



SUSTAINABILITY REPORT

CELEBRATING

50 YEARS

OF EXCELLENCE



His Highness
Sheikh Tamim Bin Hamad Al-Thani
Emir of the State of Qatar



His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Father Emir



TABLE OF CONTENTS

Chairman’s Message	1
Managing Director & Chief Executive Officer’s Message	2
QAFCO Production	4
Corporate Policy	5
Mission, Vision and Values	6
About Us	7
QAFCO Downstream	8
Qatar Melamine Company	8
Milestones In QAFCO History	10
Our Products	11
QAFCO Board of Directors	12
Operational Excellence	13
Health, Safety, Environment, and Quality Performance	15
Strategic People Development - Sustainable Approach	19
Corporate Social Responsibility (CSR) Activities	21



CHAIRMAN'S MESSAGE

2019 was an extraordinary year of success for QAFCO. The Company celebrated 50 years of commitment, excellence and value, and continues to surge ahead.

QAFCO has contributed to food security by focusing on crop nutrition solutions in line with Qatar's aim to achieve food security self-sufficiency reliably and sustainably. QAFCO established key value-driven partnerships with Qatari organisations such as Hassad to develop high tech agricultural solutions and Qatar University to support agricultural research.

It was a year that also marked the Company's golden jubilee. QAFCO had the privilege of being the first building block of what is now Mesaieed Industrial City, the first Qatari petrochemical manufacturer to export its products from Mesaieed to the world. QAFCO aspires to carry forward this enduring legacy of success.

The key principles in Qatar National Vision 2030 underpin QAFCO's business principles. Being an international leader in the Agri-nutrient industry, QAFCO has a duty to engage with external stakeholders such as customers, suppliers and communities, while growing its business in an ethical and responsible manner.

I would like to convey my appreciation to HH the Emir, Sheikh Tamim Bin Hamad Al-Thani, for his visionary leadership which continues to inspire QAFCO's position as a globally recognised brand. I am grateful also to the support we receive from the Minister of State for Energy Affairs, HE Saad Sherida Al-Kaabi. I am thankful for the continuous support of the QAFCO board and the QAFCO management and staff.

Mohamed Salem Al-Marri
Chairman



MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S MESSAGE

QAFCO celebrated its 50th anniversary in 2019, signalling to the world that it is poised to harness a new era of growth. The worldwide demand for its products continues to grow. The demand for urea, in particular, grows consistently each year. That being said, QAFCO is actively engaging to explore innovative solutions, value-driven and sustainable methods in responding to market needs and requirements, in coordination with its marketing partner, Muntajat.

Environmental responsibility and sustainability are core operating principles for QAFCO. Accordingly, QAFCO's strategic plan which focuses on operational excellence, growth and diversification, is founded upon safety, environment, optimisation of current assets, efficiency improvements as well as the first and third pillars of the QNV 2030; namely, human and economic development.

In 2019, QAFCO continued to build on its efforts to enhance its safety culture through the establishment of a series of initiatives and awareness programs. A proactive

approach was adopted to mitigate potential incidents via a Risk Assessment Framework, process safety management system, safety training, and safety campaign as the Company moves towards its "road beyond zero" goal.

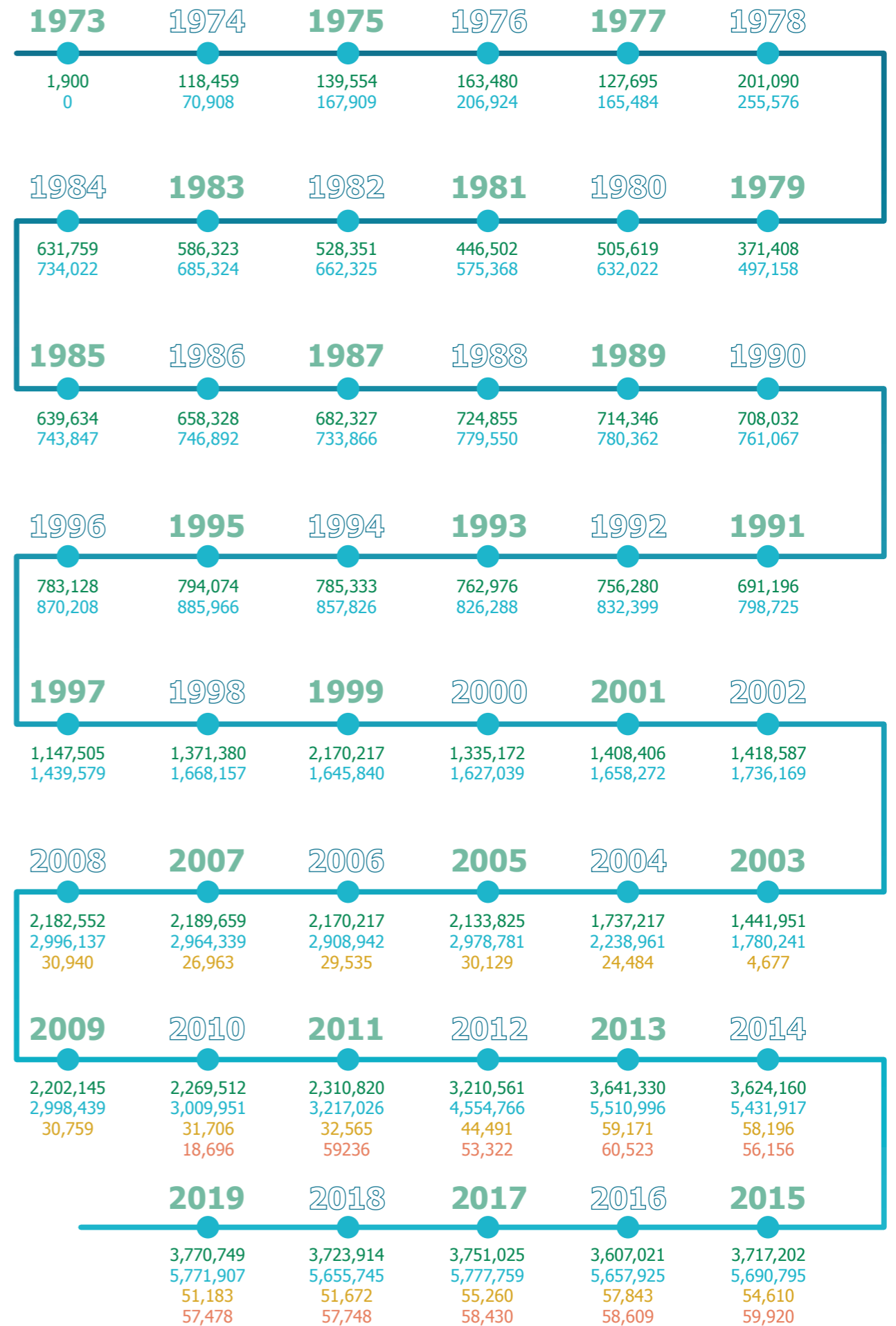
In conclusion, I would like to express our sincere gratitude to HH Sheikh Tamim Bin Hamad Al-Thani, the Emir of the State of Qatar for his inspiring leadership, and HE Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs, for his guidance. I would also like to thank the QAFCO stakeholders and board of directors for their continuing support for QAFCO's progress and development. Finally, I would like to thank our management and employees for their unrelenting dedication and commitment to the success of QAFCO.

Abdulrahman M. Al-Suwaidi
Managing Director & Chief Executive Officer



QAFCO PRODUCTION

● Ammonia ● Urea ● UFC-85 ● Melamine
in Metric Tonnes



CORPORATE POLICY

Qatar Fertiliser Company (QAFCO, the Company) is a world-scale ammonia and urea company supporting the national aspirations of the State of Qatar by embracing the principles of the Qatar National Vision 2030 and adding value to Qatar's natural resources.

QAFCO seeks to create and protect shareholder value in the long term through the profitable manufacture and sale of urea, ammonia and related products as one of the leading companies in the industry.

The Company recognises that its commercial success depends on the skills and competencies of all of its employees. QAFCO endeavours to attract and retain a high calibre, diverse workforce, with a special emphasis on developing Qatari Nationals. The Company is committed to creating and maintaining a positive,

safe working environment as well as promoting the development and utilising the skills of its employees.

QAFCO seeks to operate as a prudent and responsible corporate stakeholder, committed to continuous improvement with proper regard to health, safety, security and the environment. The Company is committed to maintaining high standards of business ethics and complies with all applicable laws and regulatory requirements.

The Company is committed to achieving high levels of customer satisfaction through the reliable supply of high-quality products in an environmentally responsible and sustainable manner, coupled with first-class product support.



MISSION, VISION AND VALUES

MISSION

We shall operate our assets safely, efficiently and in an environmentally responsible manner to produce high-quality Ammonia and Urea.

VISION

Be the world's leading Urea producer by 2030. Driving towards a greener Earth.

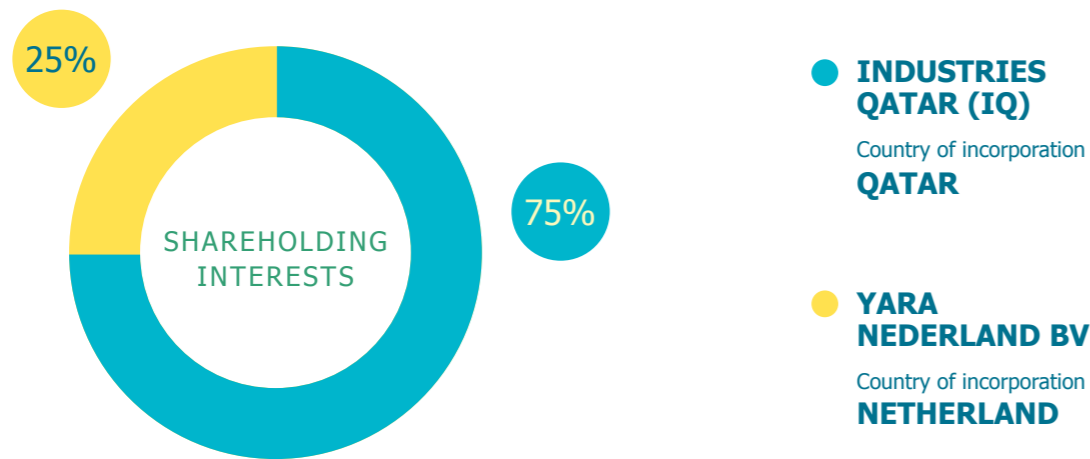


ABOUT US

QAFCO's inception in 1969 as a joint venture company to produce chemical fertilisers was the first and significant step in Qatar's industrial diversification program to utilise its abundant natural resources. Since then QAFCO has

steered its way successfully, responding to the world market demand for fertiliser and living up to its shareholders' expectations.

THE SHAREHOLDERS AND THEIR SHAREHOLDING INTERESTS IN THE COMPANY IS AS FOLLOWS:



IQ is a listed Company and the majority of its shares are owned by Qatar Petroleum (QP).

QAFCO inaugurated its first plant in 1973 with a design capacity of 900 tonnes of Ammonia and 1000 tonnes of urea daily. Presently, QAFCO complex comprises six completely integrated trains; QAFCO-1 (1973), QAFCO-2 (1979), QAFCO-3 (1997), QAFCO-4 (2004), QAFCO-5 (2011), QAFCO-6 (2012). Each train consists of two plants, one for the production of ammonia, and the other for urea.

QAFCO has developed steadily, over the years, in terms of nameplate capacity, production quantities,

quality and competitiveness of products to become one of the world's leading producers and exporters of high quality urea. Through its marketing partner, Muntajat, QAFCO's export market now extends to more than 35 countries all over the world.

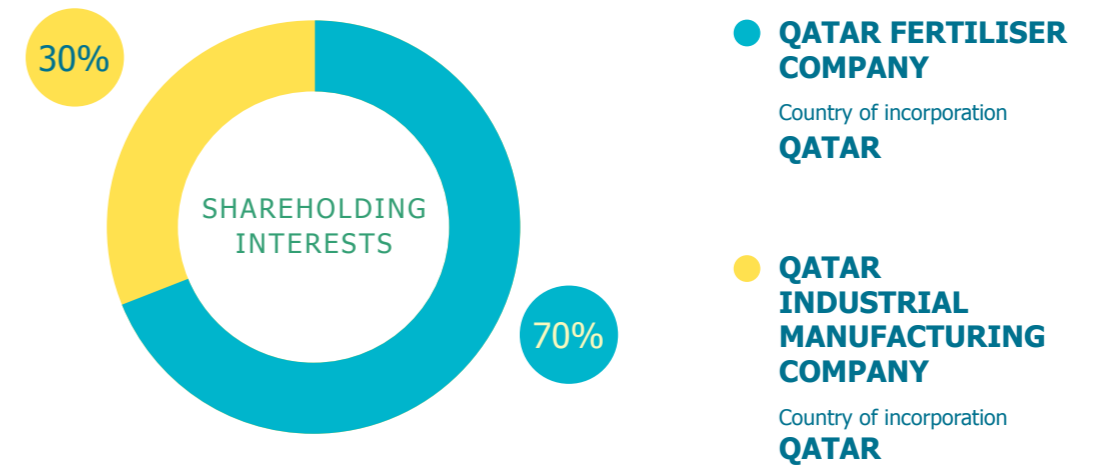
QAFCO, as well as boosting its urea production, has gone into diversified product areas and joint ventures by establishing a Urea formaldehyde and Melamine downstream subsidiaries.

QAFCO DOWNSTREAM

GULF FORMALDEHYDE COMPANY

Gulf Formaldehyde Company Q.S.C. was incorporated on 3rd March 2003 as a private shareholding company. All the shareholders are Qatari companies in the State of Qatar. The company is engaged in the production

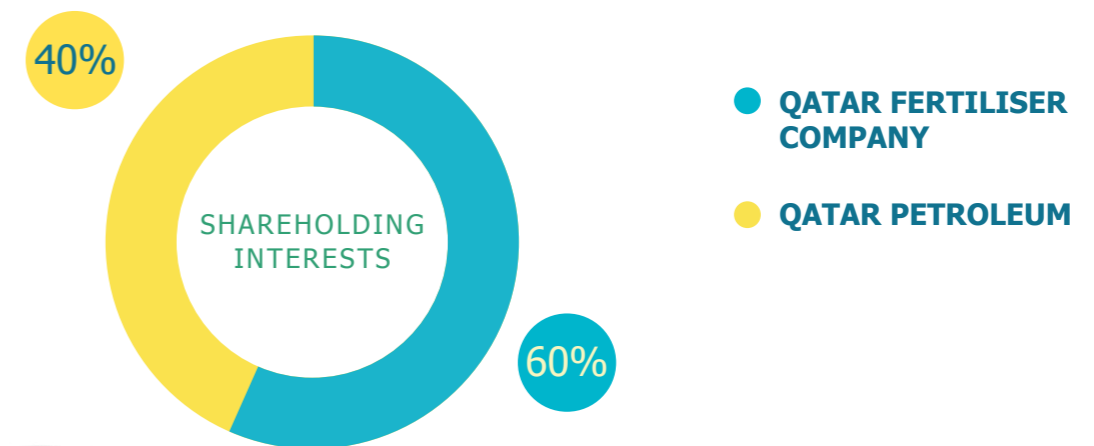
and sale of Urea Formaldehyde Concentrate (UFC). The Shareholders and their shareholding interests in the company is as follows:



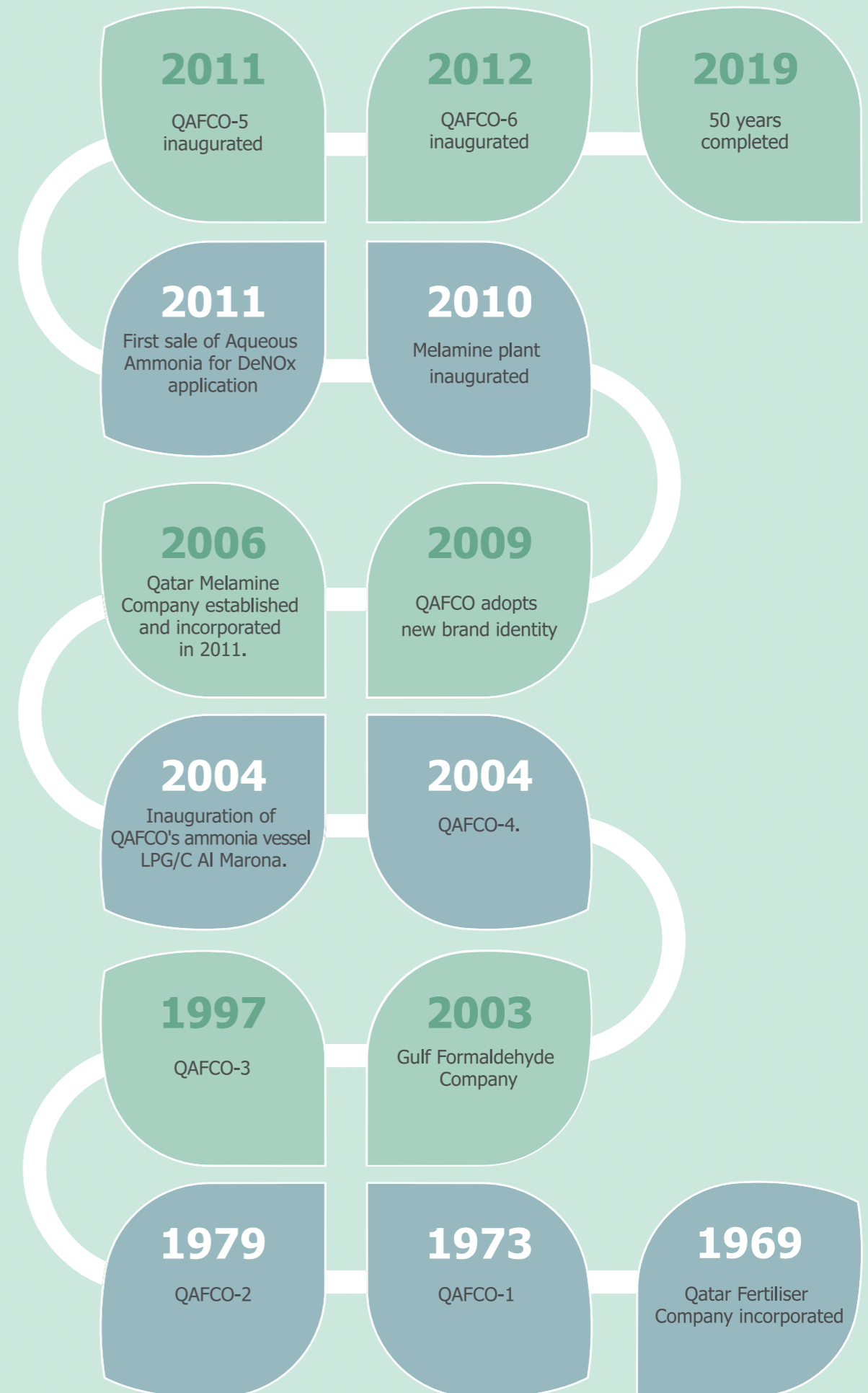
QATAR MELAMINE COMPANY

Qatar Melamine Company was incorporated in 2011 to produce melamine. The plant was inaugurated in 2010.

The Shareholders and their shareholding interests in the company is as follows:



MILESTONES IN QAFCO HISTORY





OUR PRODUCTS

Ammonia

Ammonia is a chemical compound made from nitrogen and hydrogen. In QAFCO, it is produced using natural gas as the primary feedstock. The other feeds required are steam and air. These feed materials undergo a series of reactions in the ammonia plant to produce gaseous ammonia. High pressure converts the gaseous ammonia to liquid ammonia. The liquid ammonia is then stored at a temperature of minus 33 degrees centigrade in a specially refrigerated ammonia storage tank.

Urea – Prilled and Granular

Urea is a solid compound with 46% Nitrogen which is commonly used as fertiliser. It is produced by the reaction of Ammonia and Carbon Dioxide (CO₂) under high pressure. The liquid urea thus produced is turned into a solid fertiliser as prilled or granular.

Urea Formaldehyde Concentrate

Urea Formaldehyde Concentrate (UFC-85) is a viscous liquid with 60% formaldehyde, 25% urea and 15% water. The formaldehyde is produced by the reaction of methanol with air. This is then dipped in urea solution to form UFC-85. UFC-85 is a urea additive, used as an anti-caking agent for it.

Melamine

Melamine (C₃H₆N₆) is a product in the form of white powder used for the production of a broad range of synthetic resins. It is obtained by the thermal decomposition of urea in the liquid phase reaction. The urea for melamine synthesis is supplied by the revamped QAFCO Urea-1 plant.

Melamine is used in the synthesis of melamine formaldehyde (MF) and melamine urea formaldehyde (MUF) resins, which are used mainly for laminates, wood adhesives, surface coating, paper, textile treatment and for moulding compounds.

Aqueous Ammonia

Aqueous ammonia is a solution composed of 19% ammonia produced by the absorption of gaseous ammonia in demineralised water. It is used as an absorbing agent for Nitrogen Oxides produced on the utilisation and burning of gas in power generators and industrial plants. The aqueous ammonia facility was established in QAFCO premises in 2009 with an annual production capacity of 60,000 metric tonne. The aqueous ammonia solution is used for NO_x reduction at QAFCO.




QAFCO BOARD OF DIRECTORS



Mohamed Salem Al-Marri
Chairman



Ahmad Helal Al-Mohannadi
Vice-Chairman



Abdulrahman M. Al-Suwaidi
MD & CEO



Soud Al-Ruwaili
Director



Faisal Al-Kuwari
Member



Mohammed Jaber Al-Sulaiti
Member



Lars Røsæg
Member



Ivan de Witte
Member

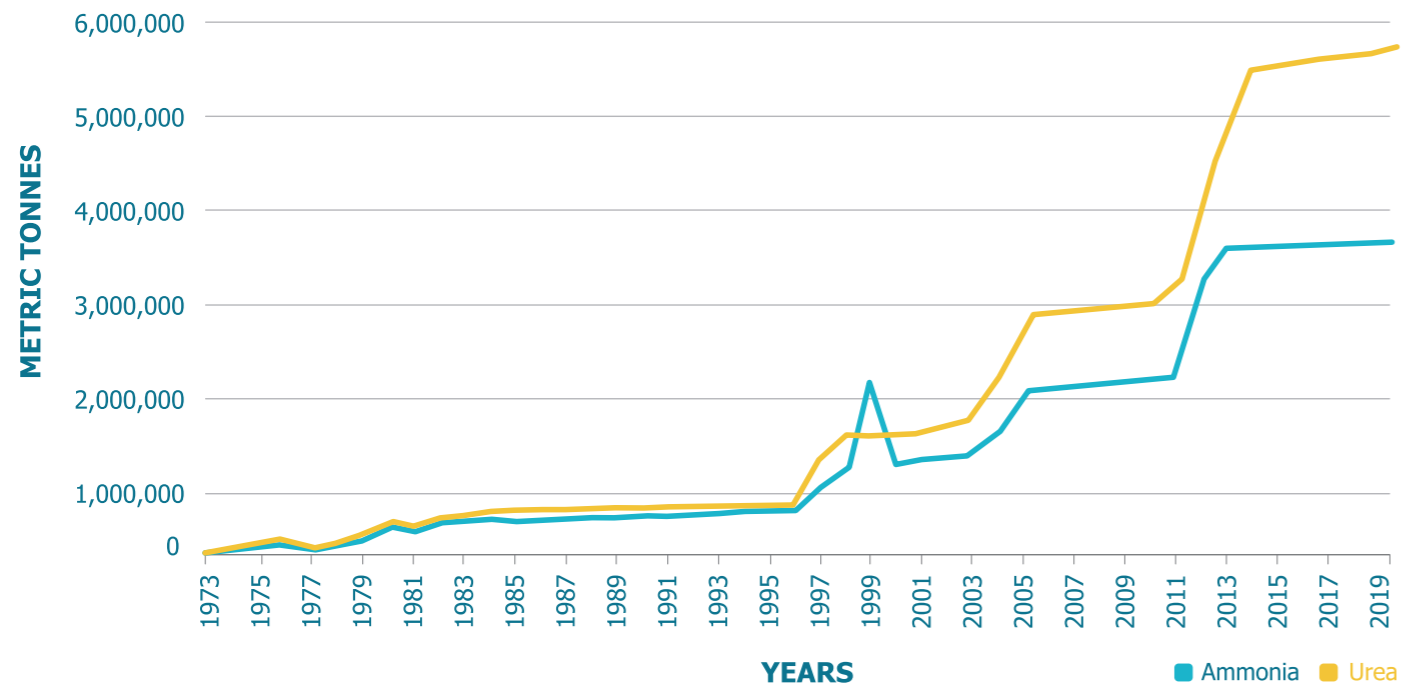
OPERATIONAL EXCELLENCE

AMMONIA AND UREA PRODUCTION CONTINUED TO BE HIGH

In 2019, QAFCO continued to be among the top ammonia and urea producers of the world. With a sizable annual production capacity of 3.8 million MT of ammonia and 5.6 million MT of urea, QAFCO is the world's largest single-site producer of ammonia & urea. Responding to current requirements, QAFCO maximised production of granular

urea to meet the specific demand of our customers based in different locations (such as Australia, US, India) with strict regulatory regimes. At present, QAFCO has four granular urea plants with a combined design capacity of 12,900 Metric Tonnes Per Day (MTPD).

AMMONIA AND UREA - OVER THE YEARS



AMMONIA PRODUCTION

QAFCO produced 3.77 Million MT of Ammonia in 2019. This is the highest volume in its production history. Of the total output this year, 3.21 Million MT was utilised in QAFCO for the production of urea, aqueous ammonia, and melamine.

UREA PRODUCTION

QAFCO produced 5.77 Million MT of urea in 2019, including that used in the production of melamine and urea formaldehyde.

GULF FORMALDEHYDE COMPANY (GFC)

The company has two plants namely UFC A – became operational in 2004 and UFC-B that became operational in 2012. The GFC plants A and B are designed to produce 82 and 85 tonnes per day of Urea Formaldehyde (UFC-85) respectively.

QAFCO achieved the UP-TIME of **88.3%** in 2019

MELAMINE

QAFCO has utilised its expertise in fertiliser plant operations to operate and manage a production plant of premium grade melamine, based on the Eurotecnica HP process, on behalf of the Qatar Melamine Company. The plant's annual production capacity is 60,000 MT.

HEALTH, SAFETY, ENVIRONMENT, AND QUALITY PERFORMANCE

HSSE POLICY

QAFCO's Commitment:

- Pursue the goal of no harm to people and assets
- Protect, conserve and preserve the environment
- Use material and energy efficiently

To fulfil these commitments, QAFCO:

- Has implemented management systems for health, safety, security, energy, environment, and product stewardship, designed to ensure compliance with applicable law and to achieve continuous performance improvement
- Operates its facilities in a safe, secure, energy-efficient and environmentally responsible manner
- Requires contractors to manage and support QAFCO's commitments in line with this policy
- Maintains and manages its asset integrity effectively and efficiently
- Enables consultation and participation with employees, engages effectively with neighbours and the wider community
- Established and maintains a systematic management approach that makes quality, health, safety, security, energy, environmental standards and product stewardship an integral part of company planning,

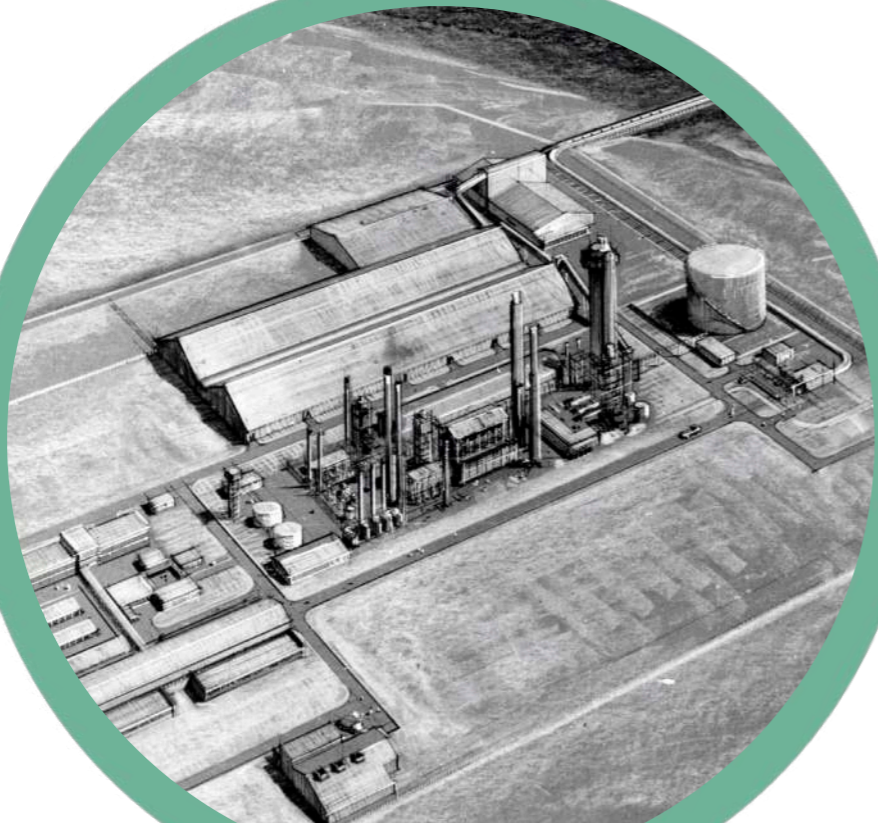
supply chain, production, performance monitoring, and continuous review

- Continually assesses the effectiveness and conformance to its adopted standards for continual improvement
- Fosters a culture of Health, Safety, Security, Energy and Environmental consciousness
- Supports sustainable waste management processes

SAFETY

Safety – A Way of Life

QAFCO was one of the early adopters of management systems for enhancing HSEQ performance. It secured ISO 45001 certification, replacing its previous OHSAS 18001 certification. It has established a process safety management system in line with OSHA's requirements as per OSHA 1910.119., which will lead to an overall improvement in HSE performance. QAFCO recorded zero major incidents in 2019. This continual improvement process illustrates the determined commitment of QAFCO's management to achieve high HSE standards.



ENHANCING SAFETY CULTURE - QAFCO'S ROAD BEYOND ZERO (RBZ) SAFETY INITIATIVE:

Believing that safety transcends all boundaries, QAFCO's senior management launched a flagship programme "Road Beyond Zero", in 2018, aimed to break the mental barriers on how people view safety in their day to day life. Road Beyond Zero Safety is considered to be a commitment, both personal and organisational, to create a workplace culture that is unaccepting of any incident and injury.

QAFCO's Leadership Commitment has been visible and evident by the following messages they have consistently shared with the organisation at each step since the start of this initiative:

- Visible care and concern for others
- Everyone going home safe, every day
- Intolerance for ANY level of injury
- Responsibility for my safety and others' by speaking-up, getting to know each other, and choosing to follow safe practices.

QAFCO's RBZ aimed to prepare, not just a small group of champions living and leading the way but empower the entire organisation to live the

role of a Safety Champion, not just in QAFCO but transcending all boundaries. Our initiative does not end at the gates of QAFCO, but far beyond, reaching and touching the lives of anyone who is acquainted with QAFCO.

QAFCO 3 Shutdown

The shutdown was safely completed with more than 1846 contractor employees involved, for 24 days.

Focus was on proactive activities to achieve the shutdown goals as follows, but not limited to:

1. Contractor's daily HSE performance evaluation by creating scorecard and data analyses.
2. Awareness training and HSE campaigns for contractor employees and involved QAFCO employees.
3. Daily Walk Observe and Communicate (WOC) by shutdown management team including contractor's management to promote Safety at work place .
4. Identifying and recognising the best safety performer of the day.
5. Identifying and recognising the best contracting company based upon HSE performance.

ENVIRONMENT

Environmental Sustainability

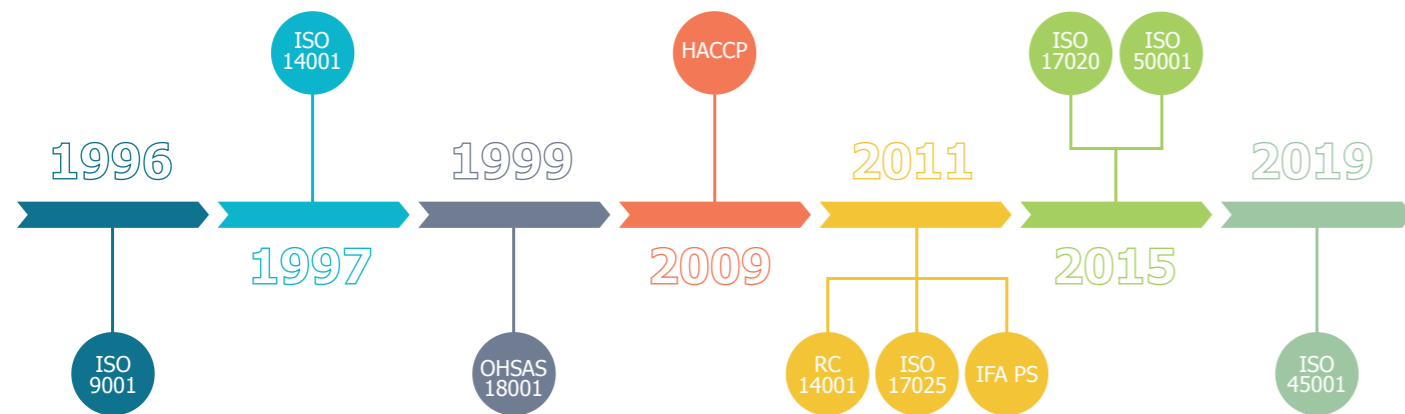
QAFCO's commitment towards reducing the impact of its environmental aspects is driven by its responsibility to preserve the environment for future generations to inherit. This devotion to preserving the planet is reflected in several areas of the QAFCO Environmental Management System.

Environmental Projects

To achieve and sustain the minimisation of environmental impacts that any fertiliser industry can pose on the environment, QAFCO has embarked on a journey in implementing several environmental projects, they are:

1. Installation of a De-NOx system to reduce Nitrogen Oxide emissions
2. Installation of Continuous Emission Monitoring Systems (CEMS) at more than 20 locations to monitor the quality and content of emissions released to the ambient environment.
3. Achieving Zero Liquid Discharge to Sea at all QAFCO 1-4 sites, after successful completion at QAFCO 5-6.

The timeline shown below represents the ISO certification/accreditation journey of QAFCO till date.



QUALITY

Quality – Do it right the first time

QAFCO has always been at the forefront of adopting internal standards as a way of conducting business, and has a well established Integrated Management System comprising of, Quality (ISO 9001), Environment (ISO 14001), Occupational Health & Safety (OHSAS 18001 and ISO 45001), Responsible Care (RC 14001) and Energy Management (ISO 50001). QAFCO has also obtained accreditation for its Laboratory services (ISO 17025) and Inspection & Materials Technology services (ISO 17020).

Besides, QAFCO has been recognised for its Product Stewardship initiatives, by securing the IFA Product Stewardship (IFA PS) Excellence certification since its inception in 2011.



STRATEGIC PEOPLE DEVELOPMENT - SUSTAINABLE APPROACH

QAFCO has been in existence for over 50 years, and its HR systems and practices have undergone continuous development to meet the ever-changing challenges. Employee training and development has also transformed over the years, from being focused on on-the-job training to a more comprehensive skill and competency development function based on scientifically researched needs. During 2019, the section was re-designated as the Learning & Development (L&D) Section to reflect the shift towards QAFCO's strategic people development function.

Accordingly, the L&D Section is focused on initiatives such as the establishment of:

- I. QAFCO competency framework
- II. Succession management
- III. Career ladders, and,
- IV. Competency-based development aimed at developing technical, functional as well as behavioural (soft skills) competencies.

QAFCO remains committed to hiring and retaining talented Qatari nationals by providing them with defined career paths. Efforts are made to continuously attract Qatari candidates at different levels and design suitable development programs to realise their potential.

During 2019, QAFCO continued to build on its contribution to the realisation of the Qatar National Vision

2030 for Qatarization and the focus was on increasing both the quantity and quality of Qatari nationals in the workforce.

Therefore, QAFCO strengthened its relationship with the education sector through formally signed Memoranda of Understanding with Colleges and Universities in Qatar to develop agricultural research, conducted its own Career Fair, and participated in a number of career events, specifically related to enhancing career growth and development opportunities for those Qataris enrolled at Vocational Institutions.

In addition to existing initiatives such as Qatari Day that provides an open platform for discussion and team building, several new initiatives were also implemented to enhance QAFCO's standing as an Employer of Choice for Qatari nationals, including an employee engagement survey and a graduation ceremony for all Qatari nationals who completed academic studies during the previous academic year. All Qatari nationals were provided with opportunities to attend structured learning and development interventions during 2019 and many are now embarked upon formally structured, long term career development interventions, that include vocational education and training programs, college and undergraduate academic programs or continuous career development interventions.



CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

ROAD BEYOND ZERO - SAFETY CULTURE SESSIONS

As part of its ongoing drive to enhance and improve safety performance, QAFCO embarked upon the 'ROAD BEYOND ZERO' Safety Culture journey which was designed to produce a paradigm shift in the outlook, experience and actions of QAFCO employees as it regards to safety, both in and out of the workplace. In line with the initiative, QAFCO arranged for separate visits by Charlie Morecraft and Ken Woodward, to share their personal experiences with an industrial tragedy that changed the lives of their families and themselves. Several sessions were arranged for employees, their families, and other industrial community members.

MoU SIGNED WITH LOCAL UNIVERSITIES

QAFCO partnered with Qatar University and the College of North Atlantic in Qatar (CNAQ) through separate MoUs as part of its support towards Qatar's vision of a knowledge-based economy. The MoUs aim to facilitate the development of a world-class educational system in Qatar, in alignment with the human development pillars of QNV 2030.

The partnership with CNAQ aims to focus on enhancing cooperation between the two entities in terms of the development of learning opportunities such as internships for CNAQ students at QAFCO, technical training of short courses for QAFCO staff, case studies for CNAQ Students by QAFCO staff, and sponsorship of CNAQ students.

The partnership with Qatar University aims to contribute to agricultural and scientific research to support the development of the agricultural sector in Qatar, pursuing Qatar's vision of self-sufficiency and food security. In addition to research, the partnership also covers learning and development opportunities for Qatar University and QAFCO alike.

PROGRESS ON FOOD SECURITY MoUs SIGNED IN 2018

Further to the MoUs signed separately with Hassad Foods and Agrico in 2018 to increase food production from the Qatari agricultural sector, both projects saw notable progress in 2019. The partnerships, which are focused on increasing agricultural yields, identified key improvements in farming techniques, which were communicated with local farmers.

The Trial and Demonstration Centre established in the joint cooperation with Agrico, yielded successful trials, wherein the main objective of developing a sustainable crop management system suited for the Qatari climate with high yields and productivity while conserving precious local water resources and limiting any negative impact of vegetable production on the local environment was achieved.

In the partnership with Hassad Foods, Qatar's first pilot water-saving greenhouse was officially launched at one of Hassad's greenhouses in Al Shahaniya. Once implemented fully, the pilot greenhouse aims to increase production by 20 times the average in Qatar and reduce the water consumption by 90 per cent. As part of the launch, Norwegian and Qatari officials planted tomato seedlings in the pilot greenhouse.

DONATIONS

In line with its corporate values, QAFCO contributes to the Qatari community by supporting various causes. In 2019, QAFCO donated medical equipment to Qatar Society for Rehabilitation of Special Needs and HMC – Paediatric Ward in order to support the local community.





RBZ SESSION WITH CHARLIE MORECRAFT



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RBZ SESSION WITH KEN WOODWARD



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