?

• Is there initial Board support for a dues increase for 2019?

• Should we conduct a Member Survey to determine willingness to support potential dues increase against membership attrition?

• How do we distinguish benefits between tiers, and between producers and non-producers?
2006 Restructuring Task Force - Findings

• Methanol producers should lead the agenda of the MI with major producers playing a significant role.

• Executive committee and the Board should set the strategy and priorities for the MI and the employees should be charged with execution.

• Major methanol producers should contribute a very significant portion of the annual dues and bear responsibility for making up shortfalls as necessary.

• A majority of MI membership and the restructuring task force support efforts to reposition the MI from a regional to a global trade association with the focus on global issues while recognizing that many important issues originate in the USA.
MI 2017 Budget

- Dues Budget = $2,032,000
- Payroll Expenses = $1,039,780
- Operating Expenses = $387,010
- Travel Expenses = $163,750
- Program Expenses = $426,600
Related Trade Associations

Renewable Fuels Association

- **Revenue** = $7.4 million (96.5% member dues)
- **Expenses** = Payroll - $2.7 million; Operating - $1.6 million; Lobbying - $415k; Programs - $115k; Advertising/Promotion - $1.2 million
Natural Gas Vehicle Coalition

- **Revenue** = $2.4 million ($1.3 million dues; $400k sponsorships; $410k conferences; $300k grants)

- **Expenses** = Payroll - $890k; Operating - $425K million; Lobbying $136k; Programs - $654k Advertising/Promotion - $42k; Conferences - $653k

- Ran deficit of $325,000
National Biodiesel Board

- **Revenue** = $14 million ($8 million from Soybean Checkoff*; $3.8 million dues; $700k gov grants; $580k annual conference; $300k certifications)
- **Expenses** = Payroll - $3.3 million; Operating - $2.4 million; Program - $4 million; Lobbying - $1.7 million; Advertising/Promotion - $2.3 million
Current Business:
MI CHINA Entity & NGO Law - UPDATE

Chris Chatterton, COO
Kai Zhao, Chief China Representative

MI Board of Directors Meeting
23rd March 2018 – Houston
CURRENT NGO LAW

• Recently Revised
  o Overseas NGO Management Law: in effect as of Jan 1, 2017
  o Captures HK, Taiwan, and Macao NGOs
  o Limited to specific areas of activity
  o Ability to establish numerous mainland offices – previously only one
  o Duty to disclosure of financial reports and tax reporting on a annual basis
  o NGOs must have formal address and staff (Chief Rep must be Chinese citizen), with in-country expenses routed through Chinese partner’s bank accounts
  o Of the 7,000 organizations affected, more than 400 NGOs have successfully re-registered to date, and successfully registered ones can be tracked via a government website [1]

[1]: China NGO Registration Online Service Platform: http://ngo.mps.gov.cn/ngo/portal/toInfogs.do
ALTERNATIVES

• Actions
  o MI has signed a contract with MCI, a Swiss-based, international advisor for Chinese NGO registrations and administration
  o Chris and Kai recently met MCI Beijing Office, identified detailed documents to be translated and submitted, at a cost of approximately $5,000
  o MI is expecting to spend approximately $5,000 to cover annual dues (potentially CPCIF) and arrange for formal office space
  o Requesting letters of recommendation from our strategic partners for endorsement, like CNFIA, CAAEFA
  o MI is expecting submitting all the document in the 1st Half of 2018 and get final approval by 2018

• Future Action Items after Registration
  o Continuing discussions with CPCIF (China Petroleum & Chemical Industry Federation) the potential to secure a relationship with them. One option is joining its International Office
  o MI contract with Peking University for services of Kai Zhao expired Q2 2017, and once registered, can reestablish PKU contract and pay support arrears
  o Another office staff/part time/intern for China webpage, documents translation, etc.
CPCIF is the Leading Central Government Institution for Chemicals and Petroleum Industries

• CPCIF was established on April 28, 2001

• Currently it has over 300 direct members including 44 sectional associations and over 20 regional associations, most large-scale enterprises, research institutions and universities

• Represents 70% of operations within China's petroleum and chemical industry

• CPCIF also maintains close working relations with relevant regional authorities in China

• Sectional associations include China Nitrogen Fertilizer Industry Association and China Association of Alcohol and Clean Ether Fuels and Automobiles

• CPCIF International Committee includes organisations such as:
  o BP
  o Clariant
  o Haldor Topsoe
  o Johnson Matthey
  o LANXESS
  o Methanex
  o Mitsubishi Chemicals
  o Mitsui Chemicals
  o SABIC
Resolution 2:
Appointment of MI’s Board Officers & Executive Committee

Greg Dolan

MI Board of Directors Meeting
March 23, 2018 – Houston, Texas
Appointment of 2018 Board Officers

MI is proposing to elect the following slate of Board officers, with effect from March 23, 2018 onwards:

1. Benjamin Iosefa (Methanex Corporation), Chairman
2. Olga Sessions (SABIC Americas, Inc.), Vice Chairman
3. Dennis Patrick (Methanol Holdings Trinidad Limited), Treasurer
4. Shahrom Muhammad Bin Yusuf (PETRONAS Chemicals Group Berhad), Secretary
Election of 2018 Executive Committee

MI is proposing to elect the following Executive Committee members, with effect from March 23, 2018 onwards:

1. Benjamin Iosefa (Methanex Corporation), Chairman
2. Olga Sessions (SABIC Americas, Inc.), Vice Chairman
3. Dennis Patrick (Methanol Holdings Trinidad Limited), Treasurer
4. Abdullah Sulaiman A Al-Qunaibet (SABIC), Director
5. Norbert Baum (HELM/MHTL), Director
6. Wade Wiggins (Methanex Europe SA/NV), Director
Election of 2018 Board Officers & Exco

• Click here to navigate to the Board Resolution
• Vote
New Business:
VeryConnect Update

Chris Chatterton, COO
ASSOCIATION SOFTWARE

• Reliable SaaS technology, tailored to our needs and with easy navigation

• Designed to support the MI brand

• Secure and readily integrates with other software (ie; link revenues and programs to a budget) and social media platforms

• Main focus is to use for more professional Committee organization and enhance participation outside of quarterly calls

• Will incorporate a repository of supporting documentation for each Committee so we do not have to rely on Dropbox (not accepted in China and many Corporate firewalls)

• Will also support many administrative functions such as billing, announcements, and tracking member reps

• Launching in March

• Full member participation in April

• User experience similar to LinkedIn & Facebook
ALLOWS EACH MEMBER TO UNIQUELY PARTICIPATE

Individual Profile

Multi-functional
New Business: June and November Board Meetings

Greg Dolan

Methanol Institute Board of Directors
23 March 2018 – Houston
June Board Meeting

• The June MI Board Meeting had been planned for Beijing, alongside a Methanol Policy Forum. From discussions with CICEIA/MIIT, that event is not going forward.

• Board Meeting will now take place alongside the IMPCA European Mini-Conference in Como, Italy on the morning of Thursday 14 June.

• Lario Hotel – Albergo Terminus Hotel Como
  -- http://www.albergoterminus.it/
November Board Meeting

- The November Board Meeting had been planned to take place with GPCA Annual Forum. QAFAC had noted inability to participate in Dubai, and neither OMC or Salalah were interested in sponsoring in Muscat

- Options include:
  - Returning to Singapore alongside IMPCA Asian Methanol Conference
  - Indonesia (Jakarta or Bali)
  - India with stakeholders such as NITI Aayog
  - Beijing or another location in China