

A close-up photograph of a person's hands, wearing a white thobe, gently touching the rough, textured bark of a tree trunk. The background is a soft, out-of-focus green, suggesting a natural outdoor setting.

SUSTAINABILITY REPORT

2012





*His Highness*  
Sheikh Tamim Bin Hamad Al-Thani  
*Heir Apparent*



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





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# Our Report Scope and Boundary

## Content and structure

This is the second Sustainability Report produced by Qatar Fertiliser Company (“QAFCO”). It covers responsibilities to its stakeholders and the contributions QAFCO has made to sustainable development.

In 2012, QAFCO issued its second sustainability report and the company commissioned comprehensive stakeholder analyses and materiality tests to identify and highlight major issues of interest to its stakeholders (Qatar Petroleum, Workforce, Community, Customers, Shareholders, Government, etc.) and developed its approach to these issues. The reporting structure and framework showcase these material sustainability issues and aligned them to the Qatar National Vision 2030 and the National Development Strategy 2011-2016. It also highlights QAFCO strategies, achievements and future plans for sustainability management especially in the areas of sustainable environmental management, community and social contributions, ethics in the marketplace and its corporate culture.

This Report is also part of the Qatar Energy and Industry Sector Sustainability Report 2012, third report produced as an annual output of the Sustainable Development Industry Reporting (SDIR) Programme. This is a unique and visionary programme promoted by Qatar’s Ministry of Energy and Industry, aiming at supporting the sector’s implementation of sustainability and commitment to the State of Qatar.

QAFCO strives continually to improve the materiality and reliability of the information presented and the company has adopted an approach aligned with the Global Reporting Initiative and the UN Global Compact primarily and considered oil and gas sector specific reporting requirements such as that of the International Petroleum Industry Environmental Conservation Association (IPIECA).

The QAFCO Sustainability Report covers the entire organisation - Qatar Fertiliser Company (Q.S.C.C) and its subsidiaries (together referred to as QAFCO Group)- and includes quantitative and qualitative data for Financial Year 2012, starting from January 1st 2012 to December 31st 2012, as well as some relevant information for 2011.

The basis for reporting on subsidiaries does not significantly affect comparability from period to period. On the other hand, in 2012 report, new expansion projects commissioned in 2011-2012 period (QAFCO 5 & 6), have been included affecting comparability in production, exports, and consumption parameters.

QAFCO has continued its commitment to provide detailed disclosure on indicators and provide clear performance trends. In this Report the group has also tracked data and statistics of its performance to date and evaluated its progress in achieving targets. Some indicators are partially reported and only relate to certain divisions or activities as indicated in the text.

QAFCO Management Systems are used throughout QAFCO and helps accomplish meaningful data capture and aggregation. Key elements of these systems are measurement policies and requirements. As part of these requirements, measurements are established and performance is monitored to ensure consistent performance that meets QAFCO’s objectives and targets. Management systems set expectations on calibration, measures, measuring equipment, measurement systems and critical instruments. Several data management systems address specific requirements and are unique to the particular needs of the respective measures. Examples, among others, include the QAFCO Safety Information System (SIS) that tracks incidents, accidents and injuries.

The Report has been examined by Ernst & Young to measure its application against the GRI 3.1 Guidelines. Their conclusions are presented in an Assurance Statement which can be found at the end of this Report. QAFCO’s sustainability report will be published annually and will be distributed to all its key stakeholders.

## Feedback Form

### Feedback and Contact Details

This report is available to all stakeholders in hard copy on request and can be downloaded from our website. For further information and comments, please contact:

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### Verification statement to QAFCO management

The sustainability information collated and verified by Ernst & Young form part of QAFCO's ("the Company") Sustainability Report ("the Report") for the calendar year 2012. QAFCO is responsible for the presentation of information reported. The accuracy of selected sustainability data related to Sustainability Key Performance Indicators presented in the Report was verified. Our responsibility in performing our work is to the management of the Company only. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the Report is entirely at its own risk. This statement should not be taken as a basis for interpreting the Company's overall performance, except for the aspects outlined in the scope below:

### Scope of Verification

The scope of our verification covers the numerical data relating to the Company's sustainability key performance indicators for the period 1 January 2012 to 31 December 2012.

### Our Approach

Our approach involved assisting the relevant data owners in collation and reporting of the data for the QAFCO 2012 Sustainability Report and sample testing the accuracy of the data during the process.

### Limitations

Our scope excludes aspects of the Report and data/information other than those mentioned under *Scope of Verification* and the economic performance data included in the Report, which we understand is derived from the Company's audited financial records.

### Our Conclusion

On the basis of our verification, nothing has come to our attention that would cause us not to believe that the information covered under the *Scope of Verification* is accurate.

### Ernst & Young, Middle East Head Office

Amjad Rihan, Partner  
25 April 2013  
For Ernst & Young

# CEO's Statement



*"Sustainability is more than reducing emission and community initiatives, we go beyond."*

*Sustainability Risks, Opportunities and Challenges at Qafco In 2012*

After the inauguration of Qafco-6 facility in December 2012, Qatar has become the 4th largest urea producer in the world. This achievement brings with it huge responsibilities to the environment we live and operate in. The recently concluded UN Climate Change Conference in Doha, reaffirmed Qatar's commitment towards formulating an unanimous global response towards climate change. This commitment which is part of the Qatar National Vision 2030 document embarks Qatar on a mission to cut its carbon dioxide emissions, improve energy efficiency, minimise water use, and invest in renewable energy solutions. We are in tune with the Qatar's National Vision 2030 and have been doing our part towards the realization of the glorious vision.

In our second sustainability report, we reassert our commitment to the principles of Global compact as we focus on our new initiatives in the field of community engagement, employee relations, safe workplace and on progress on the environmental front. We see this as an opportunity to share our experiences in our journey towards becoming a sustainable organization.

## **FERTILIZER, A SUSTAINABLE BUSINESS**

In this rapidly expanding world population, importance of fertilizers can never be overemphasized as they form an inseparable link in the food chain. This is further emphasized by the steady increase of 3-4 % in demand for nitrogen fertilizers alone worldwide. Apart from that, a maturing agricultural landscape in developing economies will give a further boost to the fertiliser industries. Hence, fertiliser industries like ours are one of the most sustainable businesses.

## **ENERGY EFFICIENCY AT QAFCO**

At QAFCO, we seek to become one of the leaders in our sector in energy efficiency. In the next coming years, we want to conserve energy and at the same time we want to increase the production both in ammonia and urea and be able by the end of 2013 to reach up to 5.6 million tons of urea. We have those capacities, with the support of energy efficiency measures, we will achieve our targets.

Over the years, we have brought tremendous improvement in energy utilization at our plants with our new plants using just 36 Giga Joules (GJ) per tonne as compared to earlier

46 GJ in older plants built before 1980. We have also undertaken many initiatives to further improve energy efficiency.

Apart from that we are also looking at partnering with neighboring companies in improving energy efficiency.

## **RISKS, OPPORTUNITIES AND INITIATIVES**

At QAFCO, sustainability is more than reducing emission and community initiatives, we go beyond. A case in point is the Sahara Forest Project, a pilot project, where in we have taken the initiative to develop a self sustaining ecosystem which uses only sun and water to produce vegetables. This is an initiative in sustainable farming methods which if successful can be implemented at a larger scale. The project has created a lot of interest in the academia here in Qatar.

Apart from these initiatives, we also support, through our association with International Plant Nutrition Institute, scientists around the world working to help farmers prevent or mitigate environmental impacts of soil deterioration due to over use of fertilizers. This is the highest environmental impact associated with fertilizers as overuse of fertilizers may lead to soil deterioration near rivers due to nitrogen runoff which triggers algae growth in the sea. The proliferation of algae in the sea blocks sun rays thereby reducing the concentration of oxygen in water and consequently impacting fish population.

In late 2006, QAFCO was granted the 'Environmental Custody' of the Al-Besheriya, an island situated off the coast of Qatar. QAFCO has since been monitoring the environmental status of the island and later on carried out the Baseline Ecological Survey of the Island. Based on the study conducted for the island (by Environment Studies centre of Qatar University), it has been observed that the island is majorly favored by nesting and migrating birds. We are taking care to ensure that the nesting season for the birds is undisturbed, and at the same time will carefully monitor the movement of these birds. Apart from that, we have deployed artificial reefs near Mesaieed coast to improve marine life in this area.

## **OUR ENVIRONMENT IS OUR RESPONSIBILITY**

We have implemented safety improvements and monitoring systems for GHG emissions that are inherent to our processes, such as level of NOx and SOx emissions. Our process improvements have helped us to reduce our NOx emissions to 50 mg/l against the Qatari regulation limit of 150 mg/liter.

At QAFCO, we exercise environmentally responsible practices. The Waste Exchange Donation System (WEDS) is one such initiative to serve Qatar and possibly the Gulf Region. The system is a free and confidential non-hazardous waste materials exchange system developed on the philosophy what may be unwanted materials to one business could be a raw material for another.



Part of our duty at QAFCO is to educate the world regarding "fertilizers". A lot of people misunderstand "fertilizers". Some people think that it is only a chemical to be used on the plants. At QAFCO we say that we are mineral fertilizers. We restore the minerals back into the ground.

#### **SAFETY, WE TAKE IT VERY SERIOUSLY**

Occupational health and safety issues are priorities at QAFCO. We have initiated many steps to ensure safe working environment for our employees. We have implemented a comprehensive occupational health and safety management system that conforms to the latest international standards. Our safety system comprises an incident prevention program, including emergency preparedness plans, training, safety procedures, protective equipment, hazard inspection and communication, and incentive schemes. We have initiated the Behaviour Based Safety Program to further reinforce the culture of safety in our work force.

One of the other significant safety initiatives was strict implementation of carrying ammonia gas mask, all the time in the plants. We are one of the first companies in Qatar to do this.

We are just as much concerned about our contractors as our employees. We provide our contractors with a lot of safety training and ensure that processes are in place in the multi cultural, multi lingual working atmosphere. We also care of contractor welfare. We make sure that all our contractors live in comfortable, safe and hygienic accommodations and that their salaries are always paid.

#### **COMMUNITY ENGAGEMENT**

QAFCO engages with its community in various ways. Of these, QAFCO Flower and Vegetable Show is one of the most popular of QAFCO's community engagement. Apart from that we also sponsor QAFCO Open Tennis Championship. These are over and above many other initiatives of social engagements that we undertake.

#### **INNOVATION AND QAFCO**

Innovation is also very important at QAFCO. We strive to find new markets and opportunities for new applications of our products. We are studying the possibilities of using urea to improve nutrient capacities of certain plants. A case in point is Cassava root is used in Africa. This root does not have any protein. The idea is to introduce nitrogen or urea and hence add proteins to the root. The theory being Nitrogen creates amine, amine creates amino acids and the chain of amino acids creates the protein. Studies are also underway to look at the possibility of urea being used to increase protein and reduce the administering of antibiotics in poultries. This again reasserts that what we produce at QAFCO is one of the most important elements in life.

#### **SUSTAINABILITY MAKES BUSINESS SENSE**

The role of the fertilizer industry like ours can never be underestimated in helping to feed billions of people and also in raising the living standards of farmers from across the world.

We are part of that industry that has played a stellar role in making the most of the existing arable land and protecting the earth's vulnerable forest cover.

Sustainability makes business sense and it can never be a cost, however, it is a challenge to quantify the intangible benefits. Nevertheless, we have reaped benefits from our environmental projects that reduce waste. Our energy efficiency projects are bound to give us financial benefits in the years to come, for example our new cogeneration units are bound to save more than 20% energy at QAFCO plants. However, I strongly believe that the impact that you can create in the environment and in the community that you function, go a long way in helping a business grow and sustain itself.

We increasingly say that 'being good in sustainability and being able to talk about that becomes a competitive advantage', especially in a global market. Today, sustainability has evolved from mere talk to being more action oriented. More and more companies and customers want to understand your approach to sustainability issues, and that is where our sustainability report comes into picture.

#### **INTO THE FUTURE**

In the year ahead, Muntajat would have assumed exclusive responsibility for the marketing, sales and distribution activities of Qatar Fertiliser Company (QAFCO). This will complete the second phase of a comprehensive marketing consolidation of Qatar's chemical and petrochemical industry. Muntajat's marketing of QAFCO's products will have a material effect on the fertiliser industry by creating efficiencies in sales and distribution channels, thereby reinforcing Qatar's strong market position in the growing global fertiliser market. This transition of marketing, sales and distribution to Muntajat allows us to focus on expanding our production capacities and will further strengthen the key role QAFCO plays in the global fertiliser market.

I thank HE Dr. Mohammad Saleh Al Sada, Minister of Energy and Industry and the QAFCO board that has guided us all through to contribute towards realizing the vision of HH Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar and HH Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani, the Heir Apparent. I am grateful to QAFCO's Board of Directors, Management and employees who are helping QAFCO achieve its goals.



**KHALIFA A. AL SOWAIDI**  
QAFCO vice-Chairman & CEO



### QAFCO at a Glance 2012

<b>Company (or business unit) assessed:</b>	<b>QATAR FERTILISER COMPANY (S.A.Q) - QAFCO</b>
Headquarter	P.O Box 50001, Mesaieed, Qatar
Year Established	1969
Total number of employees:	Approx. 1501
Annual production volume (MT per year)	Ammonia - 3,210,560 Urea - 4,554,766
Scope of activity (HPV manufacturing, blending, downstream distribution activities, supplier of raw material, marketing to end use, international trading ...)	Production, storage, marketing, Sales and Delivery of Ammonia, Prilled and Granulated Urea
Number of locations (own and sub-contracted):	Single location
Profile of storage and transportation activities (on-site/off-site storage; road, rail, sea, barge transportation...)	On-site storage and sea transportation
Product range = typical product types produced/sold (AN, Urea, Ammonia, phosphate rock, acids, NPKs,...)	Ammonia and Urea
Valid management system certificates, if any: ISO 9001, ISO 14001, OHSAS 18001 etc	ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007, RC 14001:2008 and ISO 17025:2005 (for Laboratory)

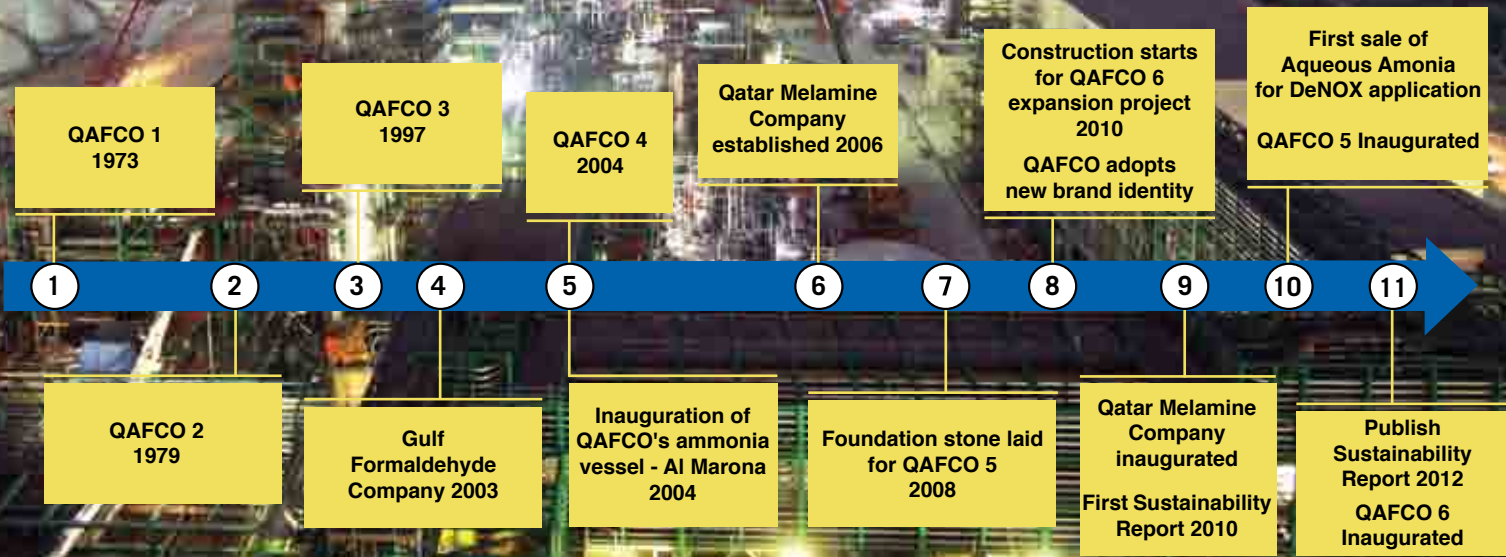
Qatar Fertiliser Company (S.A.Q) was founded on 29 September 1969 as a joint venture between the Government of Qatar and Norsk Hydro Norway, Davy Power and Hambros Bank, to produce ammonia and urea. The country's first large-scale venture in the petrochemical sector, QAFCO was established with a view to diversify the economy and utilize the nation's enormous gas reserves. After successfully implementing several expansion projects over the past three decades, the Company has evolved into a world-class fertiliser producer. QAFCO is now owned 75% by Industries Qatar (IQ) and 25% by Yara Netherland.

With a sizable annual production capacity of two million metric tonnes (MT) of ammonia and three million MT of urea from four ammonia and four urea plants, QAFCO is now the world's largest single-site producer of urea. The QAFCO-5 expansion project, which was completed in late 2011, raised QAFCO's annual production capacity to 3.8 million MT of ammonia and 4.3 million MT of urea. Today, QAFCO is the world's largest single-site producer of both ammonia and urea. The QAFCO-6 project, which started in 2012, increases the Company's annual production capacity of urea to 5.6 million MT. Consequently, the project will strengthen the Company's position as a key player in the global fertiliser market.

To cater to the world markets, which are showing increasing developed fertiliser consumption patterns, the Company currently seeks to maximise its production of granular urea as opposed to urea prills. Granular fertilisers are considered more suitable for the technology-dependent cultivation methods adopted in developed countries. In addition, QAFCO is planning to produce Sulphur-Coated Urea (SCU), a product that will increase nutrient recovery and improve crop yields. It will also reduce the negative environmental impacts of urea.

At present, QAFCO exports ammonia and urea to more than 35 nations across the globe, with its primary markets being the countries of South East Asia, North America, Australasia and South Africa. We pursue a policy of retaining existing customers while forging ties with new ones. This has enabled the Company to maintain a large network of distributors, with utmost care being taken to ensure that all are satisfied with the quality of our products, services and level of commitment.

Our journey over the years



# About Qafco

## Vision, Mission, Values and Main Objectives

QAFCO's vision, mission, main objectives, and strategy for the next year describe why the Company exists, who we are, what we intend to do, and how. All of these guide our practices and priorities.

At QAFCO, we are committed to promoting socially responsible conduct that aligns with the 10 universally accepted principles of the United Nations Global Compact. These principles are woven throughout the Code and are also consistent with our expectations of suppliers and business partners. We are also striving to reduce the impact in the environment without compromising our growth and to share our non-financial information through a sustainability report consistent with GRI Guidelines and IPIECA and aligned to Qatar National Vision (QNV) 2030 and National Development Strategy (NDS) 2011-2016.

### MISSION

We shall operate the plants Efficiently, Safely, and in an Environmentally Responsible manner to Produce and Supply Ammonia, Urea, Urea Formaldehyde and Melamine at the Quality required by our Customers and to carry out investments to Maximize Shareholders Returns.

### VISION

- *Largest Quality Ammonia and Urea Producer.*
- *Satisfy QAFCO's Need For Urea Formaldehyde.*
- *Quality Melamine Producer.*

### Our Main Objectives Are To:

- Achieve highest possible production at comparatively low cost.
- Operate the plants with maximum online factor.
- Design and operate the plants in a safe, secure and environmentally responsible manner.
- Meet customers' expectations with regard to Quality and Timely Dispatch of our products.
- Supply QAFCO with quality Urea Formaldehyde and sell the surplus.

### We Are Committed Through Our Occupational Health & Safety, Environmental, Quality And Responsible Care Integrated Management Systems To:

- Lead QAFCO in ethical ways that increases the benefits to society by protecting our people, environment and community.

- Increase the competency of personnel and use of adequate technology to enhance Customers Satisfaction, environmental, safety, health and security performance.
- Prevent pollution and control operational and security risks in order to protect the environment, the safety and health of our employees, contractors, visitors, the neighbors and the community.
- Steward our products and services through each life cycle stages in order to protect people and the environment.
- Implement Occupational Health & Safety, Environmental, Quality and Responsible Care Integrated Management Systems as a prime line responsibility at all levels of our organization and continually improve their performance and effectiveness.
- Involve and consult with our employees on matters related to our Integrated Management Systems.
- Comply with all relevant Qatari Legislations, Regulations and Standards adopted by the Company.
- Communicate this Policy and systems performance measures to our employees, contractors and other stakeholders including public and make it available to them and other interested parties.
- Monitor, study and record the environmental impacts of our operations caused by discharges to the sea and emissions to air for possible reductions.
- Encourage re-use and recycling and manage our solid waste to reduce environmental impacts.
- Conduct regular reviews of relevant Occupational Health, Safety, Security, Environmental, Quality and Responsible Care activities for compliance with the adopted Standards.
- Open information, communication and share experiences with all parties affected by or interested in our activities on safe use, transportation and disposition of our products and to recognize, respect and respond to our community concerns about our products and operations.
- Work with Governments, Agencies and Associations at all levels in the development of effective and efficient health, safety, security and environmental laws and industry standards and support research.

# About Qafco

## Ownership Structure

The shareholders and their shareholding in the Company are as follows:

Name of shareholder	Country of incorporation	Interests	Remarks
<b>Industries Qatar (IQ)</b>	Qatar	75%	IQ is the immediate parent of QAFCO, which is a 70% owned subsidiary of Qatar Petroleum (QP). Thus QP is the ultimate parent of QAFCO.
<b>Yara Netherland BV</b>	Netherlands	25%	-

Gulf Formaldehyde Company (Q.S.C) was incorporated on 3rd March 2003 as a private shareholding Qatari Company 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 are as follows:

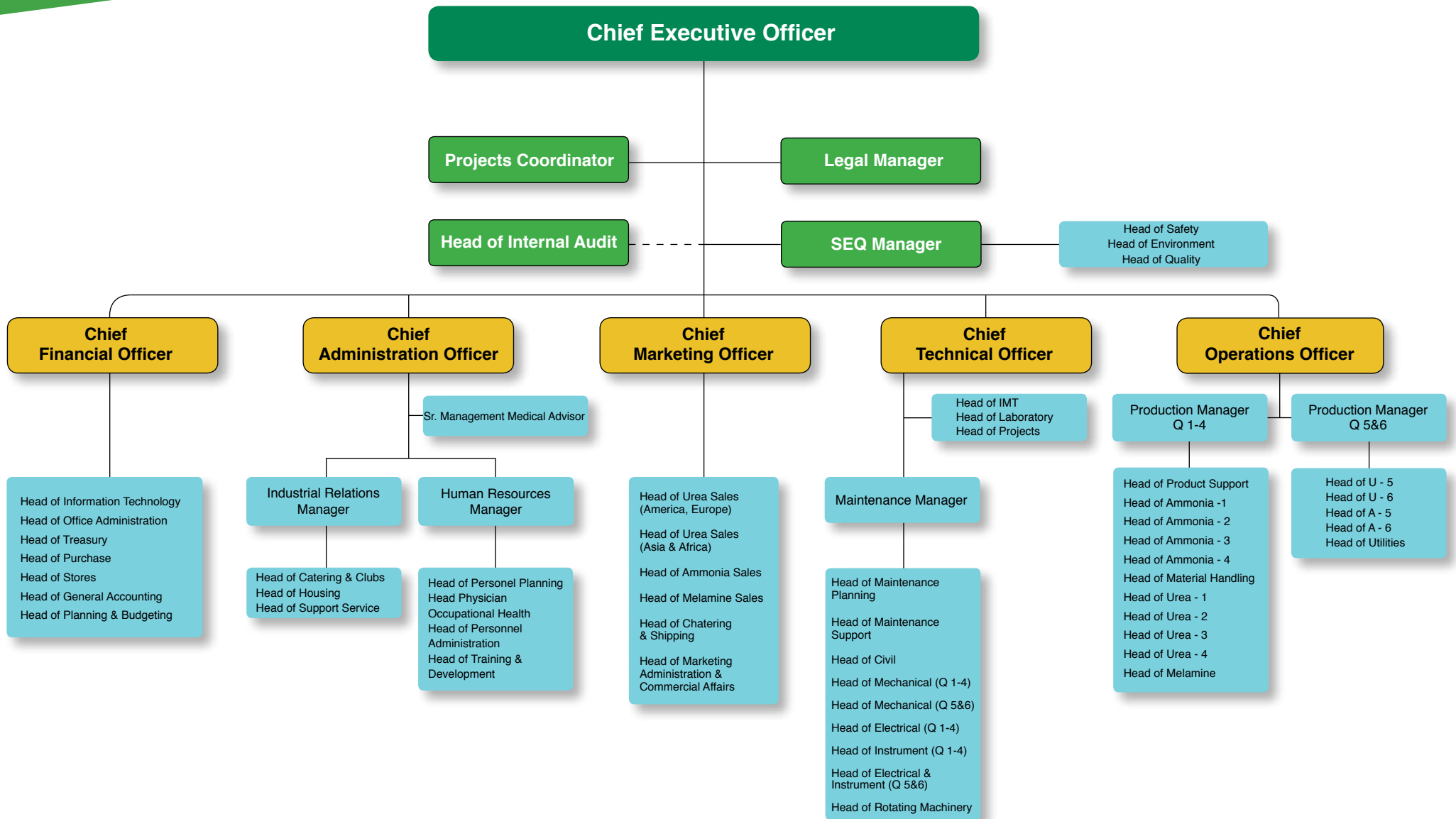
Name of shareholder	Interests
<b>Qatar Fertiliser Company</b>	70%
<b>Qatar Industrial Manufacturing Company</b>	20%
<b>United Development Company</b>	10%

Qatar Melamine Company was established following a Shareholders and Services agreement between Qatar Fertiliser Company and Qatar Holding to produce and sell melamine.

Name of shareholder	Interests
<b>Qatar Fertiliser Company</b>	60%
<b>Qatar Holding</b>	40%

# About Qafco

## Organization Structure (2012)



QAFCO has received various certifications from international bodies and institutions for its compliance against international standards. The details of the certifications received are highlighted below.

### Qatar Fertiliser Company (QAFCO) Certifications

Management System
ISO 9001:2008 - Quality Management System
ISO 14001:2004 - Environmental Management System
OHSAS 18001:2007 - Occupational Health & Safety Management System
RC 14001:2008 - Responsible Care
IFA Protect & Sustain Product Stewardship Programme - (Excellence Level)
ISO /IEC 17025:2005 - Requirements for the Competence of Testing and Calibration Laboratories
HACCP (Hazard Analysis and Critical Control Point) certification for QAFCO catering and clubs

### Gulf Formaldehyde Company (GFC) Certifications

Management System
ISO 9001:2008 - Quality Management System
ISO 14001:2004 - Environmental Management System
OHSAS 18001:2007 - Occupational Health & Safety Management System

### Qatar Melamine Company (QMC) Certifications

Management System
ISO 9001:2008 - Quality Management System
ISO 14001:2004 - Environmental Management System
OHSAS 18001:2007 - Occupational Health & Safety Management System



# About Qafco

## Sustainability Overview 2011-2012 (Highlights)

## Sustainability Overview 2011- 2012 (Highlights)

Issue	Achievements	Qatar National Vision 2030	National Development Strategy 2011-2016
<b>Environment</b>	<ul style="list-style-type: none"> <li>Environmental Management System (EMS) which is benchmarked against international standards including ISO14001</li> <li>Online Environmental Management System (EMS): Systematic data collecting and monitoring of all environmental indicators including water, energy, waste and emissions</li> <li>Biodiversity and conservation of our flora, fauna and marine life through the Sahara Forest Project, reef balls and Al-Beshheriya Island</li> <li>Online Exchange and Donation System (WEDS)</li> <li>Continuation of Environmental Training and Education: Environmental Housekeeping Tours &amp; Certificates, Supplier Evaluation, School Environmental Awareness Programs</li> </ul>	<ul style="list-style-type: none"> <li>An environmentally aware population that values the preservation of the natural heritage of Qatar and its neighboring states</li> <li>Effective and sophisticated environmental institutions that build and strengthen public awareness about environmental protection, and encourage the use of environmentally sound technologies. These institutions will also conduct awareness-raising campaigns, employ environmental planning tools, and carry out environmental research</li> <li>Encouragement of regional cooperation to put in place preventive measures to mitigate the negative environmental effects of pollution arising from development activities</li> <li>A proactive and significant international role in assessing the impact of climate change and mitigating its negative impacts, especially on countries of the Gulf</li> </ul>	<ul style="list-style-type: none"> <li>Ensure harmony among economic growth, social development and environmental protection</li> </ul>
<b>Labour Practices and Decent Work</b>	<ul style="list-style-type: none"> <li>Happy workplace with attractive benefits, career development plan and effective two-way communication system: 53 Scholarships and Sponsorship Students, 10 QAFCO members completed Sponsorship Programs</li> <li>Focus on achieving the success of Qatarization: Intake of 104 nationals in 2012</li> <li>Zero accident severity and frequency rate during 2012</li> <li>QAFCO Safety Information System re-engineered on a web based platform</li> <li>Behaviour-Based-Safety (BBS) Tool</li> <li>8,524 Contractor Employees trained in Safety and Environment Practices</li> </ul>	<ul style="list-style-type: none"> <li>Preserve Qatar's national heritage and enhance Arab and Islamic values and identity</li> <li>Educational curricula and training programs responding to the current and future needs of the labor market</li> <li>Recruitment of the right mix of expatriate labor, protecting their rights, securing their safety, and retaining those who are outstanding among them</li> <li>A solid grounding in Qatari moral and ethical values, traditions and cultural heritage</li> <li>Incentives for Qataris to enter professional and management roles in business,</li> <li>Increased opportunities and vocational support for Qatari women Targeted Participation of Expatriate Labor</li> <li>Recruitment of the right mix of expatriate labor, protecting their rights, securing their safety, and retaining those who are outstanding among them</li> </ul>	<ul style="list-style-type: none"> <li>Enable all of Qatar's people to sustain a prosperous society</li> <li>Mould modernization around the preservation of Qatari culture and traditions</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>Local socio-economic development and nurturing diversity of cultures through Al Banush Club</li> <li>Building the nation through the sponsorship and development of different events, conferences and forums which empower education, sports and women role in the society</li> <li>Public policy development to fight corruption, anti-competitive, anti-trust and anti-monopoly behaviour</li> </ul>	<ul style="list-style-type: none"> <li>Enhance women's capacities and empower them to participate fully in the political and economic spheres, especially in decision-making roles</li> <li>Develop a spirit of tolerance, constructive dialogue and openness towards others at the national and international levels</li> <li>Sponsorship and support of dialogue among civilizations, promoting coexistence between different religions and cultures</li> <li>An effective system for funding scientific research shared by the public and private sectors and conducted in cooperation with specialized international organizations and leading international research centers</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a just and caring society based on high moral standards and capable of playing a prominent role in the global partnership for development</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>Simplification of variation order approval process</li> <li>Review of the tendering process</li> <li>Full implementation of E-banking</li> <li>Higher net profit mainly due to the effect of increased sales prices as well as new expansion projects and the consequent increment in sales volumes of Ammonia and Urea</li> </ul>	<ul style="list-style-type: none"> <li>Reasonable and sustained rates of economic growth that secure a high standard of living for this generation and for future generations</li> <li>Expansion of industries and services with competitive advantages derived from hydrocarbon industries</li> </ul>	<ul style="list-style-type: none"> <li>Achieve a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living for, all its people for the present and for the future</li> <li>Manage growth and avoiding uncontrolled expansion</li> </ul>
<b>Product Stewardship</b>	<ul style="list-style-type: none"> <li>Material Safety Data Sheets (MSDS) being issued for all QAFCO products</li> <li>Close engagement with stakeholders especially the suppliers, customers, distributors and user groups in communicating responsible care and product stewardship</li> <li>Integrated marketing services with sales, service, operations and information technology</li> <li>Improve production and marketing capabilities. First achievement of its kind in the world of urea exports: 5 ships simultaneously loaded heading to Brazil, Thailand, Bangladesh, Australia and Pakistan</li> </ul>	<ul style="list-style-type: none"> <li>Provide high quality services that respond to the needs and the desires of individuals and businesses</li> </ul>	<ul style="list-style-type: none"> <li>Align economic growth with social development and environmental management</li> </ul>



### Material Topics and Data

Determining materiality is important to identify, prioritize and embed key sustainability issues and concerns of QAFCO's stakeholders in the process of defining our Sustainability targets and Sustainability Reporting scope, while gaining insight into non-financial corporate risks and opportunities. This enables QAFCO to:

- Gain insights into non-financial corporate risks and prioritize and address risks and opportunities;
- Develop distinctive, effective sustainability strategies, commitments and targets around the most significant and relevant issues for each business unit, maximizing the impact of efforts made;
- Build and maintain a strong reputation and gain competitive advantage; and
- Proactively address and manage change.

In 2012 we conducted materiality analysis using a materiality matrix to determine the priority of issues that we should address in the long term.

Among all QAFCO staff, key internal stakeholders were listed based on their influence over and dependency on QAFCO. The higher the level of responsibility in QAFCO, the more material the stakeholder's interests and concerns.

QAFCO Management, represented by chiefs, managers, heads, and team leaders from different units were considered as key Internal stakeholders, and were therefore requested to attend the 'QAFCO Sustainability Workshop'. This workshop explored, among others, what materiality means, why materiality is important for QAFCO and how materiality analysis is approached.

Workshop enabled a preliminary assessment of main sustainability interests and concerns from internal key stakeholders. By carrying out a workshop, new key stakeholders were also identified and included in the stakeholder analysis.

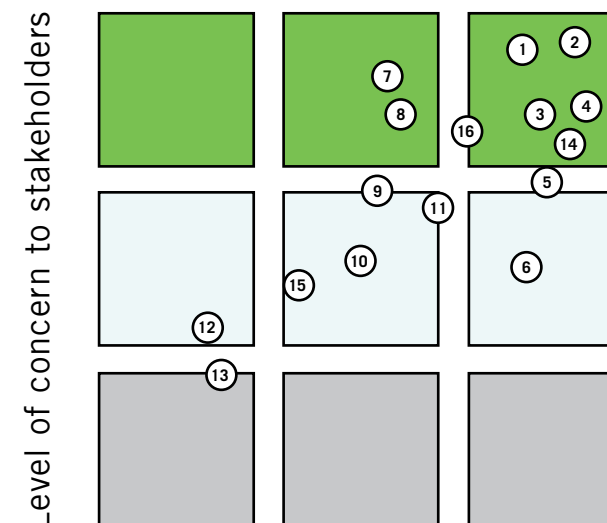
External stakeholders can impact the QAFCO Sustainability process and report, economically, politically, or strategically. Mother company i.e. Qatar Petroleum, can influence regulation that govern the operations. Competitors and peers can affect corporate policies, goals and targets. External materiality, was measured by identifying sustainability issues and Key Performance Indicators (KPIs) from annual (sustainability) reports, websites, brochures, papers, news, etc. of key external stakeholders (competitors, peers, mother company, partners, etc.).

The matrix was created by plotting identified internal and external sustainability issues along two axes: materiality to stakeholders ("Level of Concern to Stakeholders") and materiality to QAFCO ("Level of Impact"). As such, it inherently reflects the principles of materiality and inclusiveness, and where they are captured in the development of sustainable competitive advantage.

Sustainability issues	
1	Occupational Health and Safety
2	Impact on the Environment
3	Human Capital Development
4	Impact on the Community
5	Customer Health and Safety and Product Labelling
6	Environmental Performance Indicators
7	Product Stewardship
8	Qatarization
9	Biodiversity
10	Public Policy
11	Stakeholder Engagement
12	Corporate Governance
13	Direct Sector Comparison
14	Direct economic value generated and distributed
15	Human Rights
16	Energy Efficiency



**Materiality Matrix showing the Level of Concern of Issues to our Stakeholders and their Impact Levels**



Current or potential impact on QAFCO

# Strategy and Analysis

## Engaging with Stakeholders

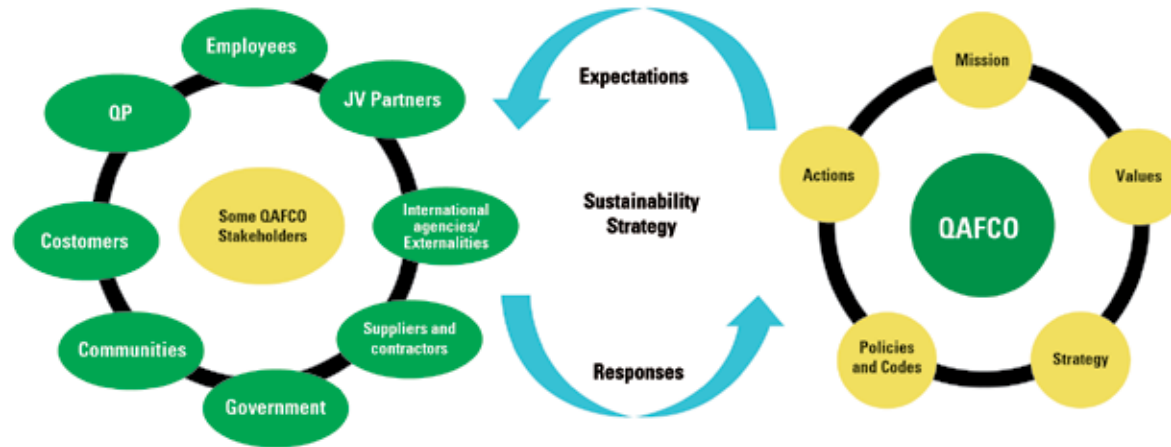
### Engaging with Stakeholders

Engaging stakeholders is an important part of sustainability performance because their interests, expectations, and needs not only inform where we should focus its economic, environmental, and social efforts, but also help define what sustainability performance or success means to our organization. Identifying important stakeholder groups and understanding how we impact each other is not only good organizational practice, but also good financial practice.

Indeed, stakeholder engagement is a two-way process, and can involve a significant investment of time and resources. However, the benefits of doing so certainly pay off, both in terms of improved social and environmental performance, but also financial performance through a number of mechanisms including reduced brand and reputational erosion, increased customer attraction through stakeholder support, improved ability to partner with other leading sustainability firms, and maintained social licenses to operate.

In 2011, we achieved the Responsible Care certification. This commits chemical companies to be open and transparent with stakeholders at the local, national and international level.

Identifying and selecting stakeholders is based on the level of interaction and impact from or to our business. Dialogue and cooperation helps our industry work much more closely with local communities, governments, contractors, our employees, international organizations, and others to understand and address their concerns. We also promote co-operation with governments and organizations in the development and implementation of effective regulations and standards. This helps companies meet or exceed these requirements.



### Employee Engagement

#### QAFCO Day

*QAFCO-Day is an annual get together function held in January every year, for QAFCO's management and staff.*

*At the outset of the event in 2012, QAFCO's CEO delivered a speech in which he outlined the company's achievements for the previous year 2011 and set out its plans and objectives for the year 2012.*

*During the function Qatari employees who had completed their training programmes and taken up established positions were honoured. This comes in the context of QAFCO's Qatarization and performance improvement plans.*

*The function program included several entertaining items and lucky draws were given away to lucky winners and a sumptuous dinner brought QAFCO-Day 2012 to its close.*

Qafco Day



## QAFCO Stakeholder Engagement

Engagement with various stakeholder groups was carried out during 2012. The overview of this engagement is as follows:

Stakeholders	Concerns	QAFCO Response
<b>Customers</b>	<ul style="list-style-type: none"> <li>➢ Product information</li> <li>➢ Quality and cost of services</li> <li>➢ Response to complaints</li> <li>➢ Safety Information</li> </ul>	<ul style="list-style-type: none"> <li>➢ We ensure that all our customers are well-informed about our products and their satisfaction is monitored regularly</li> <li>➢ Communication with customers in relation to product information, enquiries, contracts (including amendments) and customer complaints and feedback</li> </ul>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>➢ Shareholder value</li> <li>➢ Transparency and good Governance</li> <li>➢ Return on Investment (ROI)</li> <li>➢ Benefits, prospects and historical trends</li> </ul>	<ul style="list-style-type: none"> <li>➢ We acknowledge risk associated with investment and inform our shareholders and investors on the projection of return</li> </ul>
<b>Analysts and Media</b>	<ul style="list-style-type: none"> <li>➢ Ability to find information</li> <li>➢ Disclosure and media coverage</li> <li>➢ Attendance and event agenda</li> </ul>	<ul style="list-style-type: none"> <li>➢ We continue to engage in a wide network of media to ensure transparent disclosure on our activities and events</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>➢ Qatarization and local hiring</li> <li>➢ Employee benefits</li> <li>➢ Communication with management</li> <li>➢ Decent labour practices (non-discrimination, career mobility and training)</li> <li>➢ Response to issues, future plans, current positioning and available prospects</li> </ul>	<ul style="list-style-type: none"> <li>➢ We are committed to maximising the number of Qatari Nationals in our workforce</li> <li>➢ We respect employee rights and individuality while valuing diversity in the workplace</li> <li>➢ We implement fair remuneration and promote short- and long-term employability</li> <li>➢ Telephone and Facsimile systems</li> <li>➢ We provide opportunities for Career development (training, employee development programmes)</li> <li>➢ Scholarships for family members</li> <li>➢ Open door approach to discuss with top management</li> </ul>
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>➢ Income generation, lobbying issues and compliance to laws</li> </ul>	<ul style="list-style-type: none"> <li>➢ We comply with local and international laws in addition to a fair contribution to the Government</li> <li>➢ Quarterly Environmental performance reporting to the Ministry of Environment (MoE)</li> </ul>
<b>Value Chain Partners/Contractors</b>	<ul style="list-style-type: none"> <li>➢ Transparent and logical procurement channels</li> <li>➢ Supplier training content, method of communication, sustainability supply chain and coverage of training</li> </ul>	<ul style="list-style-type: none"> <li>➢ We include Sustainability as part of our supplier audit process</li> <li>➢ We engage actively with suppliers to ensure a smooth sustainable supply chain process</li> <li>➢ Meetings with contractors and suppliers</li> </ul>
<b>Industry Peers</b>	<ul style="list-style-type: none"> <li>➢ Fair trade and competition practices</li> <li>➢ Partnerships</li> <li>➢ Scope of industry peers</li> </ul>	<ul style="list-style-type: none"> <li>➢ We support fair competition among peer companies</li> <li>➢ Joint effort with peer companies</li> <li>➢ Communication with neighboring companies for mutual aids during possible emergencies</li> </ul>
<b>Local Community</b>	<ul style="list-style-type: none"> <li>➢ Impact of products and operations on the community</li> <li>➢ Communication with management</li> <li>➢ Environmental Awareness Programmes</li> <li>➢ Education</li> <li>➢ Water &amp; Energy access</li> </ul>	<ul style="list-style-type: none"> <li>➢ Impact analysis was conducted on our projects</li> <li>➢ We implement good corporate citizenship and dialogue with the public and NGOs</li> <li>➢ Environment Corner at Flower Show,</li> <li>➢ QP Environment Fair and School Awareness Programmes</li> <li>➢ QAFCO School Programme</li> <li>➢ CEO Brochures</li> <li>➢ QAFCO has a direct (Hot) line to the Civil Defense in Mesaieed</li> </ul>
<b>R&amp;D Institutions</b>	<ul style="list-style-type: none"> <li>➢ Environment and climate change issues</li> </ul>	<ul style="list-style-type: none"> <li>➢ Educational/Scientific Events</li> <li>➢ Roundtable discussions and participation on a regional agenda for petrochemical sector</li> <li>➢ Education Programmes/Studies with Universities such as Texas University or Qatar University</li> </ul>



## Highlighting Our Internal Communication at QAFCO

- On-line (electronic) system has been developed for Quality, Environmental, OH & Safety and Security Management Systems, which incorporate various information about systems performance and to register Non-Conformities, Environmental Aspects, OH&S and Security Risks, related information, Reports etc by employees.
- On-line Controlled Document System, which is accessible to all relevant employees.
- Management Reviews are established through regular dedicated meetings for the review of the QAFCO Management Systems and the minutes are communicated through the On-line system.
- “QAFCO Safety (including health and security) & Environment Committee (QASEC)” meetings are periodically conducted to discuss activities and projects related to Health, Safety, Security and Environment and their impact, where the employees representatives also participates. It also evaluates effectiveness of communications programmes with its stakeholders.
- QAFCO Management Systems activities / environmental legal compliance are reported in the monthly Organisation Reports and Management / Board Meetings, as relevant.
- Environmental & Safety Communication Stations are used to display various documents like Integrated Policy of QAFCO, GFC & QMC, Information Booklets / leaflets etc.
- Trainings are provided at various levels of the Organisation.
- Consultation with appropriate levels in the Organisation for the development of Management Systems related Procedures etc.
- Notice Boards are used to display information decisions and minutes of meetings etc. related to the Management Systems.
- Information about the impact of chemicals on the environment, methods of handling spills, ecological and waste disposal considerations are made available On-line in the form of general chemical database of Material Safety Data Sheets (MSDS).
- QAFCO Brief is being published periodically where the information and statistics of Management Systems are also included. This periodical is made available to all the interested parties both internally and externally.
- Internal E-mail system is used to communicate the information related to Management Systems.
- Campaigns, Exhibitions etc. are also used to communicate and create awareness about the Management Systems.
- Internal Telephone and Intercom systems.
- Incident statistics display.



## Commitment to GRI Guidelines and UNGC Principles: a framework for sustainability

The United Nations Global Compact (UNGC) and Global Reporting Initiative's Sustainability Reporting Guidelines (GRI G3.1) offer a widely recognized and well tested platform for sustainability that is already used by thousands of companies across the world.

GRI's Sustainability Reporting Guidelines help in the preparation of the Global Compact's annual Communication on Progress (COP) to the United Nations. The COP is the mechanism through which UNGC participating companies communicate their alignment to the ten UNGC Principles.

GRI's Guidelines provide sustainability reporters with a framework for reporting Principles, Disclosures on Management Approach, and Key Performance Indicators, all organized in a way that clearly responds to each of the three key sustainability areas, otherwise known as triple bottom line reporting: economic, social and environment. This enhances the quality of the company's sustainability report.

QAFCO became a signatory of the UN Global Compact on 25th January 2010. The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption

We embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

### Human Rights

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** make sure that they are not complicit in human rights abuses.

### Labour

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in respect of employment and occupation.

### Environment

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

In February 2009, the Qatar Financial Markets Authority (QFMA) announced a Corporate Governance Code for public companies in Qatar which was developed in line with international practices and guidelines, and in collaboration with the Hawkamah Institute of Corporate Governance. Since then, we have been upgrading our Corporate Governance practices to align with this Code.

Our Board of Directors is committed to adopting the highest standards of Corporate Governance as a fundamental part of our responsibilities of managing the business and affairs of the Company. We ensure that new issues from our stakeholders such as the Government of Qatar are incorporated into our Corporate Governance structure.

### Board of Directors

#### Duties and Responsibilities

The Board of Directors is a body of elected or appointed members who jointly oversee our activities. The Board has the following specific responsibilities which facilitate the discharge of the Board's stewardship responsibilities in the best interests of QAFCO:

- Provide strategic oversight for operations and monitoring its execution.
- Board leadership and composition.
- Monitoring the conduct of business to evaluate whether the business is being properly managed and sustained.
- Identifying risks and threats and ensuring the implementation of appropriate systems to neutralise these issues.
- Reviewing the adequacy and integrity of our internal control systems including mechanisms for compliance with applicable laws, regulations, rules, directives and guidelines.

Seven out of eight of our Board members are independent, non-executive members. The highest governing body in QAFCO is the Board of Directors and its Chairman is not an executive officer. The Chairman is independent and does not participate in Company operations. All members of the Board are males and suitably qualified in view of their respective qualifications and experience which provide the Board with a good mix of industry-specific knowledge, broad business sense and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and bring information and independent judgment to many aspects of our strategy and performance.

Each Director has fiduciary duties and must at all times act in good faith and with proper care and diligence act in the best interests of the Company. The appointment of Directors is solely under the power of shareholders.

### Governance Committees

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the respective Committees of the Board. These include:

Committee	Duties and Responsibilities
<b>Internal Audit Committee</b>	Oversees areas such as the Company's financial statements, compliance with legal and regulatory requirements, internal control framework and the management of internal and external auditor's activities.
<b>Project Steering Committee</b>	Oversees expansion projects, i.e. Urea 1 Revamp, Melamine Project and QAFCO 5 & 6
<b>General Tender Committee</b>	Oversees the tendering and contract award process for all Purchase Orders and Contracts above QAR 10 Million and below QAR 50 Million.
<b>Limited Tender Committee</b>	Oversees the tendering and contract award process for all Purchase Orders and Contracts above QAR 500,000 and below QAR 10 Million.
<b>Small Tender Committee</b>	Oversees the tendering and contract award process for all Purchase Orders and Contracts above QAR 100,000 and below QAR 500,000.
<b>Project Approval Committee</b>	Oversees the approval of internal projects for capacity enhancement, safety, environment, minor plant modifications etc.
<b>Concept Screening Committees</b>	Oversees the screening of "Project Ideas" (Concepts) initiated by various groups within the organisation to be passed on to the Project Approval Committee for further deliberation and decision making.
<b>IT Strategies Committee</b>	Ensure that the various resources and facilities are optimally utilized in the best interest of the company. Keep abreast of advancements in Technology and sponsor the ones that enhance effectiveness and efficiency, thus increasing internal and external customer satisfaction and ultimately maximizing QAFCO profit.
<b>IS Coordination Committee</b>	Ensure optimal coordination of the various IT activities in QAFCO with regard to systems solutions, resource sharing, system support, standards and methodologies, policies and guidelines, and priorities setting as directed by the IT Strategies Committee.
<b>Safety and Environment Committee</b>	Established under the Chairmanship of the CEO to discuss, promote and consider policy matters in occupational health & safety and environmental issues of significant importance to the Company.

The Board and each Committee make an annual self-evaluation of its performance with a particular focus on overall effectiveness. The Corporate Governance Committee is responsible for overseeing the self-evaluation process and conducts an annual review of the performance of the Chief Executive Officer.

# Corporate Governance at QAFCO

## Board of Directors & Governance Committees



### Board Meetings and Supply of Information to the Board

The Board holds scheduled meetings regularly during the year. The Board has arranged to hold at least four meetings each year at the Head Office. In addition to the formal meetings of the Board, the Chairman and Chief Executive Officer maintain frequent contact with the other Directors to discuss any issues of concern they may have relating to the operation of the Company.

The Board met a total of four times during 2012 and all Directors attended more than half of the meetings held during the financial year. Issues discussed include financial and other information deemed suitable such as new statutory and regulatory requirements concerning their duties and responsibilities; risk management and risk management updates; customer satisfaction; product and service quality; market share and market trends; manpower and human resource; and environmental issues. The Board meetings are governed by a structured formal agenda and schedule of matters arising for approval or documentation with sufficient time given for consideration.

Our shareholders nominate their representatives on the QAFCO Board of Directors which provides them with a mechanism to present their recommendations or direction to the governance body (i.e. QAFCO Board).

In 2012, we continued to implement a whistle-blower system which will provide employees an opportunity to highlight their recommendations or concerns to the governing body (i.e. Internal Audit Committee).

### Remuneration System of the Board

There is no compensation paid to QAFCO Board members other than the annual remuneration determined by Special Resolution of the Shareholders but is not directly linked to company performance. The compensation of senior managers and executives is directly linked with annual Company performance.

*The remuneration of directors and other members of key management during 2012 were as follows:*

Compensation of key management personnel	2012	2011
	(QR)	(QR)
Short-term benefits	13,884,535	14,346,231
Directors' remuneration	2,064,333	1,602,453
Qatari employee' pension fund contribution	496,032	426,727
	<b>16,444,900</b>	<b>16,375,411</b>

# Corporate Governance at QAFCO

## Code of Conduct and Ethics



### Code of Conduct and Ethics

#### Conflict of Interest

The Directors continue to observe the Company Directors' Code of Ethics in carrying out fiduciary duties and responsibilities. We ensure high ethical standards are upheld and the interests of our stakeholders are always a priority. We have implemented appropriate controls to ensure the systematic identification of potential conflicts of interest and procedures and have mechanisms to address such conflicts of interest if they arise. Our Related Party Policy monitors related party transactions to ensure fair rules for employee and board member share trading.

We have implemented the Ethics and Whistle-Blowing Complaints Procedure and the Fraud Awareness Framework. Annual "conflict of interest" declarations are obtained from all employees. The internal audit process operates independently and reports to the Internal Audit Committee which reviews all business units based on a risk based audit plan.

#### Fraud Awareness Framework

The QAFCO Board of Directors, senior management and all employees in our organization aim to create a positive and transparent environment and organizational culture which is committed to the prevention, detection and avoidance of fraud; to undertake prompt action to eradicate fraud in the event it does occur.

### Fraud Awareness and Whistle Blowing Policy Facts

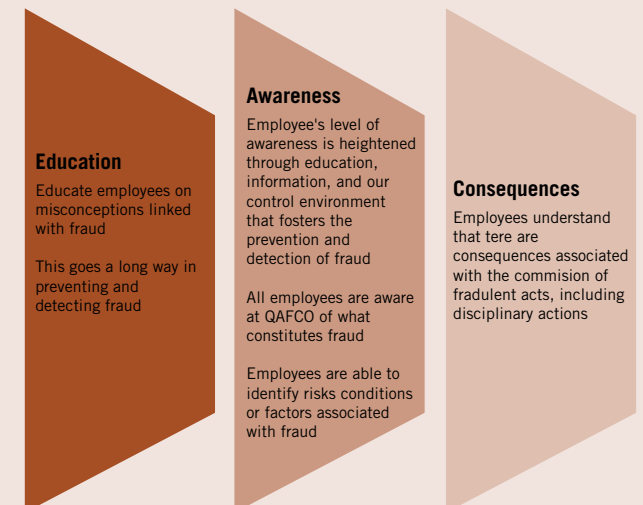
- The Policy allows us to recognize the costs associated with corporate malpractice or the perception that can arise and damage QAFCO;
- The value of this policy lies in giving QAFCO an opportunity to deal with any problems identified in-house, away from the glare of public scrutiny;
- It is part of a wider corporate governance program about setting up structures and behaviours to regulate internal and external relationships and interactions with our stakeholders;
- Employee tips are the most common method of fraud detection, second only to the accidental discovery of fraud;
- QAFCO needs a mechanism to test whether its compliance efforts are working. This include regular reports to the board and senior management, to periodically assess effectiveness;
- Unfiltered complaints are delivered directly to the secure environment where they are evaluated for merit, then passed to the chairman of the Audit Committee; and
- By enabling employees to report suspected misbehaviour, "you can get in there, take corrective action and manage the problem quickly before employees get frustrated and run to the enforcement authorities or, sometimes, worse, the media"; and
- It is not always the case that information given by whistleblowers is accurate and this will need to be handled and investigated discretely.

QAFCO aims to adopt some common methods of fraud detection such as tips and whistle blowers, internal audit, discovery of fraud by accident, internal control reviews and enhancement, external audit and alertness/ notification by the regulators, etc.

No organization is exempted from fraud. However we can all take steps to (i) determine fraud occurrence, and (ii) mitigate losses due to fraud. Our organization aims to adopt 3 focal approaches to minimize the commission and likelihood of fraudulent acts, as well as to mitigate the magnitude of loss associated with fraud. Initiatives that QAFCO aims to put in place to prevent fraud include:

- Formalizing our fraud policies and fraud management and awareness framework;
- Putting in place strong internal controls for our expanding business activities;
- Willingness to prosecute and enforce disciplinary measures/procedures;
- Constant awareness and ethics training for our employees;
- Discreet or anonymous fraud reporting escalation mechanisms i.e. whistle blowing structure;
- Providing Induction Program with specific section on Ethics and Compliance Policy for all employees at QAFCO.

### Focal 3 - way approach to tackle fraudulent acts





### Ethics & Whistle Blowing Complaints Policy

Employees are often the first to realize that there is something occurring or that has occurred in the Company that is wrong, dishonest or illegal. They may not want to express their concerns because of feeling disloyal to their colleagues or to the Company. They may also fear harassment or victimization. In these situations, it may be easier to ignore the concerns rather than report what may appear to be suspicion of malpractice.

QAFCO is committed to adhering to the highest possible standards of ethical and legal conduct within its operations and those of its subsidiaries with the full support of all its stakeholders. In line with this goal, it now provides an additional avenue of raising concerns related to Fraud, Corruption or Misconduct and to assure all our staff and stakeholders that any person who discloses such information relating to Fraud, Corruption or any other Misconduct will be protected from retaliation by the Company.

The Head of Internal Audit is designated as the advocate for the whistleblowers and is authorized to implement this policy as approved by the QAFCO Board. The Head of Internal Audit is responsible for undertaking all investigations under this policy and is authorized to report all such matters directly to the QAFCO Audit Committee and the Managing Director.

### The Scope

All QAFCO employees are required to disclose all acts related to Fraud, Corruption or any other kind of Misconduct that comes to their attention. All operations are also integral part of QAFCO's ethics and compliance policies. The type of disclosures required of QAFCO staff and concerned third parties include the following:

- Unlawful acts requiring the violation of a law, gross waste of Company resources, mismanagement, abuse of authorities and specific health or safety issues related to our operations;
- Fraud, which basically means any act or mission, including misrepresentation that knowingly misleads, or attempts to mislead a party to obtain financial or other benefits or to avoid an obligation;
- Any activity that deliberately attempts to undermine the organizations operations and aims;
- Corruption, which means any attempt to offer, give, receive or solicit, directly or indirectly anything of value with the intent of influencing the actions of another party.

Whistle blowing and a complaint procedure has been developed with the belief that what is being reported is factually true. Allegations and concerns expressed anonymously will be reviewed at the discretion of the Head of Internal Audit in discussion with the Audit Committee and the Managing Director. In performing this role, the factors to be considered shall include the seriousness of the allegation, its credibility, and the extent to which the allegation can be confirmed or corroborated by other sources.



### Voluntary Disclosure Program

QAFCO encourages its staff, individuals or other stakeholders involved within its activities to volunteer information on any Fraud, Corruption or Misconduct of which they have information, knowledge or to which they are privy. The voluntary disclosure scheme is QAFCO's attempt to deter and prevent Fraud and Corruption or Misconduct within its operations at the earliest point it is detected which has the full support of the Company.

### Channels and procedures for Whistle Blowing

QAFCO personnel are expected to whistle blow on transactions, operations and any other activities that involves Fraud, Corruption and Misconduct whether internal or external that have an impact on the Company. Parties external to QAFCO are encouraged to bring allegations and complaints of Corruption, Fraud and any other Misconduct or non-compliance to QAFCO policies in a transaction for further review and mediation.

Staff is encouraged to report allegations or concerns through the internal hotline web or directly via post. Employees that are unsure whether or not to whistle blow shall be free to seek advice of Internal Audit or simply send an anonymous disclosure on the subject matter via the internal web link.

On receipt of any allegation the issue will be automatically registered and if the identity of the staff is known, acknowledgment on receipt will be provided. Staff making a known disclosure should expect an official correspondence within three months to a preliminary evaluation on the subject matter.

# Corporate Governance at QAFCO

## Associations



### **Initiatives QAFCO Endorses and Associations**

QAFCO believes that working in partnership and association with others and committing to voluntary initiatives are important in demonstrating leadership.

Responsible Care is a comprehensive Health, Safety, Security and Environment (HSSE) performance improvement initiative. It helps QAFCO to improve performance by identifying and spreading good management practices, and promotes mutual support between companies and associations through experience sharing. It promotes openness and transparency with our stakeholders.

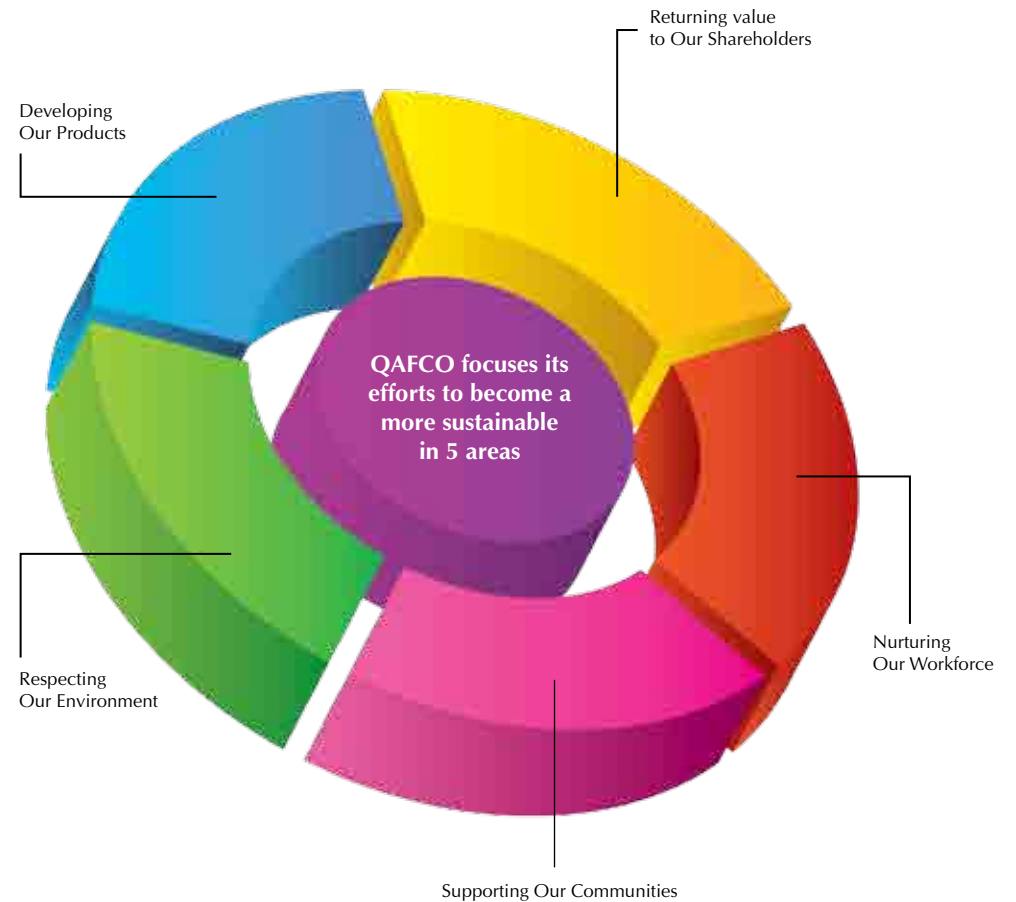
The other initiative QAFCO is committed to is International Fertilizer Association's (IFA) Product Stewardship. This initiative is based on IFA's 12 Safety, Health and Environment Principles, which further enhances sustainable production and use of fertilizers.

QAFCO also signed the UN Global Compact in 2010. The annual Communication on Progress is accomplished with this report.

In addition, we participate in many associations at the regional, national, and international level such as Gulf Petrochemical & Chemical Association (GPCA). Being a GPCA member enables QAFCO to establish contact with industry executives, potential customers and influential decision makers in various parts of the Arabian Gulf region and throughout the world.

# Sustainability Agenda at QAFCO

<p><b>Returning Value to Our Shareholders</b></p>	<p>Our long-term success relies on a business strategy that promotes sustained growth. QAFCO is dedicated to building and maintaining a robust and resilient business model to ensure that growth and value creation for our shareholders can be sustained.</p>
<p><b>Nurturing Our Workforce</b></p>	<p>Our employees play an important role in creating value for QAFCO and its stakeholders. That is why we are committed to creating a productive and healthy workplace.</p>
<p><b>Supporting Our Communities</b></p>	<p>Community engagement aims at building trust and sustained social benefits. We try to understand our role within the community and explore where it can make useful sustainable contributions. We rely on its ability to offer jobs, income and development opportunities to our community, and focus on areas where QAFCO can create a societal impact.</p>
<p><b>Respecting Our Environment</b></p>	<p>As we continue to grow its business, QAFCO commits to protecting the environment and promoting sustainable development. We uphold international standards and encourage internal consistency and improvements in its environmental performance.</p>
<p><b>Developing our Products</b></p>	<p>We strive to maintain our reputation as a company that cares by pursuing the welfare of contractors' employees and HSE standards as well as implementing QAFCO's commercial principles and values. We manage supplier performance by establishing company expectations for, and ensuring supplier and contractor commitment to sustainability.</p>



# Sustainability Agenda at QAFCO

Returning Value To Our Shareholders

## Financial Highlights

The consolidated financial statements of the Group for the year ended 31 December 2012 were authorized for issue in accordance with a resolution of the Board of Directors.

The structure of the Group, incorporated in the consolidated financial statements of Qatar Fertiliser Company (Q.S.C.C.) is as follows:

Description	Actual 'QAR million	
	31-Dec-12	31-Dec-11
<b>Total Non Current Assets</b>	17,626	17,407
<b>Total Current Assets</b>	4,859	2,764
<b>Total Assets</b>	<b>22,485</b>	<b>20,170</b>
<b>Total Equity</b>	16,977	13,423
<b>Total Non current Liabilities</b>	2,569	3,942
<b>Total Current &amp; Liabilities</b>	<b>2,938</b>	<b>2,806</b>
<b>Total Equity &amp; Liabilities</b>	<b>22,485</b>	<b>20,170</b>
<b>Total Loan QAFCO 5</b>	3,540	4,915

Name of entity	Principal activity	Country of incorporation	Effective shareholding percentage
Gulf Formaldehyde Company (S.A.Q.)	Production and sale of Urea Formaldehyde Concentrate	Qatar	70%
Qatar Melamine Company (Q.S.C.C.)	Production and sale of Melamine	Qatar	60%

The consolidated statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) as issue by the International Accounting Standards Board (IASB) and the applicable requirements of Qatar Commercial Companies' Law No.5 of 2002.

The consolidated financial statements comprise the consolidated statements of financial position, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity of the Company and its subsidiaries as at 31 December 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

### Projects under development

QAFCO has an established process for due diligence and implementation phases of mergers, acquisitions and joint venture formations. The Environment, Health & Safety Section facilitates a review of all human rights risks, among others, prior to the completion of an acquisition or the formation of a new entity. This review includes the topics of our Code of Conduct and Ethics practices and policies at QAFCO.

#### QAFCO 5

QAFCO Group signed an agreement with Hyundai Construction & Engineering Co Ltd. and Snamprogetti S.P.A. ("Main Contractors") for its plant expansion project namely, "QAFCO - 5". In accordance with the terms of the agreement, the Group made a 10% advance payment to the main contractors and this amount is recovered at the same percentage through progress billings and included in the capital work-in-progress.

On 29 February 2012, the project was completed. Accordingly, outstanding advances were transferred to property, plant and equipment.

#### QAFCO 6

The Group signed an agreement with Hyundai Construction & Engineering Co Ltd. and Snamprogetti S.P.A. ("Main Contractors") for its plant expansion project namely, "QAFCO - 6". In accordance with the terms of the agreement, the Group made a 10% advance payment to the Main Contractors and this amount is recovered at the same percentage through progress billings and included in the capital work-in-progress.

On 1 August 2012, the project was completed. Accordingly, outstanding advances were transferred to property, plant and equipment.

### Financial Risk

#### Objectives and policies

The Group's principal financial liabilities comprise interest bearing loan, trade accounts payable and amounts due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade accounts receivable, amounts due from related parties and bank balances, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk, liquidity risk and foreign currency risk. The Board of Directors review and agree on policies for managing each of these risks which are summarised below.

#### Interest rate risk

The Group is minimally exposed to interest rate risk on its interest bearing assets and liabilities (short term deposits and term loan).

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates and fixed interest instruments. To manage the risk of changes in floating interest rate on its interest bearing loan, the Group has entered into interest rate swaps. Under the swap agreements, the Group will pay an agreed fixed interest rate and receive a floating interest rate.

#### Credit risk

The Group's exposure to credit risk is as indicated by the carrying amount of its assets which consist primarily of account receivables, bank balances and derivatives.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks. With respect to customers, the marketing department has established a credit policy under which each new customer is analysed individually for creditworthiness before Group's standard payment and delivery terms and conditions are offered and monitoring outstanding receivables. The Group is engaged in production and sales of Urea, Ammonia and Melamine. The five largest customers of the Group account for 62% of outstanding receivable at 31 December 2012 (2011: 68%).

With respect to credit risk arising from the financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

#### Liquidity risk

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

# Sustainability Agenda at QAFCO

Returning Value To Our Shareholders



The Group limits its liquidity risk by maintaining adequate funds in the banks and ensuring bank facilities are available. The Group's terms of sales require amounts to be paid within 30 days of the date of invoice. Trade payables are normally settled within 45 – 60 days of the date of purchase.

## **Currency risk**

As the Qatari Riyal is pegged to the US Dollars, the balances in US Dollars are not considered to represent significant currency risk.

## **Capital management**

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The Group makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. During 2007, the Group obtained a loan facility to finance the QAFCO-5 Plant.

## **Opportunities due to Climate Change**

Aqueous ammonia, a chemical compound composed of 19% ammonia, is used as an agent to absorb nitrogen oxides produced on the utilization and burning of gas in power generators and industrial plants. As reported earlier, QAFCO had signed an agreement with Mesaieed Power Company Limited to annually supply 13,000 tonnes of aqueous ammonia. This agreement is for 24 years and the aqueous ammonia solution will be used in the power generators at the Mesaieed Power Plant. A similar agreement was also signed with Ras Qirtas Power Plant to annually supply 15,000 tonnes and new deals with a number of leading industries in the country to reduce the national NOx emissions are envisaged. We intend to supply aqueous ammonia to various companies and gas-operated industrial plants in Qatar to utilize it as an agent to reduce NOx emissions and help comply with the Qatari environmental regulations.

# Sustainability Agenda at QAFCO

## Nurturing Our Workforce



People are QAFCO's most valuable resource. As such, the company is committed to contributing positively to the intellectual and physical well-being of all of its employees in order to improve performance, keep absenteeism and turnover rates to a minimum and create a great working experience, regardless of their race, colour, religion, gender, national origin, age, disability or any other basis protected by Qatari laws.

QAFCO's commitment and dedication to motivate its employees has gradually improved through training & development programmes that serve as a key to continual improvement and enable the achievement of employees' goals, provide quality employee development programmes, and develop employee skills & potentials.

# Sustainability Agenda at QAFCO

## Nurturing Our Workforce

**7%  
workforce  
increased  
in 2012**

### Equal opportunities for our diversified workforce

Our success relies on the dedication and engagement of our employees across all divisions of our Company. All of our employees work in Qatar and we are committed to creating a workplace where employees are valued and have the opportunity to maximise their full potential and fulfil their career development expectations. At the end of 2012, QAFCO has 1,501 employees (59 in management position, 1,296 technical, and 146 in administrative roles). Our workforce has grown sustainably each year since 2007 (980 employees) and from 2011 to 2012 has experience a 7% increment in its workforce.

QAFCO is also very proud of its diverse, multi-talented and multicultural workforce. We actively pursue diversity in our workforce composition, the markets we serve, and the services we provide because the technical challenges we solve require their different perspectives and experiences. This diversity has enabled us to grow by attracting talented employees from around the world.

QAFCO supports the employment of people from different nationalities and people of various ranges of ages maximizing on the value brought in from such different cultural backgrounds and perspectives while collectively working to achieve business objectives of the company. The majority of our employees (51%) are in the 36-50 age category. It has a 43% young demographic which represents the younger and newly appointed national college graduates. Senior employees account for 13% as well. Succession plans are developed and are being continually updated to facilitate knowledge transfer from senior personnel to others.

Currently, QAFCO engages approximately with 200-300 contractors who are on a fixed term engagement with our company for a specific service or period.



QAFCO is committed to fair and equal opportunities to all employees. The company believes that every individual's unique background and experience contribute to its success. Discrimination in hiring, promotion and all other employment decisions on the basis of race, colour, religion, gender, national origin, age, disability or any other basis protected by Qatari laws is prohibited.

Although women account for only a 2% of our total workforce, we believe in the employment of women thus we encourage and support them to join us and contribute to our company growth and success. It is also worthy to highlight that women are treated fairly and provided equal if not more benefits to encourage their employment. For example, we pay fairly regardless of gender. Our salary ratio between men and women is 1:1. Although there is no minimum wage law in Qatar, we follow a very competitive remuneration system that is practiced within the downstream companies. There is no discrimination in position between men and women within QAFCO. Equity of remuneration is also a factor in retaining qualified employees in our workforce. At QAFCO, there is no gender gap in wages among men and women with similar roles and responsibilities.

In 2012, QAFCO conducted special safety training for female employees. The training was conducted in collaboration with the Medical & Environment Sections and covered three areas, namely Health Hazards for Female Employees at Work, Hazard Identification Techniques and General Safety in Offices and Office Ergonomics. The training was well received by the participants and was a positive step in demonstrating our commitment to diversity and in particular, opportunities for women.





### Interview with Maryam Mattar, Head of Environment

#### How did you find out about QAFCO?

QAFCO was one of the selected plants to be visited as part of the Graduation Programme offered by Qatar University. In 2001, I joined the company for 40 days as a Summer Trainee through the Summer Training Program offered by the company on an annual basis. In those times, there were not many females working in a technical environment at QAFCO.

The Group was good and supportive and the experience was excellent. After my graduation, I applied directly to QAFCO and they hired me as Laboratory Engineer for three years and then I was promoted to Senior Chemist in 2004. In these times, all the shifts in the laboratory reporting to me, which were a group of more than 25 employees.

#### What were the main challenges you found in your career within QAFCO?

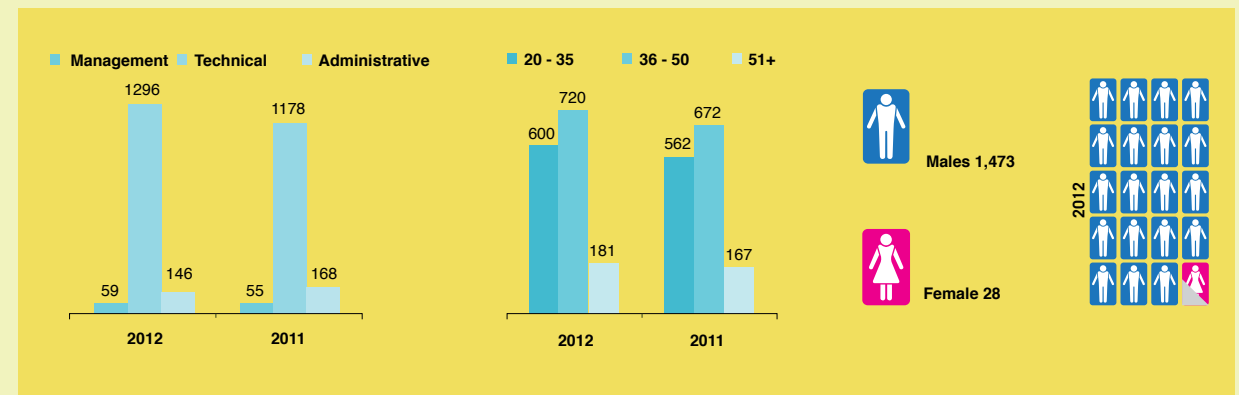
The workplace is incredible and people have been very supportive at all levels including top management. Effort and hard work were appreciated by the management and very soon I graduated from a trainee to Lab Engineer and then was promoted to Senior Chemist, under the direct supervision of the Head of Laboratory. My efficiency and hard work was again recognized and was promoted to Head of Environment. It was also a milestone, since I was the first female promoted to that position.

#### What do you believe that QAFCO has added to your career?

My twelve years with QAFCO have been a very fruitful experience as I got exposed to various profiles while working with different sections across QAFCO. Working in the Environment section, I got the opportunity to communicate and engage with legal and regulatory bodies like Ministry of Environment, Mesaieed Industries City, Qatar Petroleum, which in itself had a very positive impact on my career growth.

Working in the Environmental section of QAFCO, I got an opportunity to work on significant environmental projects like Sahara Forest Project, Artificial Reef Balls, Al-Besheriya Island, all these were purely environmental work and projects for our community, for Qatar. These gave me the chance to meet the public, understand their concerns and explain QAFCO's activities to our stakeholders.

### Our workforce in numbers from 2011 to 2012



I have also been involved in the process of maintaining the Quality Management System (ISO 14001) Certification as part of an auditing team which was a totally new experience for me.

#### And what do you think you have added to QAFCO?

I have always enjoyed the environment and the challenges that QAFCO offers. Now I can see more and more female presence, spread in different sections including technical departments. QAFCO is doing its best trying to encourage females to work in QAFCO. The Company offers equal opportunities for everyone who wants to work at QAFCO and it does not limit growth. I believe that my particular experience at this company could encourage and serve as an example for those Qatari females hesitating whether to come and join QAFCO or not.

# Sustainability Agenda at QAFCO

## Nurturing Our Workforce



### Phase 1 of the new Al-Banush Club is operational

Owned by QAFCO and is mainly used by the senior staff at QAFCO. It is the largest club in Mesaieed and has many facilities, including a main hall, a football ground, tennis, basketball courts, swimming pool and restaurant.

The Al Banush Club Committee continues to organize activities for QAFCO members and its families (cricket & tennis tournaments, drawing and keyboard classes for children, musical evenings, among others)

### Employment and Benefits

Central to this commitment, QAFCO provides all its employees with comprehensive compensation and benefits programs. These programs are designed to be competitive and to ensure that key talent, who will drive future growth, will remain with the company.

In addition to the basic salary, we offer a comprehensive and attractive benefits package to our workforce. A housing allowance or accommodation is provided to employees in Mesaieed, Wakrah or Doha. Transportation is also provided to and from work and this is extended to employees' school going children.

It is our policy to provide education assistance to employees' children within the State of Qatar. Education assistance is payable for a maximum of four children of the employee in any one academic year which covers tuition fees of the basic schooling levels or equivalent in the State of Qatar. We provide educational assistance, for a maximum of 13 years per child in Qatar, up to the age of 19.

Employees whose children are attending schools in the State of Qatar are generally provided with company arranged transport for their children. Children attending schools which are not covered, receive a monthly School Transport Allowance, in-line with education assistance eligibility.

A one-time furniture grant is provided and a renewal furniture grant is given on the completion of each four years of service. Employees who have passed their probationary period are also eligible for furniture loans. Auto insurance and AXA medical insurance is also provided to all employees. There is also an annual bonus scheme. Membership to the QAFCO clubs, gyms and swimming pools is provided for a nominal fee. There is also a mechanism for employees to request compensation for the damage or loss of spectacles during working hours.

Car loans can be applied for by senior and junior employees. All loans can be repaid by the expected time of retirement or upon termination of employment.

Travel assistance is also provided for employees. All expatriate employees

are eligible for an air ticket from home to Doha and a return ticket home on final departure. This is extended to the employee's spouse and children provided they have stayed in Qatar for at least six months during the previous 12 months. Incidental travel expenses are also provided to employees upon final repatriation to their base countries. There is a provision for reimbursement of airfreight for the first arrival and final departure which extends to spouses and children if the employee is married. We also provide generous travel expenses to our employees travelling outside of Qatar. An allowance is paid for each day/night of absence (inclusive of travel time) to cover accommodation, meals and incidentals. An advance on travel expenses is also available upon application.

The maternity leave and paternity leave granted to working parents is aligned to Qatari laws. Female employees benefit from forty days of maternity leave on full pay, while new fathers are granted with one day of paternity leave. All QAFCO employees on Indefinite and Definite Contracts of employment shall, at the end of their service with the Company, be entitled to appropriate End of Service Benefit (ESB) payments as determined by the Company based on their last basic salary.

As Qatar is an Islamic State, all Muslim employees are allowed the necessary time off for praying at the appropriate time and place of worship. The QAFCO Mosque has been built for this purpose.

### Notice Period for Operational Change

At QAFCO, we engage with our employees and their representatives throughout the Company to ensure discussion of significant operational changes to minimize any adverse impact from operating changes on our workers and related communities. The Human Resources Department is required to notify all employees via email or other electronic modes. These platforms are used by the management to communicate updates and changes within QAFCO. We recognise the importance of having a two-way dialogue between the management and employees, regardless of how major or minor the changes are.

Notification period	Position
3 months	Senior Staff
2 months	Junior Staff (>5 years in QAFCO)
1 month	Junior Staff (<5 years in QAFCO)

### Qatarization and Developing Talent

QAFCO strongly believes that proper training and development of its workforce is a fundamental function of its overall business objectives. QAFCO has gradually motivated its employees through Training and Development Programmes that serve as a key to the following, aiming for a professional and highly effective workforce in the technical and non-technical areas;

- Continual Improvement,
- Provide Quality Employee Development Programmes, and
- Develop Employee Skills & Potential.

We work hard to retain our talented staff, and in 2012 our employee turnover rate was reduced from 5.5% in 2011 to around 3.3%.

Qatarization is a strategic comprehensive program led by H. H. Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar. The programme aims to increase the number of Qatari nationals to 50% of the workforce in the Industry and Energy sectors among the State of Qatar.

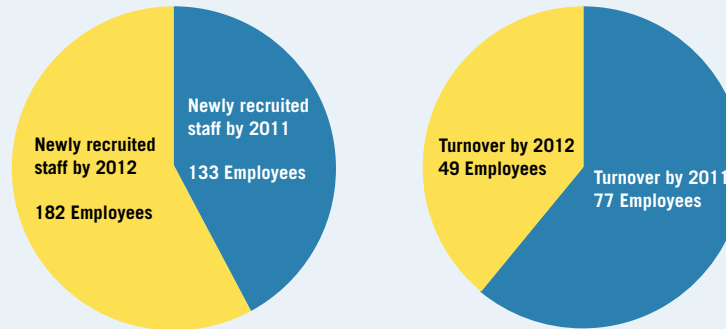
Qatarization is also a prime objective with high importance and priority for QAFCO's Management. Within this context, the Human Resources Department is responsible for the Qatarization plans and for the realization, liaison and monitoring of these plans to ensure that National employees are developed and trained up to their full potential.

The objectives of the Qatarization and Development is achieved through selection, training and development an adequate supply of suitably trained and experienced personnel to maintain the Company's continued efficient and economic operations at all levels with particular regard to train and develop all Qatari employees who have the necessary ability, potential and aptitude.

This objective is achieved through regular Human Resources Planning Meetings at which manpower requirements are identified and the individual development and training needs are reviewed. During the course of the year, whenever any Manpower Request or Manpower Transfer Form is initiated, the availability or readiness of National employee is also verified upon.

Following are some of the programmes that we follow with focus on Qatarization:

- Development Programs (OJT, OJDP, Scholarship)
- Training Programs (In-house, Local and Abroad)
- Summer Training
- Graduation Projects
- Recruitment
- Networking (Schools, Universities, Educational Sectors)



By its resolute efforts and commitment to achieve QAFCO's Qatarization Plans, Training & Development Section has achieved a Qatarization intake of 104 nationals in 2012. Although these figures are below our initial target of 50% Qatari employees, we increased the number of Qatari employees and vendors in 2012. We are also putting efforts to increase the number of Qataris among senior management level which is currently below 50%. This is due to our rapidly growing business which requires the employment of new employees quickly for our expanding business. This effect has been magnified by the commissioning of QAFCO-5 and QAFCO-6.

No of Qatari Recruited per Job Title	Year 2011	Year 2012
Trainees	11	10
Developees / Graduate Trainees	1	3
Sponsorship Students	2	4
Established Position	1	1
<b>TOTAL</b>	<b>15</b>	<b>18</b>

Qatari Nationals Trained	Year 2011	Year 2012
Trainees	33	30
Developees	20	21
Scholarship and Sponsorship Students	46	53
<b>TOTAL</b>	<b>99</b>	<b>104</b>

# Sustainability Agenda at QAFCO

## Nurturing Our Workforce

### Employee Development Programmes

Excellent opportunities for skills and career development for all our employees play an essential role in retaining the most talented employees at QAFCO. On Job Development Programs (OJDP's) are tailor-made for individual employees who are being developed to meet the specifications of the job(s) to which they are being targeted. QAFCO provides programs for development of its employees in three major Groups.

#### New Employees

National Staff will be recruited on the basis of targeted jobs. Such employees, depending on their educational background, will have their OJDP's discussed with them individually with a view to obtaining their commitment prior to implementation. During the program the employee's progress will be monitored and every effort will be made to ensure his motivation and commitment. Consistent with these objectives the following administrative guidelines will apply to new employees allocated to the Company.

#### Established Employees

Employees in QAFCO other than new employees may, on the basis of their performance, potential, re-deployment needs or any other appropriate factor that are identified by their Department Manager and/or the Training and Development Section of the Human Resources Department, are given further training and/or development. Appropriate programs are prepared for approval and discussed with the employee.

#### Technological Developments

In order to keep employees abreast of technological developments in their discipline or developments associated with their jobs they are sent on seminars, courses or postings as are identified for them by their Department or by the Training and Development Section of the Human Resources Department. Subject to operational requirements these courses etc., are planned and recommended at the time of the Training Needs Assessment Review. (Such courses could also be part of the development programs of new or established employees).

#### Full Time Trainees (Employee Level Staff)

At the beginning of each academic year QAFCO recruits young Nationals on Training Agreements to train and develop them for employment in our company. They are only established as employees depending on their progress which is subjected to regular review and the recommendations of Human Resources Department's Training and Development Section of QAFCO and the Trainees respective Section.

As part of their Training and Development, employees are also sent overseas on courses or assignments, and appropriate allowances in addition to their Basic Salary are paid depending on the duration of the course's/ assignment - Long Term Academic Courses (QAFCO Scholarships) and Short Term Overseas Training.

Career Development are also offered among potential Qatari Employees who has the ability and capabilities holding a key position in QAFCO were given the opportunity to pursue and further developed academically.

As part of the comprehensive employee development programme, recommended National Employees were objectively sent for scholarship studies and recruited high flyers with quality and potential were send on Sponsorship, to attain the required academic credentials in their respective career in QAFCO. Currently there are 41 Scholarship Student studying in Universities/Colleagues, locally and abroad.

ACHIEVEMENT	Year 2011	Year 2012
Promotion from Developpee to Established Position	16	16
Promotion from Trainee to Developpee	6	6
Promotion to Senior Staff Position	2	10
Completion of Scholarship / Sponsorship Programs	11	10

### QAFCO Training Programmes (in-house, local, abroad)

As part of QAFCO's commitment to continuous improvement and development of its employees, several in-house, local and abroad courses were arranged and documented to achieve developmental goals of training an efficient and highly competitive workforce i.e. English, Standard First Aid Accredited Courses. Some of these courses are tailored to employees' needs as identified through the Identification of Training Need (ITN) System at QAFCO.

Additionally, some standard training courses are periodically provided for all new joiners and QAFCO personnel:

- Plant Process Introductory Training for newly joined Production Plant Operators by Production Training Coordinators. The employees get training in their respective plants processes.
- Plant Process Familiarization Training imparted by Production Training Coordinators for Non-Production Department Employees. It includes classroom presentation on overview of all production processes and plant field visits.
- Gas Testing Training for newly joined Production Operators and imparted by Production Training Coordinators.
- Induction Program session for all new employees to acquaint with the Organization and is imparted by representatives of involved Sections.
- Other Induction programs such as Safety, Environment and Quality are also conducted in QAFCO by the respective Sections.

### Summer Training for Students

During the summer months, QAFCO offers Summer Training Employment to National Secondary School Students or undergraduates selected in conjunction with the Ministry of Education and Labour Department, State of Qatar for a period not exceeding three months. The purpose of such training is to provide the students with knowledge of the Industry and to widen their own academic horizons.

Educational Institutions	Total Number of Students
Qatar Independent Technical School	7
Ministry of Labour	3
Qatar University	4
QAFCO Employees Children	9



Statistics of Training Courses - QAFCO Employees	Year 2011	Year 2012
Total Training Programs conducted and attended	170	240
Total Employees participated in Training	1562	2208
Average attendance per Training Program	9	9
Average Number of Training hours per year per Employee	17	16

In 2012, QAFCO hosted a total of 23 students from different educational institutions to provide them an actual experience of a corporate setting that will help and assist them in their field of study in line with the Company's commitment to support Student's Career Development.

### Employee Performance Appraisal System (EPAS)

EPAS aims to improve performance through fair and constructive feedback once each year and maximize their competence in contributing to the achievement of QAFCO's objectives. Performance appraisal system is used for all employees regardless of their categories and staff class.

EPAS employs seven performance factors in its method of appraisal

- Job performance
- Discipline safety awareness
- Management systems (quality and environment)
- Personal qualities
- Cost effectiveness
- On-the-job training and development

Employees' performance is measured against objectives and performance factors. EPAS provides a mechanism to motivate employees' output and usefulness to our Company.

This process helps employees understand their role and what is expected of them. It also identifies training requirements to narrow skill gaps and for the enrichment of skills.

### Occupational Health & Safety in the Workplace

QAFCO believes that a safe workplace is a material issue for productive and efficient work and consequently an essential element of a successful, growing and sustainable business. In accordance with our sustainable commitment with our employees, the conditions required for a safe and healthy work environment are made available to all QAFCO's stakeholders.

We give a high priority to excellence on all fronts and adhere to international standards of quality, safety, occupational health and environment protection. We boast three ISO Management System Certifications: ISO 9001: 2000 Quality Management System; ISO 14001:2004 Environmental Management System; and OHSAS 18001 Occupational Health and Safety Management System. With these certifications, we enjoy the prestige of a globally recognised manufacturer in the field of chemical process industry. QAFCO's progress in improving its health and safety performance is the result of the dedication of its employees and the success of its Safety Information System (SIS) for managing QAFCO's OHSE performance.

QAFCO's progress in improving its health and safety performance is the result of the dedication of its employees and the success of its Safety Information System (SIS) for managing QAFCO's OHSE performance.

QAFCO is committed to conducting its business in a manner that protects the health and safety of its employees, contractors, and the community by implementing policies to manage personnel and process safety. Towards maintaining such progress, we established a high level "Safety & Environment Committee" (QASEC) under the Chairmanship of the CEO to discuss, promote and consider policy matters in occupational health and safety and environmental issues of significant importance to QAFCO.

QASEC is a forum for discussing major Safety and Environment issues of significant concern to us and agreeing actions.

QASEC reviews:

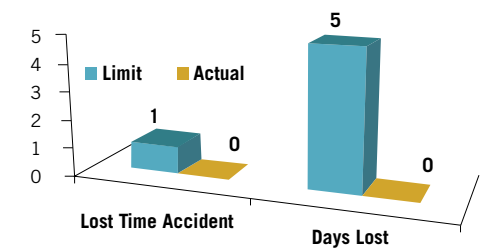
- Incident statistics and monitors the progress of safety and environment projects.
- New projects involving major plant modifications, new plants and extensions for consideration of safety and environmental consequences.
- Safety, environment, industrial hygiene, health and fire protection procedures.



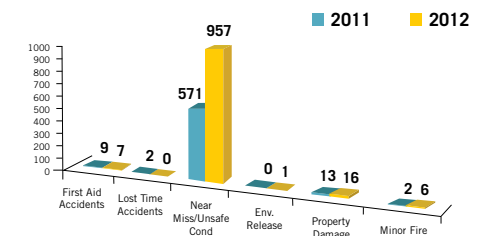
Incident (Classification & Definitions) Classification of Incidents	2012	2011	2010
Accident Frequency Rate = (No. of Lost Time Accidents x 200,000/ Man Hours Worked)	0	0.122	0
Accident Severity Rate [ASR] = (No. of Days Lost x 200,000/ Man Hours Worked)	0	0.306	0
Accident Severity Indicator [FSI] = (AFR x ASR / 1000)	0	0.006	0

**Note: 2010 Data have been amended since QAFCO underwent internal validations after the submission of 2010 Sustainability Report**

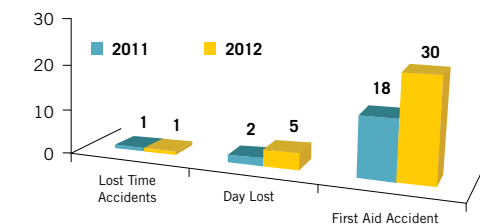
Lost Time Accident & Days in 2012



QAFCO Incidents Statistics Comparison in 2011 - 2012



Contractor Incident Statistics Comparison in 2011 - 2012



# Sustainability Agenda at QAFCO

## Nurturing Our Workforce



QASEC consists of 11 permanent members; Vice Chairman and Chief Executive Officer (Chairman), Chief Technical Officer, Production Manager, Maintenance Manager, Head of Material Handling, Head of Mechanical Section, Head of Electrical Section, Head of Medical Section, Head of Environment Section, Head of Safety Section (Secretary) and the Occupational Health and Safety (OH&S) Employees Representative. There are also three section heads selected from the production plants on a rotational basis. The entire workforce is represented in the committee by the Occupation Health and Safety Employees Representatives.

The Committee meets to an agreed schedule three times per year and monitors progress against set sustainability objectives, targets and action plans in regards to OHSE. The Secretary to the Committee coordinates the schedule. The chairman calls the committee to convene at any time if deemed necessary.

The Committee is in charge of reviewing QAFCO incident statistics; status of action(s) from previous meeting; progress of Safety and Environment projects; discuss and approve long and short term safety and environmental goals; and fire protection issues with local authorities, agencies and the neighboring companies, among others.

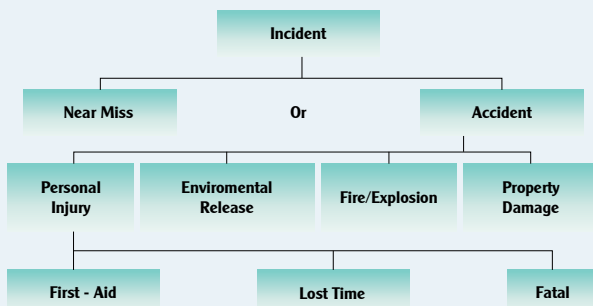
### QAFCO Safety Information System (SIS)

In 2012, QAFCO Safety Information System was re-engineered on a web based platform consist of a flexible set of software applications to effectively manage all aspects of QAFCO's safety program. The system manages, track, and report all of QAFCO's safety metrics in real-time, streamline incident and OSHA reporting, seamlessly comply with standards such as OSHAS 180001, RC 140001 and drive continuous improvement across organization with this user-friendly interface.

### SIS's Key Business Benefits

- Streamline QAFCO safety processes and eliminate duplicate data
- Evaluate QAFCO's safety performance in an instant
- Reduce safety-related incidents and save time, money and resources
- Comply with OHSAS 18000, RC14001 regulations
- Make the most of QAFCO safety meetings and drive results

- OH&S Hazards & Risk Assessment: this software application facilitates the identification, scoring, ranking and mitigation of both existing and potential hazards and risks throughout QAFCO.
- Safety Bulletin: centralized communication infrastructure that greatly improves QAFCO's ability to share information, follow up on activities and increase efficiency between staff, departments, locations and external parties.
- Safety Policy: software application streamlines the control, tracking and communication of all documents and activities associated with QAFCO's environmental, quality and safety policies.
- Safety Information: software that enables QAFCO to track critical dates and activities to ensure compliance with permitting requirements and regulatory commitments. It manages the review, updating, and implementation of legislative requirements from Local and other regulatory agencies.



# Sustainability Agenda at QAFCO

## Nurturing Our Workforce

### Occupational Hazards, Risk Assessment, Control

QAFCO supports the Precautionary Principle as defined in Principle 15 of the Rio Declaration. As a responsible corporate citizen, we continue to use a well-defined process for assessing and managing risks in the face of uncertainty. This process is science-based, ensuring decision-making includes an appropriate evaluation of risk and benefits. It applies to current products as well as those being contemplated for development.

We view the Precautionary Principle as an application of the principles of risk assessment and risk management. Risk assessment includes hazard identification, characterization, exposure assessment and risk assessment. Risk management encompasses the identification, selection and implementation of alternative actions for addressing risk through the control of identified hazard(s) and/or exposure.

#### *Register of Identified Occupational Hazards, Risks Assessment and Determining Controls*

QAFCO has established and maintained documented procedure for Occupational Hazard Identification, Risk Assessment and Risk Control. The purpose of this process is to establish a Register for Identified Occupational Hazards, Risk Assessment and Risk Control.

All sections in QAFCO carry out Risk Assessment, for their respective activities. An organizational set-up involving employees at different levels, Heads of Sections and Department Managers are assigned with the responsibility for the implementation of this process. Risk assessment shall be carried out for significant hazards associated with changes in the organization, OH&S Management System or its activities, prior to introduction of such change. Any employee in QAFCO is allowed to report hazards for risk assessment, thus the process ensures that there is employees involvement / participation. The Head of Sections have the responsibility to ensure that the risk assessment process functions adequately within their area of responsibility. The Department Managers are responsible to follow-up Risk Assessment process within their respective department and support the Head of Sections suitably to implement Risk Control measures.

Risk Assessment process is being used as a main tool to enhance and strengthen the work place precautions. Further it helps in

classification of the Risks as Major, Medium and Minor. Hence, supports in prioritizing the corrective action for those risks where safeguard is not sufficient.

The risk classification as Major, Medium and Minor is arrived at from the risk score calculation, which is a product of the likelihood and consequence of a hazardous event. Some of the significant risks that are identified are related to the following hazard categories:

- Chemicals
- Combustibles
- Mechanical
- Pressure
- Material Handling
- Ergonomics
- Transport
- Work Environment (working at height, Physical conditions etc.)

Each area (sections & departments) identifies the Hazards relevant to their area of responsibility, carry out the risk assessment, come out with the Risk control measures, as required and register them electronically in the Safety information System "SIS".

The form for recording the Risk Assessment, its flow to different levels for review & action, registering of the risk(s) and its further updating, is done electronically. As a result the compilation of all electronically registered risks pertaining to different areas in QAFCO is called the "Register of Identified Occupational Hazard, Risk Assessment and Determining Controls". All personnel having access to lotus notes, by getting into the SIS, can view this register. This register is dynamic and will be updated as and when the respective area responsible incorporates any changes. This register provides the input for monitoring and implementation of appropriate risk control measures, which subsequently helps in achieving the organization's OH&S Objective(s).

Furthermore, risk assessment is a proactive measure to monitor the adequacy of compliance with OH&S Management Program, operational criteria and applicable legislation's and regulatory requirement.





The line organization is responsible for monitoring and controlling of the relevant significant Occupational Hazards and its consequential risk (Major and Medium without sufficient Safeguard).

The Major risks (safeguard not sufficient) are included in the QAFCO Action Plan and followed up in the Action Plan meetings to discuss the Progress of Action Plan. The registered risk(s) will be reviewed by relevant Sections on an annual basis or whenever required and updated in the on-line system, as relevant. Based on the Annual review an Annual Review Report (electronic format) for the respective Sections is sent to the OH&S Management Representative.

The OH&S Management Representative compiles and presents the status of Risk Assessment and its effectiveness to the Management in the Management Review Meetings, which is held three times a year.

### **Security Vulnerability Assessment (SVA)**

Security risk is an expression of the likelihood that a defined threat will target a critical facility / asset and successfully exploit a specific vulnerability of an asset and cause a given set of consequences.

Method of Security risk assessment:

- Threat analysis
- Vulnerability analysis
- Security countermeasures
- Mitigation & emergency response

The risk of security event is estimated qualitatively. The basis are:

- Consensus judgment of knowledgeable people on the likelihood and consequence of an undesired event.
- Best available information
- Experience and expertise

At QAFCO, based on the identified critical threats an SVA is carried out and registered in a dedicated and confidential file, which is accessible only to essential personnel within the company.

The SVA register identifies the threat type, likelihood, vulnerabilities and consequence. Based on which the risk is estimated (Using risk matrix) and accordingly relevant counter measure(s) are recommended.

### **Contractor's Safety, Environment and Conduct & Ethics Requirements**

Our stringent safety requirements also extend to our external contractors. We aim at ensuring the protection of life, property, environment and values and promoting efficiency through the selective use of safe work practices and the establishment and maintenance of working conditions.

Contractors are required to follow the "QAFCO Contractor's Safety Rules and Regulations" and to understand our "Code of Conduct & Ethics", and ensure that his manpower is aware of and complies with all Environmental requirements as updated from time to time. Contractors should also document the specific responsibility, authority and interrelation of all personnel who implement this policy. It is the responsibility of the contractor to ensure all sub-contractors and others comply with the approved Safety and Environmental programme and core values and principles at QAFCO.

We require that each contractor ensures that all personnel for whom they are responsible receive a thorough orientation related to safety, environment and our corporate values, which includes, among others:

- Requirements of the Safety and Environment Programme and their responsibilities.
- First Aid arrangements and reporting requirements.
- Use of personnel protective equipment.
- Unsafe acts, conditions and reporting requirements.
- Safe work and environmental practices.
- Attendance at safety and environmental meetings.
- Other safety hazards and safety instructions.
- Code of Conduct and Ethics at QAFCO.

We ensure our contractors make available appropriate personnel protective devices. Accident reports are compiled so that a site-wide record may be kept. Regular safety meetings are held to exchange safety instructions and suggestions. Contractors make a proactive contribution by reporting any risks outside their control which might place their personnel at risk.

Our Corporate safety culture is reflected in different aspects including the safety concept and behavior of our employees and contractors; decision attitude and directional behaviour of the management level; employees and contractors' response toward safety and the requirements of operation codes. Continuous improvement of OHSMS actually promotes the development and creation of corporate safety culture.

# Sustainability Agenda at QAFCO

## Nurturing Our Workforce



Occupational Health & Safety and Environment Training for QAFCO Employees		
Type of Training	No. of QAFCO Employees Trained	
	2011	2012
Safety Training	109	160
Shutdown	499	913
Safety/Fire	Nil	23
Permit Authorization	Nil	224
Security	Nil	5
Office Safety (Female staff)	Nil	14
CP&EP	54	115
Chemical Handling	12	6
Spill Kit	Nil	7
Risk Assessment	Nil	27
Rescue	Nil	17
Confined Space	Nil	82
Emerg. Response	363	103
<b>Grand Total</b>	<b>1037</b>	<b>1511</b>

Occupational Health & Safety and Environment Training for Contractors		
Type of Training	No. of Employees Trained	
	2011	2012
Shutdown	4200	4830
Crane Operator	Nil	10
Confined Space	Nil	862
Aqueous Ammonia	16	4
Catering	Nil	30
Special Training	19	137
Chemical Handling	Nil	32
Safety Officers	Nil	17
Permit Authorization	Nil	164
Construction Safety	Nil	3
General Safety	1000	2435
<b>Grand Total</b>	<b>5235</b>	<b>8524</b>

## OHSE Training & Development

### Shutdown Activities 2012

Safety and Environment Training was imparted to QAFCO Employees as well as Contractor Employees to make them aware of Safety and Environment Practices to be following during Shut Down. In 2012, a total of 8,524 Contractor Employees and 1,696 QAFCO employees were trained.

Examples of Courses	Department Responsibility	Duration
<b>Gas testing, Field Lab</b>	<i>T&amp;D and Laboratory</i>	3 hrs (Prior to major shutdown)
<b>Safety &amp; Fire, OH&amp;S</b>	<i>Safety Section</i>	One day (Prior to major shut down)
<b>Environment</b>	<i>Environment Section</i>	One day (Prior to major shut down)
<b>Basic First Aid</b>	<i>Medical Section</i>	2 hrs
<b>Quality</b>	<i>Quality Section</i>	2 hrs

### Behaviour-Based Safety (BBS) - 2012

Our Safety Section, as part of Continual Improvement of its Safety systems, identified that behaviour of the people is one of the most important elements to be addressed to achieve the desired Safety Targets. All our departments have adopted a behavioural-based approach to health and safety. This approach recognises that best practice guidelines and policies are not enough to achieve a safe working environment. It is how well people adhere to them which makes the difference.

Keeping this in mind, QAFCO selected BBS (Behaviour Based Safety) as a Safety Tools to be an integrated part of its Safety Information System. In order to implement BBS in a systematic manner the BBS Steering Committee was formed. The committee evaluates the bid received from Training agencies, Monitor BBS Implementation & Progress within QAFCO, present the progress/status in meetings, among others.

A BBS and Root cause Analysis (RCA) 'Sixth Workshop' was conducted with the aim to introduce and reinforce BBS and continue training on the "Root cause analysis (RCA)" technique, so as to improve the quality of incident investigation by identifying the root cause(s) and thus arriving at specific preventive action(s) to avoid reoccurrence.

The workshop also highlighted the importance of investigating Near misses incidents, specifically those with potential for high consequence and risk. The meeting was attended by 108 participants including Production and Maintenance Managers. Head of Safety made a presentation on "BBS". The presentation was followed by the workshop on Benefits of implementation of BBS in QAFCO and RCA for 3 selected case studies, from QAFCO's incident records.

A total of 12 teams were formulated for the workshop (4 teams worked on BBS and 3 different cases/ activity were allotted for 8 teams. After the workshop, constructive and good examples on the benefits of BBS were presented by Production Manager Q1- 4, Maintenance Manager, A/Chief Technical Officer and Head of Medical. Their presentation with examples from real life revealed the conclusion on the benefits of implementation of BBS in QAFCO.



*BBS helps employees identify safe behaviour over an unsafe one, by clearly identifying hazards, recognizing the risk involved and adopting the principle for any change in task*

# Sustainability Agenda at QAFCO

## Nurturing Our Workforce

### QAFCO Safety Person of the Year Award

QAFCO believes that the best investment the company can make in its community is to ensure that their employees come back home safely. QAFCO emphasizes the importance of strong safety leadership to its staff and contractor workforce to further strengthen its safety culture.

Annually, during the QAFCO Day commemoration the CEO addresses all employees, where he presents the previous year's achievements and the goals for the current year in terms of operations and OH&S. Also awards are presented to recognize the selected employees for reporting value adding near-miss and risks.

### Interview with Mr. Essa Al Romaihi

*Instrument Workshop Engineer, one of the Safety Person of 2012 awardee.*

One of the achievements of the award came from the enhancement of QAFCO operational Performance Quality, Safety and Environment and Management support.

#### **What was the main motivation for undertaking this initiative?**

*I wanted to create a Safe Environment for all concerned staff In Instrument workshop, at the same time creating a role model for all other employees / Staff & contractors coming to Instrument Workshop.*

#### **What were the actions carried out to implement this initiative?**

*A big safety signboard with Safety signs and posters was displayed at the entrance and inside workshop. Motivating signboards were also displayed at Strategic locations in Instrument Workshop, to remind them continuously relating*

*to safety. Additionally, Daily Contractor briefing was carried out by Workshop Engineer for around 1/2 Hour , for full shutdown duration of 20 days, to motivate the complete contractor staff of around 60 persons, the need for enhanced safety in Workshop.*

#### **What are the main impact of this initiative in QAFCO and its employees?**

*Working conditions and Housekeeping became better in Workshop. Employees also became more motivated to do Hard work and our Contractors were more motivated to do the job safely, after noticing this initiative. Furthermore, Incidents were reduced to minimum.*

#### **Do you have in mind any future developments or ideas for the coming award 2013?**

*I would like to implement a "Instrument Workshop Safe-guard" which is based in the idea that an Employee will be assigned as Workshop safeguard, who will look at the overall safety of the Job and the person carrying out the job. Another initiative would be an Indoor safety self training that is planned to install 55" TV in Workshop, which will play safety related themes. Films or Presentations can be made and shown to workshop crew, External Visitors, Contractors, New Employees.*

*The concept is that QAFCO is expanding to become one of the World's largest companies. The Workshop's aim is also to become one of the Best in the industry in terms of Safety, Quality and Environment to match QAFCO progress.*



### Internal Surveys

We use several methods of employee engagement such as newsletters and the company intranet. There are several events which are held, allowing informal discussions between employees and senior managers. Section parties are held one to two times a year. New Year parties, a QAFCO Day and shutdown parties are also held annually. Project completion parties are also held periodically.

### Noise Surveys

There are a number of different reasons why noise surveys are required to be carried out in QAFCO. These include:

### Legal Compliance Survey

That is carried out as stipulated in the Consent to Operate, issued by the Ministry of Environment, in order to check compliance with legal exposure limits. The results are reported to the ministry on a quarterly basis.

### Occupational Hygiene Survey

The sound pressure level/equivalent sound level is measured to determine the employees' noise exposure in the workplace, and hence identify the areas where employees are likely to be exposed to harmful levels of noise and respond to any noise complaints. The survey's results are conveyed to the concerned area responsible. A base-line data / information on the intensity of existing noise levels to which the personnel in plant areas are exposed to, has already been carried out in all QAFCO plants.

#### Noise Levels Generated by a Particular Source:

This survey can identify the equipment that generates harmful noise levels, and/or verify manufacturing values. The survey's results are conveyed to the concerned area responsible.

### Lighting Surveys

The aim of this occupational hygiene survey on interior lighting in QAFCO's premises is to prepare a base-line data / information on illumination provided for persons in the interior of QAFCO's premises, in line with the "Baseline Study Survey Report on Occupational Hygiene Exposure Workplaces Hazards" which has been earlier initiated in 2003.

Furthermore, the personnel occupying QAFCO's premises were also interviewed during the baseline survey to identify any concerns / complaints, related to interior lighting, they might have.

### Ergonomic Surveys

Quick, and in some certain cases, full ergonomic advisory visits are normally conducted on all sections occupying new buildings. The main objectives of such ergonomic advisory visit are to:

- Check the workplace ergonomics in the new offices of Sections which have relocated, with the aim of preventing adverse health effects to the users.
- Report the main concerns of the Sections' personnel and, accordingly, state the necessary Requirements / recommendations to upgrade the ergonomic quality of the workstation and offices.

QAFCO has also implemented Quality, Environmental, Occupational Health & Safety, Responsible Care and IFA Product Stewardship Management Systems, as a commitment to ensure continual Customer Satisfaction, maximum efficiency and effectiveness from the resources and technologies. Based on the measurement, customer satisfaction & dissatisfaction level is identified and utilized for the continual improvement.



# Sustainability Agenda at QAFCO

## Supporting Our Communities

Our main operations are located in Mesaieed, managed by Mesaieed Industrial City, a subsidiary of Qatar Petroleum, in the state of Qatar. Mesaieed was established in 1949 as a tanker terminal by Qatar Petroleum on a previously uninhabited site along the coast. QAFCO recognises that a long-term view is required to understand the cultural and societal values of local communities, as well as their economic and development needs. Understanding communities helps us to ensure that they benefit from our presence and that these benefits are fairly distributed. However, there are often significant barriers to winning local stakeholders' support.

QAFCO implements the Responsible Care® Guiding Principles at all its operations setting out a framework for achieving these overarching objectives across our businesses and ultimately satisfying the societal aspects of our business values. This process identifies all potential for negative impacts on communities, the characteristics of most risk within the individual location, the points of vulnerability and leads to an improvement and stakeholder engagement plan where needed to reduce the potential for negative impacts in the community.

We prevent from any community to be affected from our direct operations. Our buildings and foundations, including the industrial plant, office site and administrative facilities are located at Mesaieed Industrial Area, to prevent neighboring communities from any negative impact of our activities on the culture, livelihood, health, safety, lifestyle, security and economic development. Our staff housing complex is located on the land leased from the Industrial Development Technical Centre, approximately 50 kilometres south of Qatar's capital.

Many Companies around the world operate in very developed cities which already have local infrastructure, amenities, schools, public transport, entertainment venues, housing and hotels, leisure centres, etc. As Mesaieed is a purpose built industrial city, very few of these amenities are provided by the local council and small businesses. QAFCO invests in providing our employees, other stakeholders and the community of Mesaieed with these facilities in order to restore their standard of living and livelihoods.

### Building Our Community

#### Our Clubs

Al Banush and Al Maha Club are our sports clubs and social centres which are available for our employees. Al Banush is the largest club in the city and has many facilities including a main hall, a football ground, bowling green, tennis and basketball courts and many more indoor and outdoor activities. It has an outside swimming pool with a slide, diving board and a fabulous hot spa tub and a cricket field is located near the club. There are several classes available including spin, karate, football and badminton. Al Maha Club, although is smaller than Al Banush club, but it has the same facilities as Al Banush club.

These Clubs are non-revenue generating: all operations of the clubs are subsidised by QAFCO. Membership of the clubs is open to all employees. Considering the diverse culture in QAFCO, we introduced various exciting activities in these Clubs including social get-togethers, Ramadan celebrations, children talent shows, cultural activities and artist performances. The Clubs host various personal development programmes to enhance the skill levels of our local community. In addition, the Clubs support their purpose as a 'ladies club' or meeting point for females in the surrounding community.

The annual QAFCO flower and vegetable show is also held in Al Banush club. We have also allocated QR 65 million to a project for the redevelopment of our clubs over a period of 15 years.

#### QAFCO Canteen

All employees can use the company canteen for a nominal monthly fee. There is no segregation based on the working grade in the canteen and employees are free to eat any of the available dishes.

The dishes in the canteen represent the many races of our workers. The food is of very high quality and we are pleased to have been certified with Hazard Analysis Critical Control Point (HACCP). Our HACCP certification is updated on an annual basis.



### Education & Development for the community

#### Sponsoring Education and Building the Nation

QAFCO Primary School (Non-Arab), Mesaieed

QAFCO Primary School established in 1974 caters to children of QAFCO employees as well as children of all the other companies for people residing in Mesaieed and Wakra.

During the academic year 2011 – 12, the school had had 225 students and 16 staff working full time in the school.

Some examples of the activities conducted within the academic year are Parent Teacher Meetings, Annual Day, Dress Competition or the Sports Day, a highly valued activity which contributes to the development of the student.

Over the years our school has taken various initiatives towards increasing environment awareness in students. They are taught to think and act in ways that will conserve our nature. They are involved in programs which include water conservation; planting of trees or the participation in QP Environment Fair in Doha. Our environmental program is supported by the Environment Team of QAFCO.

Student competitions such as Recitation Competition, Talent Competition, and Colouring Competitions are held in the school as part of their curriculum to compare the skills levels and creativity with that of their classmates. Our students have actively participated and won prizes in the QAFCO Flower and Vegetable Show, Drawing and Colouring Competitions conducted by IAAD, Friends of Thrissur Doha etc. They are also taken for educational trips to Islamic Museum and gardens in Mesaieed for bringing them closer to nature.

As part of our social obligation, fee concession is given to deserving students from low income groups.

The QAFCO School is run by the school committee which is represented by QAFCO employees. All students are awarded full scholarships comprising of tuition fees, accommodation, meals, a monthly allowance and books. Selected on the basis of their family income, leadership qualities and academic excellence, we hope that these talented students will contribute to the socio-economic development of the community and especially their country of origin.



#### Our students & staff per gender category

	Students	Staff	Support Staff
<b>Male</b>	90	0	1
<b>Female</b>	135	15	-
<b>Total</b>	225	15	-

#### Company wise classification

	Students	Staff	Support Staff
<b>QAFCO</b>	142	-	-
<b>Non QAFCO</b>	83	-	-

#### Our International students & staff

	Students	Staff	Support Staff
<b>India</b>	74	13	-
<b>Pakist'ni</b>	71	1	-
<b>Bangla</b>	20	-	1
<b>Indo'si</b>	48	-	-
<b>Sudani</b>	4	1	-
<b>Phillipino</b>	1	-	-
<b>Ghana</b>	1	-	-
<b>Egyptian</b>	6	-	-



# Sustainability Agenda at QAFCO

## Supporting Our Communities

### **Thank You Partners- Qatar University - October 4, 2012**

QAFCO was given a token of appreciation on the continuous support and assistance on Student's Work Term Project, Summer Training Program, an internship Day and for providing professional support on their Academic Development

### **Sponsorship and Internship 2012- Qatar University - October 15 to 18, 2012**

QAFCO participated in the 'Sponsorship & Internship 2012' of Qatar University on October 2012. This activity gives QAFCO the opportunity to meet, recruit and offer possible sponsorship & internship to students pursuing graduation in line with QAFCO's requirements and needs and it's Qatarization Plan.

### *Networking with our Educational Institutions*


QAFCO's part of Networking Strategies among Educational Institutions, a close relationship with Universities, Schools and Other Educational Sectors actively participated and involved on School Activities:

#### Involvement with schools (2008 - 2012)

- Number of schools engaged: 17 (Schools, Universities)
- Type of involvement:
  - o Summer Training & Internship Program
  - o Career Fair and Sponsorship Day
  - o Plant Design Projects
  - o Plant and School Visits
  - o The involvement included site visits: School Visit to QAFCO, providing an overview about QAFCO including Plant Visit, giving presentation and/or awareness about QAFCO.

#### Scholarships for children of employees and community (2008 - 2012)

- Number of scholarships bestowed in last four years (2008-2012): 83 Qatari Employees
- Level of scholarships e.g. secondary school, university etc.:
  - o Diploma Studies
  - o Advanced Diploma
  - o Higher National Diploma
  - o Bachelor Degree / Bachelor of Engineering Studies
- Number of scholarships for community children (not employees of the company): NONE but we are providing an internship program among the children of QAFCO employees that will help them on their future career path and academic studies.
- Number of scholarship-holders university graduates joining the organization: 40



Representative image from Doha esplanade



### QAFCO conducts heat stress campaign

Represented by its Safety Section, QAFCO conducted a 3-phase heat stress campaign on May 2012 where heat stress leaflets, juice and insulation bags were distributed. The campaign rose awareness on Heat Stress Management for QAFCO employees and contractor personnel.

Through the campaign, the organizers focused on preventing heat stress by regular fluid replacement, consumption of water/water substitute, taking additional breaks, control on the tie workers are exposed to the heat of the sun and preventing dehydration.

Upon instructions from QAFCO Vice Chairman and Chief Executive Officer Mr. Khalifa Abdullah Al-Sowaidi, the campaign was carried out under supervision of the Chief Technical Officer. Speaking on the occasion, the CEO stressed on the importance of the campaign for the employees and contractors alike, affirming that all companies shall care for the safety of their employees.

This campaign was a collective effort of Safety Section in the lead supported by Medical and Catering Sections. The campaign was well received by all employees and QAFCO' contractors.

### Joint Auxiliary Fire Fighting Training

As a part of mutual learning process we have started inviting neighbouring companies to participate in our Auxiliary Fire Fighting Training. This was welcomed by the neighbouring companies and also by MIC.

### Awareness Training for Serious Diseases

Although all employees receive medical insurance and benefits, we are one step ahead in fighting the spread of serious diseases. We recognise a number of serious diseases which are prone in our country including rabies, tetanus and hepatitis. In responding to this issue, we conducted a comprehensive education programme, providing all employees with the provision of guidelines on prevention approaches.

Heat Index	Flag colour to be posted	Controls	Work: Rest Period (Minutes)	Water requirement (1 cup = ¼ litre)
Up to 26	No Flag	-	-	-
27 - 38	Yellow Flag	Continuous monitoring and No working alone	40:10	1 cup every 20 minutes
39 - 53	Red Flag	Work under shade Above 49, Elevated Work Stopped	39 - 10	1 cup every 15 minutes
54 and above	Black Flag	Stop work	-	-

We have a state-of-the-art medical centre within the QAFCO site and ensure that all employees are provided with medical assistance including medical consultation and vaccination services when required. The medical centre includes offices; consultation rooms; an observation room for patients; audiogram, eye examination and lung testing facilities; a laboratory for blood testing; and an emergency room which allows patients to be admitted quickly by ambulance.



# Sustainability Agenda at QAFCO

## Supporting Our Communities

### Events & Conferences

#### QAFCO Flower & Vegetables Show

The 25th QAFCO Flower & Vegetable Show 2012 was organized at Al-Banush Club in Mesaieed, on March 2012. In the last twenty five years, the event has grown by leaps and bounds in terms of participation and popularity that it has become a melting pot where people from all walks of life get together to showcase their creativity and celebrate the bounty of nature.



The annual tradition showcasing the artistry of home grown plants featured at the QAFCO Qatar Flower and vegetable Show 2012 has become more meaningful as it falls into the event's silver anniversary celebration. Housed at a large tent at Al-Banush Club in Mesaieed, the event sponsored by QAFCO once again proved to be a crowd puller with over 9,000 people coming in droves to witness the big show.

A bigger celebration this year with 45% increase in the participation from the more than 400 competitors with about 5,000 exhibits on display sprawled around the tables inside the tent. The flower arrangement competition for ladies in the amateur category and open at the professional category added colour to the event.

#### Qatar International Agricultural Exhibition (AGRITEQ)

The 3rd Qatar International Agricultural Exhibition; AGRITEQ - 2012 was organized at Doha Exhibition Center on March 2012. The exhibition was inaugurated by H.E. the Minister of Environment; Abdullah bin Mubarak bin Labboud Al Moudadi.

Irrigation systems, water processing and running techniques, pumps and pipe systems, sprinkling machines, farming machines and equipment, food processing and packaging, fertilisers and soil nourishing products, and gardening accessories and equipment were among the exhibits.

H.E. the Minister of Environment visited all the stands of AGRITEQ 2012. During his visit to QAFCO stand, QAFCO's Vice Chairman and CEO briefed him about the present ongoing and future planned projects. QAFCO highlighted present online as well as future projects in hand like Sahara Forest Project, etc. Games were also provided for children to increase its environmental awareness.



### Qatar Career Fair

Under the generous sponsorship of H.H. Seikh Tamim Bin Hamad Bin Khalifa Al Thani, the Deputy Emir, Heir Apparent, the Qatar Career Fair, part of Qatar Foundation, conducted the event of 5th annual fair, which run on April 2012 at the Qatar National Convention Center. 130 public and private companies participated in this fair. The venue was divided into 'Villages' on the basis of various sectors, namely: Energy & Industry, Communication, Tourism, Insurance, Education, Media and Sports. This year, the fair took on special significance, as it aligns itself with the objectives of Qatar Vision 2030 launched by His Highness.

This economic, cultural and social event is the culmination of great efforts by the organizers, Qatar Foundation for Education, Science and Community Development, Qatar Petroleum, Amiri Diwan, Qatar University and the Ministry Labour. It will offer Qatari students education, recruitment, training opportunities and development in order to enhance their abilities and strengthen their skills, enabling them to meet the challenges in national development.

Through effective participation in this fair, public and private institutions can provide the largest number of jobs to Qatari citizens, provide the right employment opportunities and meet the objectives of the Qatarization policy. This is done by selecting students who meet the criteria defined by companies and sponsoring their higher education depending on the needs of their jobs.



QAFCO has actively participated as Pearl Exhibitor in Qatar Career Fair 2012 and launched a major recruitment campaign that achieved highest standard in progress and development. A number of qualified staff attended to visitors at QAFCO stand, answered queries pertinent to available work opportunities at the company and helped interested candidates in completing application forms. On the sidelines of the Fair, QAFCO highlighted the company's ambitious plans to meet future challenges. QAFCO participated in the event as part of its efforts to attract young Qataris and strengthen Qatarization process, adding that the Career Fair is an important forum to promote QAFCO. Further, QAFCO present employment opportunities and requirements, enables young Qataris discover areas of work specialization, know benefits at QAFCO and training opportunities the company provides to young Qataris who work with it.

### QP Environmental Fair

The 3-day exhibition was organized at Doha Exhibition Center on April 2012. The exhibition was inaugurated by the Minister of Energy and Industry, H.E. Dr. Mohammed bin Saleh Al-Sada. The Minister of Energy and Industry highlighted the importance of the message of the event, that 'The Environment is Everyone's Responsibility'.

The exhibits on display gave a glimpse of the wide range of environmental programs that are currently being implemented throughout the country. The Fair featured a variety of displays showcasing environmental initiatives and a range of activities for families who visited the show, such as a children's play area, a marine and desert life area and a plantation area. Eight directorates & departments from QP as well as 25 other companies and organizations participated in the event.

The Minister of Energy and Industry visited all the stands of QP Environment Fair 2012. During his visit to QAFCO stand, QAFCO's Vice Chairman and CEO, Mr. Khalifa Abdullah Al-Sowaidi briefed him about the present ongoing and future planned projects. QAFCO highlighted present online as well as future projects in hand, like Al Beseriya Island, SCR Technology and Sahara Forest Project etc. For children, i-pads games were provided & quiz books (like Save Energy, Save Nature, & Save Water) were distributed in order to increase the environmental awareness in children.



# Sustainability Agenda at QAFCO

## Supporting Our Communities

### **QAFCO Sponsors the 5th Rehabilitation Conference**

Recognising its social responsibility, QAFCO signed an agreement with the Rehabilitation International Arab Region to sponsor the 5th Rehabilitation Conference of this organization, that was held on September 2012 in Doha.

QAFCO's contribution to the conference is part of its concern for people with disabilities. It further expresses QAFCO's keen intention to support the efforts deployed by the State of Qatar in caring for this social group, adding that people with disabilities deserve special attention from the entire society because they are an indispensable part of the manpower and can that contribute to the economic development if they receive due rehabilitation and care.

### **QAFCO - Texas A&M University at Qatar (TAMUQ) Chemistry Conference 2011:**

As an opportunity bond with its partner TEXAS A&M University at Qatar and as an endeavour to chart a framework for future cooperation between industrial establishments and academic institutions.

### **QAFCO Open Tennis Tournament**

QAFCO also conducts QAFCO open tennis championship, an annual event sponsored by QAFCO under the patronage of Qatar Tennis Federation. It is one of the oldest events in the sports history of Qatar. The tournament has very rich history and many leading national level players have had their initiation at the QAFCO Open.

### **Indian community in celebration of heritage**

QAFCO sponsored the celebration of 63rd Republic Day of India. A large gathering of Indian community attended a grand cultural programme organised by the Indian Cultural Centre on 4th February at Doha Cinema to celebrate India's 63rd Republic Day. Children from eight Indian schools, two teams of ICC dance students and performers from 10 affiliated organisations presented a variety of patriotic, semi-classical, fusion and folk dances and skits.



National Sports day celebrations at QAFCO

### **40th Independence & National Day celebration of Bangladesh**

QAFCO contributed towards the socio-cultural event held at the Bangladesh Embassy in Qatar to celebrate their 40th Independence & National Day of Bangladesh.

## **Contributions**

### **Extending a Helping Hand to a Neighbouring Company**

On March 2012 we received a call for help from E/C from QP Port (Mesaieed) to help fight a fire which took place at Al Kharara Area. There was fire in waste material yard at DSWMC (Domestic Solid Waste Management Center). QAFCO extended immediate help by providing a Fire Truck and Fire Fighting Crew as per the need.

### **Blood Donation Campaign**

In collaboration with the Blood Donation Unit of Hamad Medical Corporation, the Industrial Relations Department at QAFCO and the company's Medical Department held a blood donation drive on the 5th of December 2012 at QAFCO premises in Mesaieed.

Prior to the campaign, awareness emails were circulated about the donation highlighting its benefits. To donate blood benefits both the donor and receiver of the blood and gives us all an elated feeling of having helped saving more lives on Earth. The blood donation campaign has become an annual activity organized by QAFCO in fulfilment of its social responsibility.

## Our initiatives in the past...

### QAFCO hosts the GPCA Fertiliser Convention:

Represented the views of 16 international companies and organizations involved in the fertiliser industry. The conference discussed many issues affecting the fertilizer industry. It also provided a networking forum for influential international producers, consumers, traders, and operators in the industry.

### QAFCO participates in the 20th World Petroleum Congress (WPC):

Also known as the Olympics of the oil and gas industry, drew to a close on December 2011 gave Qatar and the Middle East the privilege of hosting the coveted event for the first time.

### QAFCO hosts GPCA Fertilizer Convention:

Objective of the conference is to provide a platform for experts from around the world to discuss latest development in the field of fertilizer industry for greater production efficiencies, cleaner environment, and sustainable growth.

### Alkhor Independent School for Girls Books Fair:

We sponsored a book fair at Alkhor Independent School for Girls in 2011. The event was organized by the school library.

### 3rd Civil Defence Exhibition & Conference Qatar 2011:

was one of the biggest and most specialized events of its kind in the Middle East and North Africa region. Held under the patronage of the Minister of Interior and the Administration of Civil Defence, the event showcases the many facets of public safety and security.

### QAFCO sponsored the 31st GCC Hand Ball Tournament:

The Championship featured various prominent teams namely Al Ahli of Bahrain, Al Shabab of Bahrain, Mudhar of Saudi Arabia, Al Shabab of UAE, Al Arabi of Kuwait, Muscat of Oman, Army of Qatar and hosts Al Rayyan of Qatar.

### World Environment Day:

we were platinum sponsors of the World Environment Day 2011 celebration in Qatar. Organised by the International Academy for Intercultural Development, Doha the event showcased various initiatives by Qatar to promote environmental sustainability.

### Pakistan Quadi-e-Azam Day:

we sponsored the Quadi-e-Azam Day, the Birthday of Quaid-e-Azam Muhammad Ali Jinnah founder/father of Pakistan.

### 4th Gala Dinner Party of Reach Out to Asia (ROTA) Organisation (Fund Raising event):

To raise much needed funds to continue and build upon ROTA's work in Asia and the Middle East. ROTA holds a bi-annual fundraising gala dinner in which it hosts VIPs and celebrities from around the world to raise funds.

### National Sport Day:

This is a pioneering initiative adopted by H.H. Sheikh Tamim Bin Hamad Bin Khalifa Al Thani, the Deputy Emir and Heir Apparent wherein Tuesday in the second

# Sustainability Agenda at QAFCO

## Respecting Our Environment

As an environmentally responsible company, continual efforts are made at QAFCO to reduce environmental impact through an extension beyond mere statutory compliance.

Our motto, "Environment is Our Responsibility" stems from our management's strong commitment to care for and protect the environment while carrying out our core business of producing fertiliser. This intention is reflected in our policies, objectives, various projects and our employees. We understand that we have our own share of emissions to air, discharges to sea and various wastes to manage. Strict environmental considerations are in place to minimise air emissions and discharges to the sea as well as recycling and managing waste. With the recently completed Urea-1 Revamp project, we have successfully eliminated the discharge of urea and ammonia to the sea. Various projects are ongoing to reduce our NOx emissions, SOx emissions, energy consumption as well as to monitor ambient air and water quality.

The QAFCO Environmental Policy upholds the Environmental Management System (EMS), which has been externally benchmarked against international certifications including the ISO 14001. The relevant authority conducts regular environmental auditing and inspection of our production and environmental impacts which grant us the consent to operate.

We established and maintained documented environmental objectives and targets during 2011 and 2012 and the objectives are quantified wherever practicable. In our objectives, we have considered not only environmental legal requirements, significant environmental aspects and views, interests and concerns of interested parties. Our objectives are also aligned to financial and operational requirements and take into account best technology practices to prevent pollution and mitigate the negative impacts of our operations on our nature resources and communities.

Environment management meetings, chaired by our CEO, are held twice a year. During these meetings, all environmental issues and performances to date are discussed with various relevant heads of departments.

Our Environmental Objectives are to :

- Implement legal environmental compliance projects, studies or programmes for the control and monitoring of non compliance areas in accordance with the conditions of the Consent to Operate Permit.

- Consider the possible phasing out of Ozone Depleting Substances in-line with the country's "National Strategy".
- Meet the expectations of our shareholders, management and other stakeholders.
- Conduct an International Study on Chlorine with the participation and supervision of the Ministry of Environment.
- Conduct a study on the feasible NOx abatement technology that will enable QAFCO to meet the legal environmental permissible levels.
- Develop a system to recover, treat and use the sewage from a Sewage (Wastewater) Treatment Plant for environmental improvements initiatives (irrigation and recycling to the process etc).
- Reduce the high coliform in treated effluent, to comply with the legal requirements.

We have established a procedure for identifying the environmental aspects of our activities, products and services that are under our control or can be influenced by our operations. The identified aspects cover present, past and future planned activities. The identification and review of the environmental aspects of our activities, products and services are conducted annually. The "Environmental Aspects / Impacts" System is computerised and different sections can conduct the identification and evaluation of aspects on-line. The system automatically identifies significant aspects.

The identified significant environmental aspects are considered in setting QAFCO's environmental objectives and management programmes / action plans.

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For aspects associated with projects of plant modifications (planned activities), the Projects Section maintains a system that identifies and evaluates the aspects of the different phases of new projects. The identified and evaluated aspects (for significance) are maintained, for each project, in soft or hard copy.

## RISK IDENTIFICATION AND ASSESSMENT

### a) Regular Environmental and Safety Inspections:

Safety Tours, Safety Walks, Management Safety Walk, Safety Surveys etc.

### b) Environmental Aspect / Impact Identification:

- Identification of the Environmental Aspect/Impact Evaluation based on company's activities, products & services is a core requirement of the ISO 14001. QAFCO conducts its evaluation of the aspects and impacts on an annual basis.
- Based on the evaluation and identification of the Significant Aspects, the Environmental Objectives are identified and relevant Environmental Programs are developed to reduce/eliminate impacts due to these Significant Aspects.

### Water & Effluents

QAFCO understands business risks and opportunities relating to water scarcity and is committed to promote responsible water management. The strategy adopted by QAFCO is to use water efficiently, recycle and reuse wherever possible.

Our environmental impact relating to water use is relatively high due to the nature and size of our operations. At QAFCO, water is mainly used in our plants for cooling machinery. Sea water intake flow is calculated based on sea water pump discharge valve flow characteristics while the returned water is estimated based on Balance approach. Municipal water flow is measured based on Invoices/bills.

The total water consumed increased by 19% compared to 2011 due to new projects QAFCO 5&6 starting operations in 2012. Of the total water used by the company, around 97.15% was taken from the sea (after discounting water returned back to the sea) and approximately 2.47% was supplied by local municipal water authorities.

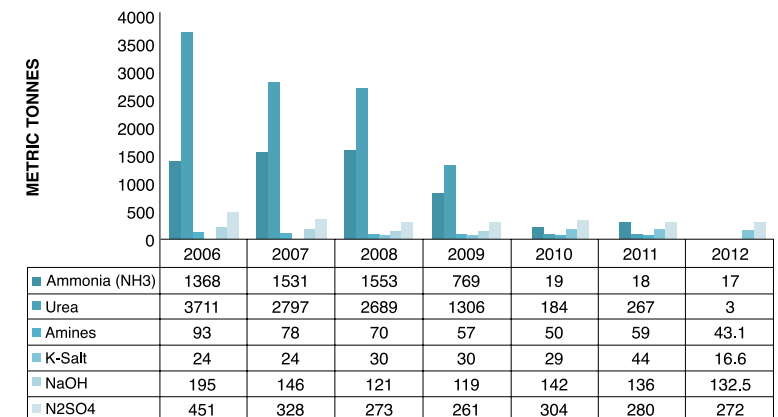
Water is discharged into the sea in a way that our operations do not affect the flora and fauna since environmental controls are implemented to manage soil, waste and other materials to prevent them of being washed into the sea.

Water conservation is a matter of extreme importance for QAFCO and Qatar as a whole. We recycle as much water as we can. Actions to reduce water consumption included the flow restriction devices on taps and the upgrading of toilet cisterns. Water saving awareness poster are displayed in our restrooms.

During 2012, 61,000 m3 of the treated sewage water was used for irrigation and landscaping purposes.

Operations Department		2011	2012	Increment	
Sea Water Intake/Returned (m3)					
	Sea water intake from Sea	1,290,000,000	1,320,000,000	2%	
	Sea Water Returned Back to Sea	1,280,000,000	1,308,000,000	2%	
Water Consumed/used (m3)					
	Net water intake from sea after discounting water returned back to the sea	10,000,000	12,000,000	20%	
	Municipal Water Supplies or other water utilities	QAFCO (1-4)	330,896	305,293	-8%
		QAFCO (5-6)	60,000	46,293	
	Total Ground water extracted by QAFCO	Nil	Nil		
	Rainwater collected directly and stored by the reporting organization	Nil	Nil		
	<b>TOTAL water consumed/used</b>	<b>10,390,896</b>	<b>12,351,586</b>	<b>19%</b>	
Water recycled/reused (m3)					
	Process and steam condensate re-used within QAFCO (1-4) and QAFCO (5-6) & Melamine Plants	11,589,900	15,584,900		
	Treated sanitary waste water used in irrigation	60,500	61,000		

QAFCO Discharges into Sea from 2006 to 2012



# Sustainability Agenda at QAFCO

## Respecting Our Environment



### Environment-friendly Steam Cleaning Machine at QAFCO

The new machine operates two cleaning streams concurrently. This environment - friendly, zero water wastage, zero soap is an effective solution for equipment cleaning.

### Study of Residual Chlorine and Chlorinated By products

Meeting the current limits of the free residual chlorine is a challenge faced by all industries in Qatar. QAFCO led the way in initiating this study in order to review the regulation on the free residual chlorine and it was conducted by Texas A&M University and the Environmental Studies Centre-Qatar University. The study was co-financed by Qatar Petrochemical Company (QAPCO) and QP-Gas Operations.

The study found that the biodiversity of water bodies and habitats was not significantly affected. We aimed to re-evaluate the residual chlorine limits for the state of Qatar and the thermal discharge points. The study was conducted under the supervision of the Ministry of Environment and an amendment of the environmental law with respect to the residual chlorine limits was requested.

### Marine EIA on the Use of Dechlorination chemicals

QAFCO also led a study to learn the marine impacts of three most commonly used dechlorination chemicals in Mesaieed Sea. The chemicals studied were sodium bisulphite, sodium metabisulphite, and sodium thiosulfate. The study was carried out in 2011 and the recommendations were supported by the Ministry of Environment. This study provides with the scope for negotiation over effluent limit levels with the Ministry of Environment at Qatar. Total Residual Chlorine (Legal Limit: 0.1 mg/L)





### Energy

Our sources of energy are gas and electric power. Most of the electricity consumed at QAFCO is catered from internal generation.

Direct Energy Consumption by primary energy source		2011	2012
<b>Direct Energy sources purchased (GJ - GHV) for electricity, heating, conversion units</b>			
Direct non - renewable		-	139,429,948
	Natural Gas		139,429,948
	Coal	Nil	Nil
	LNG, others...	Nil	Nil
Direct renewable		Nil	Nil
Direct energy sources produced (GJ)		NA	NA
Direct energy sources sold (GJ)		Nil	Nil
TOTAL Direct Energy Consumption (GJ)		-	139,429,948
<b>Indirect Energy Consumption by primary sources</b>			
Indirect energy sources purchased (MWH)			
	Electricity	420,295	294,411
	Heat & Cooling	Nil	Nil
	Steam	Nil	Nil
<b>Electricity generated at QAFCO (MWh)</b>			
QAFCO (1-4)		451,319	379,865
QAFCO (5-6)		146,272	655,216
<b>Total Elect. Power generation</b>		<b>597,591</b>	<b>1,035,081</b>

After decommissioning old PS (1.7), A-1 & A-2 old Aux boilers, Avons Gas turbines (5#) and Cogeneration -1 unit fully operational it is expected that about 20% of energy will be saved for QAFCO (1-4) plants. This will be fully implemented by 2016-17.

### Greenhouse Gases (GHG) Emissions

The total direct GHG emissions at QAFCO were estimated quantities and resulted in 4,683,855 MT in 2012 and 3,142,000 MT. 2012 figures are higher because of QAFCO 5&6 coming in operations. These emissions are from all sources owned or controlled by the company:

The total direct & indirect CO2 emissions are generated from Fuel combustions units, venting of excess Process CO2 and indirect emissions equivalent to electric power imported for QAFCO (1-6) plants.

GHG emissions reduction are achieved through:

- CO2 exported to QAFAC & QVC in 2011. In 2012, exports to QAFAC were stopped after Urea-6 came in line in the same year
- Maximising use of Process CO2 for Urea Production in Qafco-5&6 plant

Greenhouse gas emissions reductions achieved during the reporting period as a direct result of these initiatives were 345,951 MT in 2012 and 66,209 MT saved in 2011.

### Carbon Dioxide Gas supply from QAFCO to QAFAC

The CO2 gas to be used as feed stock by QAFAC, will be supplied by Urea-3 via M.P Compressor K1231 to QAFAC. M.P.CO2 compressor (K-1231) is installed at U-3 to supply CO2 to QAFAC on a continuous basis as per the excess CO2 availability from QAFCO.

The CO2 supply shall conform to following operating parameters:

- Max. Flow rate: 500MTPD
- Operating Pressure: 24bar (g) minimum at delivery
- Operating Temperature: Maximum 56° C

CO2 Custody transfer metering:

The metering of export / import of Carbon Dioxide gas is through custody transfer meters (Micro motion Coriolis mass flow meters) installed at QAFCO & QAFAC ends of the export / import pipe line.

Both mass flow meters are of same make, model, and size.

The flow data is displayed in the both plant control room. A field mounted, non-resettable password protected flow totalizer (part of flow meter) is available at the flow meter.

### Energy efficient Desktop PCs & monitors

The Desktop PCs, monitors and other peripherals purchased by the IT section are selected based on many criteria, and one of them is being energy efficient. This is a very important aspect in buying hardware, as most of the PCs in QAFCO are switched on 24 hours a day. If the PCs are not energy efficient, lot of power will be wasted daily and this multiplies each day the computer is not switched off.

# Sustainability Agenda at QAFCO

## Respecting Our Environment

### Air Emissions

#### Emissions of ozone- depleting substances

We have conducted detailed studies on alternative substances, their suitability and subsequently planned and executed the phasing out of HALON (chlorofluorocarbons (CFCs) / HCFs) as fire fighting agent. As an alternative, water mist and NOVEC 1230 agents are used in the total flooding fire fighting system. This initiative demonstrates our dedication to environmental preservation and our people. All Ozone Depleting substances are being phased out completely and these projects are ongoing.

#### NOx, SOx, and other significant air emissions

Calculation is based on Laboratory analysis on flue gas OR direct measurement through online analyser wherever applicable and corresponding estimated stack flows as per plant load conditions. Lab measurements are based on fortnightly analysis frequency. Particulate matter reported is in form of Urea dust from prilling tower & granulator stacks

Significant air emissions	2012	2011
Tonnes NOx	1,862	2,291
Tonnes SOx	4,606	2,634
Tonnes Particulate matter (PM)	1,061	1,335

#### NOx Abatement at QAFCO

The current stringent environmental emission standard set by the Ministry of Environment of 125 mg/Nm<sup>3</sup> constitutes a challenge to industry. While considering the best ways of meeting that; QAFCO decided to go a step further; not only to meet QAFCO's NOx reduction challenge, but also to help other industries in Qatar and Gulf Countries to meet their NOx challenges too. The two chemicals used to reduce NOx are urea and ammonia and QAFCO is the only producer in Qatar, of these chemicals.

QAFCO is leading the way in reducing NOx emissions by using De-NOx Technology. To have the De-Nox solution available to users, an infrastructure has been built up for the preparation, storage and export of those solutions. QAFCO has invested more than QR 31.72 Million as a NOx Investment. And now 19% Aqueous Ammonia Solution, 192 T/day and 32.5% Urea Solutions, 144 T/day is being produced in QAFCO's De-NOx infrastructure as a part of the De-NOx Technology. QAFCO also completed the process of revamping auxiliary boilers to reduce NOx emissions and installed De-NOx test units in the plants.

In 2007/08, the NOx emission concentration from Ammonia - 3 plant was 194 mg/Nm<sup>3</sup>; and after implementation of NOx technology project in 2009; the concentration is sustained below 49 mg/Nm<sup>3</sup> ( 75% reduction).

#### Supporting other industry sectors reducing NOx

Relevant industries in Qatar, especially the power plants like Qatar Aluminium Company (Qatalum), Mesaieed Power Company Limited (MPCL), Ras Girtas Power Company; have shown their great interest in our ability and readiness to supply the De-NOx solutions. In addition to the De-NOx infrastructure, a number of NOx reduction projects are in progress in QAFCO.

The Selective Catalytic Reduction (SCR) Technology is one of the most cost efficient and effective means of controlling NOx emissions from diesel engines. This technology uses liquid ammonia and a catalyst to reduce NOx emission from diesel engines. We are exploring this initiative in Qatar and we have planned to collaborate with Qatar Fuel Company (WOQOD) to implement the use of this technology in all heavy duty diesel trucks and bus engines in order to reduce NOx emissions.



### Materials

Ammonia is a chemical compound made of Nitrogen 82% and Hydrogen 18% produced using Natural gas as the main feedstock. The other feeds required are Steam and Air. Urea is a solid fertiliser containing 46.6% of Nitrogen. It is produced by the reaction of Ammonia and Carbon dioxide under high pressure, both feedstocks being supplied by the ammonia plant. UFC-85 is a viscous liquid containing 60% formaldehyde, 25% urea and balance water. Formaldehyde is first produced by the reaction of Methanol with Air. This is then absorbed in urea solution to form UFC-85. The table below displays the input materials and consumption for 2011. The figures are listed daily, monthly and annually.

Input Materials and Production Consumption	2012
<b>Ammonia</b> (metric tonnes)	<b>2,507,868</b>
<b>Urea to UFC</b> (metric tonnes)	<b>10,753</b>
<b>Urea to Melamine</b> (metric tonnes)	<b>181,757</b>
<b>Methanol to UFC</b> (metric tonnes)	<b>30,908</b>
<b>Gas</b> (KNm3)	<b>4,063,324</b>

### Online Systems to reduce paper work

The traditional method of sending papers around in the office is slowly fading out in QAFCO. With the introduction of Online services of Huma Resource, such as Leave Requests, Compensation claims, Employee Pay slips, etc., have almost vanished the papers being floated around the company. Employees make requests through an online system and their Supervisors and Managers approve requests with digital signing. These paperless procedures are a way forward in always keeping the Environment under check.

### Waste & Spills

QAFCO manages and controls different wastes generated by the concerned trades, as per the national and international legal guidance and laws. The waste generator is responsible for the disposal of wastes and maintains a record of each waste treatment and disposal and if the waste is sent outside of QAFCO for treatment, then a Certificate of Consumption is obtained for the treatment /disposal of the generated waste.

Both hazardous and non-hazardous wastes are generated inside QAFCO; however, they are well managed/disposed of in a planned and environmentally responsible manner, as follows:

#### Hazardous Waste

*Spent Catalyst:*

All types of spent catalysts in QAFCO are filled (immediately after being unloaded from plants' vessels) into labelled metal drums and kept in a temporary special store yard awaiting sale for the purpose of recycling/ metal recovery by a third party, who provides a "Certificate of Consumption" stating the details of each catalyst treatment and the ultimate fate of the components of the catalysts. Spent catalyst is the only type of waste is sent out of the Mesaieed Industrial City (MIC) Hazardous Waste Treatment Center (HWTC).

Spent Catalyst	Quantity Generated (Tons)	Sent for Recycling (Tons)
2011	107	164.7
2012	134.8	137.3

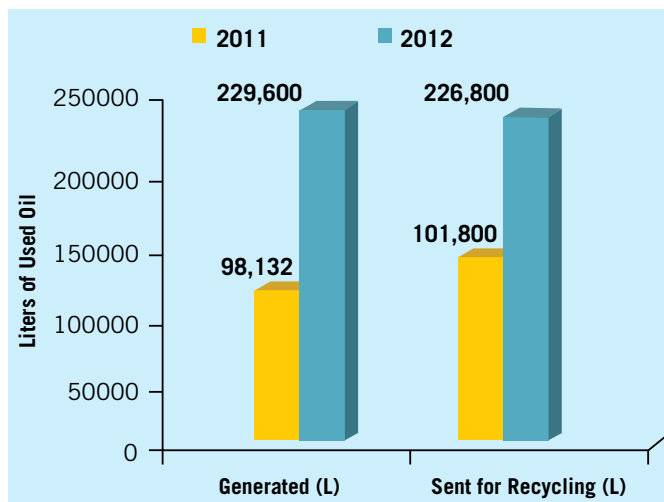
The third party is selected through tendering, and evaluating the bidders on technical, environmental, and commercial criteria. The bidders are required to specify the intended catalyst treatment method and commit to provide the Certificate of Consumption at the end of the treatment process.

# Sustainability Agenda at QAFCO

## Respecting Our Environment

### Used Oil:

All types of used oil (lube, hydraulic, transformer, and grease) that are generated from QAFCO's plant machinery/equipment are collected into labelled used oil drums, labelled with information on origin and type of used oil. The used oil drums are then transferred to a designated used oil yard temporarily, until being taken out by the oil supplier, who takes back the used oil from QAFCO site for reuse/reclamation. The oil supplier also provides a "certificate of consumption" describing where the collected oil/grease has been used or the ultimate fate of the oil/grease.



### Miscellaneous Hazardous Wastes:

Other hazardous wastes, such as waste lead acid batteries, cement asbestos sheets, spent laboratory reagents, that are generated from concerned areas are generally transferred to a relevant designated storage temporarily, until being taken out for treatment/disposal at a licensed hazardous waste treatment facility, which is committed to provide the certificate of consumption at the end of the treatment process, describing the ultimate fate of the waste components.

Waste Lead-Acid Batteries	Quantity Collected	Quantity sent for Recycling
2011	47	131
2012	62	67

Waste Tires	Generated	Sent for Disposal
2011	35	35
2012	64	64

### QAFCO's Hazardous Waste sent to Mesaieed Industrial City (MIC) Hazardous Waste Treatment Center (HWTC)

**Cement Asbestos**

**Waste off-Spec Urea**

**Waste Paint**

**Used Activated Carbon**

**Expired Lab Chemicals**

**Waste Off-Spec Melamine**

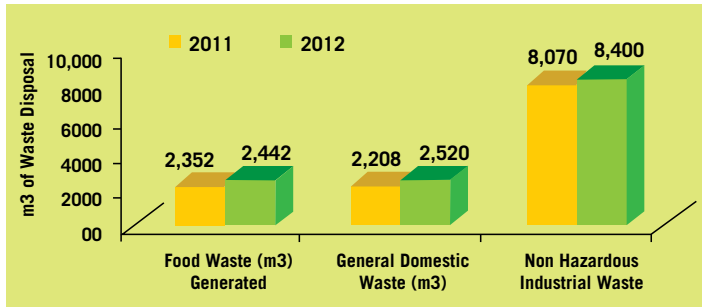
**Waste Digestion Soln for COD**

**Waste Molten Salt**

### Spills

Chemicals handling by Ammonia - 4 are Ammonia, Hydrazine (NH<sub>2</sub>-NH<sub>2</sub>), Methyl diethanolamine (MDEA), aMDEA, Nalco-8539, Nalco-8514 Oil and Grease. Spillage of these chemicals can mix with water of the trench during operational activity. To avoid the impact to environment, following precautions needs to be taken.

- Contain any spillage, seepage of above mentioned chemicals.
- Chemicals, Oil must not wash out in the trench while plant washing/cleaning activity.
- MDEA filter backwash water from system 00 and 05 must not be lined out to the trench.
- U0503, U1201, U1202, U1203 condensate must not be drained in the trench.
- Routine cleaning of compressor house oil pit to be followed strictly.
- Urea 4 granulation section washing to be carried out without draining contaminated water to the trench.
- Urea conveyor belt washing to be done without draining contaminated water in to the surface trench.



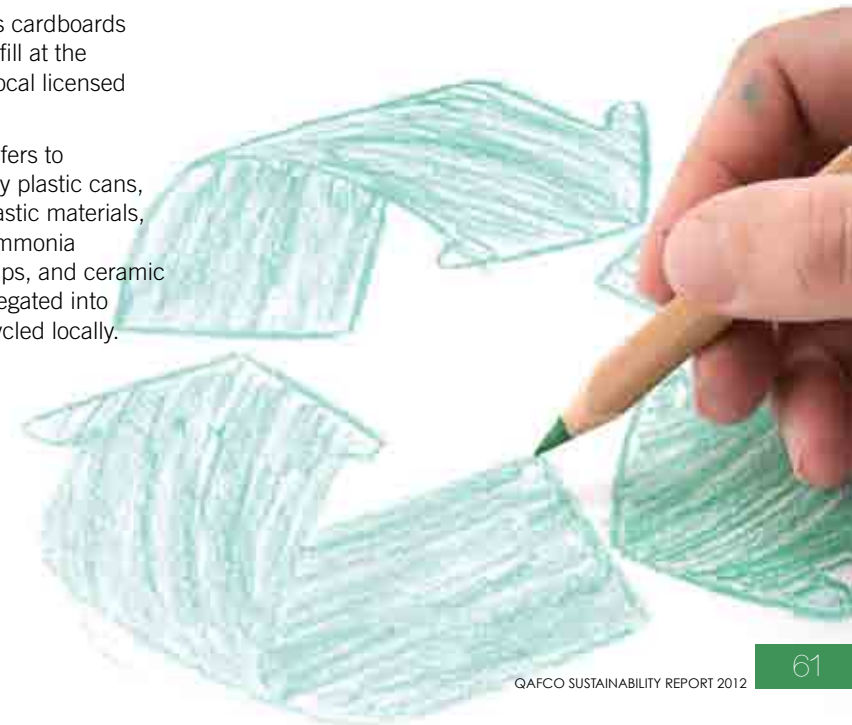
### Non-Hazardous Waste

In QAFCO, the waste segregation principle is being implemented on the non-hazardous wastes by classifying them based on the following groups:

- Food Waste
- General Domestic Waste
- Non-Hazardous Industrial Waste

Each type of the above is required to be contained in a designated colour coded rubbish skip:

- **Food Waste** (Green Skips) is produced from the canteen and contractors eating halls on a daily basis. The food waste is collected and sent for landfill at the Domestic Solid Waste Management Centre, a local licensed Landfill located in Mesaieed city.
- **General Domestic Waste** (Yellow Skips), such as cardboards and office refuse, is collected and sent for landfill at the Domestic Solid Waste Management Centre, a local licensed Landfill located in Mesaieed city.
- **Non-Hazardous Industrial Waste** (Blue Skips) refers to construction/industrial wood, glass, small empty plastic cans, small empty metal containers, rubber/fabric/plastic materials, spent resins, metals, concrete/ceramics/soil, ammonia converter iron oxide catalyst, alumina balls/lumps, and ceramic balls/rings. They are collected and further segregated into plastic, glass, steel, and paper waste to be recycled locally.



# Sustainability Agenda at QAFCO

## Respecting Our Environment

### Initiatives to Re-use and Recycle of our Waste

At QAFCO, encouraging the re-use and recycling and management of our solid waste to reduce our environmental impact is a fundamental part of our Company Vision. We believe in the 3R's of reduce, reuse and recycle which has been considered to be a base of environmental awareness and a way of promoting ecological balance through conscious behaviour and choices. We believe this pattern of behaviour leads to savings in materials and energy which will benefit the environment and our Company. During 2011, around 80% of our waste materials were recycled. We are pleased to report that there were no significant spills during this reporting period.

#### *Paper Waste Segregation, Shredding, and Recycling*

A systematic paper collection process has been developed in QAFCO, wherein any and all kinds of papers, printed materials, newspapers, magazines, carton/cardboard materials are collected in individual customized recycling boxes from each office in QAFCO, and then taken to a central location for shredding, after which the shredded material is taken outside QAFCO for recycling. The volume of paper shredded in QAFCO and sent out for recycling during 2012 (Feb - Dec) was 64 m3.

A Paper shredding company is hired on a call off basis, which is responsible for ensuring that any and all confidential document is shredded within QAFCO Premises, in the presence of QAFCO authorized personnel. A certificate of destruction is given by the paper shredding company after the completion of the paper shredding job.

#### *Recycling/reusing outdated hardware and tape cartridges*

Most companies by new hardware products (servers, printers, desktop PCs) to keep up with the latest technology available in the market. This is a general practice, and to a great extent is followed by QAFCO IT too. However, in the process of buying new products, we do not scrap our old servers. Many old servers are being currently used for our low capacity applications, some are used for Test environments where new upgrades are tested, and some servers are used for applications that are under research.

Apart from re-using servers, Magnetic tapes that are used for backup are used again, after data on the tape expires based on the data retention period. This procedure helps in saving on the cost, area space and the environment by re-using old tapes.

#### *Innovating in Waste Management: Online Waste Exchange and Donation System (WEDS)*

QAFCO has initiated a practical tool to promote environmental responsibility and care by developing and operating an online Waste Exchange / Donation System (WEDS) in order to help the industrial sectors as well as government in solving the waste accumulation concerns.

The new web-based application aims to prevent the accumulation of non-hazardous waste / obsolete materials / chemicals. What may be unwanted material of one industry can be a raw material for another business. WEDS here will act as a facilitator for industries to provide a platform to connect parties, the waste owner and the requestor. In this way the potentially polluting and bulky materials are re-used, and thus, handled in an environmentally responsible manner.

The WEDS is the first of its kind website in Qatar, that provides a medium to companies to share their information on wastes in a database accessible to registered members, and the use of the website is absolutely FREE. Presently, membership is limited to all industries/workshops in Qatar only.

The system is limited to only non-hazardous materials / wastes that can be used by others, and will exclude hazardous materials / wastes, such as spent catalyst, waste lead acid batteries, used lubricating oil, explosive materials, etc

In addition to establishing, operating, and maintaining WEDS, QAFCO functions as the overall administrator of the system. So far 23 companies are registered as members in WEDS and flyers advertising the website and encouraging to exchange waste was sent out to 1,000 companies in Qatar together with PO emails and Fax Letters.

QAFCO' waste management initiative has been supported by the Ministry of Environment, and the website system proudly boasts the MoE logo on the website thus proving that MoE accepts appreciates and validates QAFCO's efforts in the area of Waste Management.



### Biodiversity

We believe Biodiversity has an intrinsic value that is worth protecting regardless of its value to humans.

QAFCO is not aware of any event in 2012 causing significant impacts on biodiversity in protected areas or areas of high biodiversity value. QAFCO is located in Mesaieed Industrial Area, approximately 50 kilometres (31 mi) south of Qatar's capital, far away from any community and protected area of high biodiversity value. Our Environmental, Health & Safety section manages historic environmental liabilities associated with known or suspected contamination of soil at QAFCO, which includes operating sites and legacy sites.

In addition, we support several projects which help protect and restore our delicate ecosystem outside Mesaieed Industrial Area.



Nest with Eggs



Newly Hatched Chicks

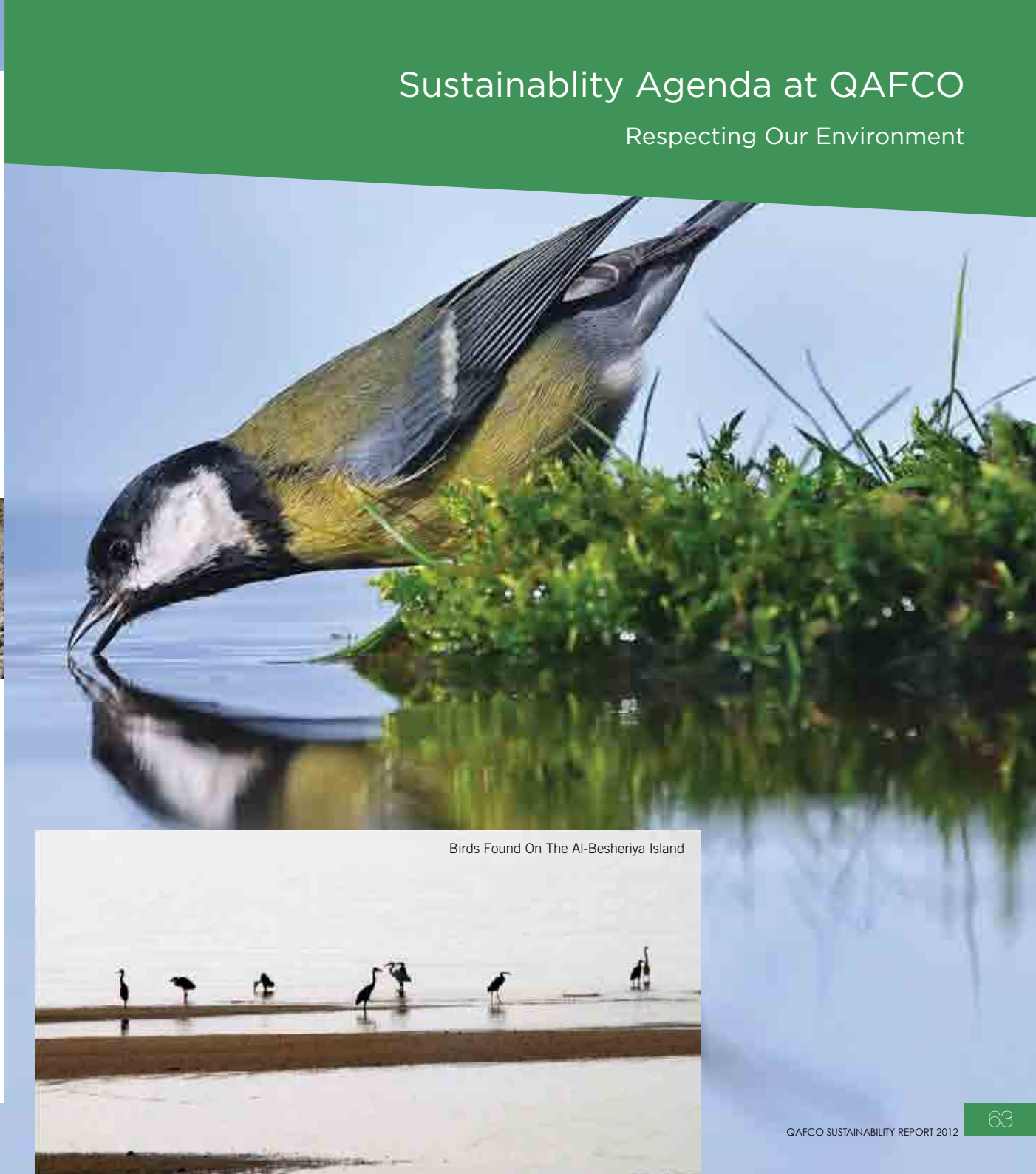
### Preservation/ Conservation - Al-Besheriya Island since 2006

The first ecological study was carried out by the Environmental Studies Centre on the Al-Besheriya Island, in 2009, and documented in the form of a book.

The Book has been distributed to various schools as an educational tool and has also been highlighted during all the publicity events that QAFCO participates in.

QAFCO is the environmental custodian of the island since 2006, and frequently visits the island to clean the island and to update on the environmental status of the island.

Presently efforts are ongoing to declare the island as protected area and to restrict any movement on the island during the migration and nesting season.



Birds Found On The Al-Besheriya Island

# Sustainability Agenda at QAFCO

## Respecting Our Environment



### Going large scale...

The Sahara Forest Project can be implemented in many of the world's hot deserts. Exploring a scenario of a truly large-scale Sahara Forest Project reaching out over 4,000 hectares situated in the northern part of Africa, this mega-facility could provide:

- Concentrated Solar Power (CSP) powering all the Oasis' needs and exporting 325 GWh/year
- Self-sustained thermal desalination of fresh-water for all irrigation needs
- 300 hectares of saltwater greenhouses, yielding 190,000 annual tons of tomatoes and melons
- 2,000 hectares of new outdoor revegetation and crops, yielding 30,000 tons/year of fodder crops
- 150 hectares of algae cultivation, capable of yielding 7,500 tons/year of biofuel-ready algae oils

### The Sahara Forest Project

The production of key resources, such as clean water, clean energy and a sustainability production of food represents some of our greatest challenges in the Middle East. The Sahara Forest Project is a new environmental solution to create re-vegetation and green job through profitable production of food, water, clean electricity and biomass in desert areas. It is designed to utilize deserts, saltwater and CO<sub>2</sub> to produce food, water and energy.

To develop the project on the ground, The Sahara Forest Project entered into a cooperation with QAFCO and Yara ASA. After successfully completing a feasibility study on Qatar, the partners signed in February 2012 an agreement to build the first fully operational Sahara Forest Project Pilot Plant in Qatar. With this project, QAFCO, together with its partners, set out to contribute to Qatar's objective of increased food security through sustainable water and energy production.

Sahara Forest Project combines solar thermal technologies with technologies for saltwater evaporation, condensation of freshwater and modern production of food and biomass without displacing existing agriculture or natural vegetation.

It makes use of concentrated solar power (CSP), but with a difference. In place of the water-thirsty cooling towers of a typical CSP plant, the Sahara Forest Project facility uses a saltwater cooling system and greenhouse roofs to dissipate waste heat. The heat from the CSP mirrors drives a desalination system which produces distilled water for plants grown in the greenhouse and outside in the desert. Waste heat is used to warm the greenhouses in the winter and to regenerate the desiccant used for dehumidifying the air.

These processes integrated into the Sahara Forest Project work optimally in Qatar as it requires sunny and arid conditions. This project can potentially restore desert areas to biological activity and sequester large amounts of carbon in plants and soil. The solar power technologies have the potential to meet a huge part of future energy needs. A single SFP-facility with 50 MW of concentrated solar power and 50 ha of seawater greenhouses would annually produce 34,000 tons of vegetables, employ over 800 people, export 155 GWh of electricity and sequester more than 8,250 tons of CO<sub>2</sub>. The pilot project will be expanded in near future.

In some cases, we collaborate with officials and universities in running the project.





### Artificial Reef Balls

In 2006, QAFCO deployed 150 Artificial Reef Balls in the Mesaieed Sea to improve marine life. These Artificial Reef Balls are being periodically monitored to check on the marine environment of the area. Efforts are ongoing to seek protection of the reef ball area from the Ministry of Environment.

### Environmental Training and Awareness

All QAFCO Employees & Contractors are provided with the Induction training, which is a mandatory one day training. Besides this, tailor made training courses are also provided in environmental work related areas to any and all employees as per the requirement.

### Assessment Audits, Evaluation and Continuous Improvement Initiatives

- a) Environmental Housekeeping Tours & Certificates: Suppliers/ Contractors are to ensure that the work area is clear of waste, debris after completion of work. A Housekeeping certificate is issued to the contractor after inspection of worksite, for release of payment.
- b) Supplier Evaluation: Environmental performance and environmental responsibility is one of the Vendor Selection Criteria.

### Online Environment Management System (EMS)

Accessible to all employees which is a home to all environment related issues pertaining to QAFCO, whether it is reporting a complaint or reviewing historical data. Some of the key menus that can be found in the EMS are:

- Compliance Requirements : Consent to Operates, Regulations & Legislation, Environmental Objectives, ISO 14001 Standard,
- Aspects/Impacts : Identification of Aspect and Scoring of Aspects as Significant Aspect.
- Reports, Statistics and Charts for Spent Catalyst, Used Oil ,Waste Lead Acid Batteries ,Waste Tires ,Rubbish Skip
- Environmental Plant Tours and Environmental Releases: Reports and Observation Status, Statistics, year wise.
- Monthly Reports, Quarterly Reports to the Legislators, Environmental Bulletins, Environmental Literatures,
- Occupational Hygiene Surveys, Reports and Charts
- Photo and Video Gallery
- Options for Suggestion
- Links to WEDS and MSDS

### Some Environmental Impacts

- Ammonia Emission to Air
- Solvex Discharge to the Sea
- Gas or liquid leaks
- High Coliform in discharge water
- Heat Loss to Air
- Catalyst Dust Emission to Air
- Potassium Metavanadate Discharge to the Sea
- Oil Soil/Ground Water Contamination
- Acidic/Caustic Water Soil
- Di-Ethanol-Amine (DEA) discharged to the Sea



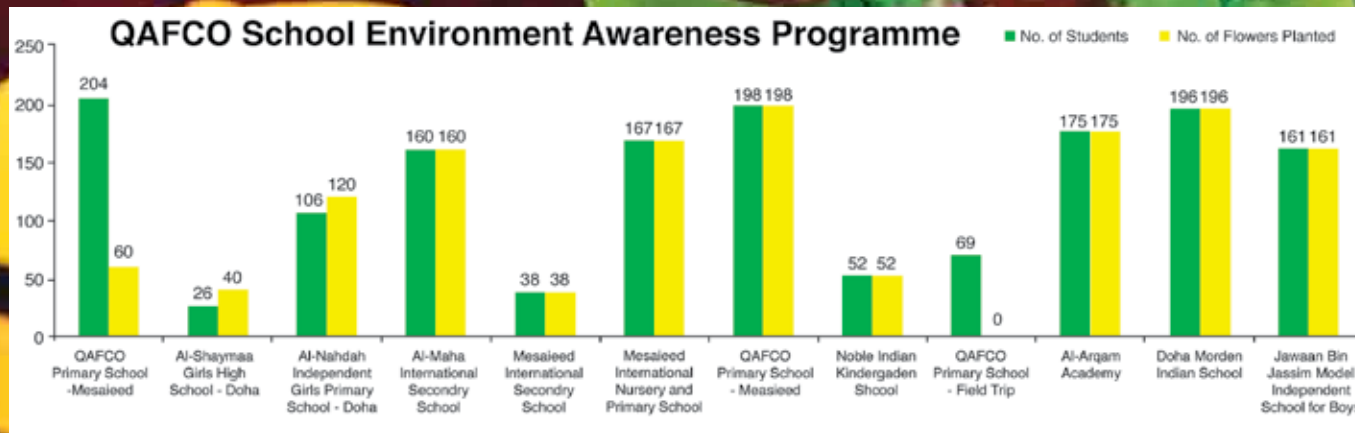
# Sustainability Agenda at QAFCO

## Respecting Our Environment

### School Environmental Awareness Programs

Annual School Painting Competition used to be held till 2007 to make one of the Environment days in the year. This competition was later replaced with a more interaction based learning program targeting more children and different schools.

The School Environmental Awareness program initiated in 2008, wherein QAFCO staff personally conducts the school campaigns. QAFCO strongly believes that environment education starts at a very young age. Keeping this in mind, QAFCO has been conducting environment awareness campaigns for various schools in Qatar. The campaigns are targeted towards children of the age 4-8 years, as QAFCO believes that they can make a difference to our present and future. All the campaigns place a lot of emphasis on interaction and discussions with children on various good environmental habits and their views on how to protect and sustain our environment.



At QAFCO, we affirm to all our stakeholders, including our employees, contractors, customers, shareholders and the community, that we will conduct our business with respect and care for the environment.

We continuously analyze and improve our practices, processes and products to reduce their risk and impact through the product life cycle. We develop new products and processes that have increasing margins of safety for both human health and the environment. We work with our suppliers, distributors, and customers to achieve similar product stewardship and we provide information and assistance to support their efforts to do so.

A major factor contributing to QAFCO's steady growth and achievements is its commitment to management systems. It was certified for ISO 9001 (quality management systems) in 1996, ISO 14001 (environment) in 1997 and OHSAS 18001 (occupational health and safety) in 1999, becoming one of the few organizations in the Middle East to achieve this distinction at the time.

Our company's commitment is also reflected as we were one of the first chemical companies to obtain IFA's Product Steward Excellence Certification for its management processes that ensure safe, health, environment friendly and secure use of its products right through its life cycle. It also guides QAFCO in sustainable development and in taking care of the safety and security of its employees, contractors, customers and suppliers – along the supply chain, in neighboring companies and in the community.

QAFCO has also led efforts to expand Responsible Care® to encompass advances such as security, public reporting of metrics, and management systems certification.

# Sustainability Agenda at QAFCO

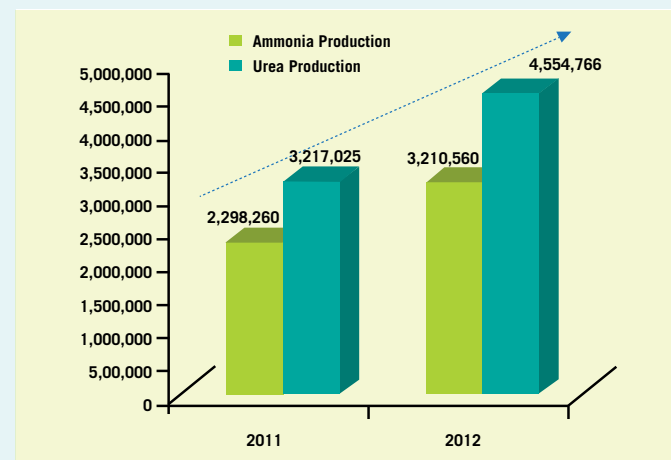
## Developing Our Products

### Product Marketing Communications and Management

Our forward thinking and strong commitment to customer satisfaction is an integral philosophy of our Company where on-time delivery and long term relationships with customers are of the utmost importance.

The world population expected to rise from 6.8 billion today to 9.1 billion in 2050, with most of the population growth expected in developing countries especially in sub-Saharan African. This will obviously lead to increase in the demand for food from the decreasing arable land resources. Hence, it becomes pertinent to improve the quality of soil to increase the crop yield. Product quality, geographical location and efficient on-site logistics provide us with strategic marketing advantages for a competitive edge in a free market environment.

Capitalizing on these opportunities and advantages, we currently export to over 35 countries worldwide and have become a key player in the international fertilizer market. With the inauguration of QAFCO's 5th plant on December 2011, start operating on 2012, QAFCO took a giant stride towards becoming the largest producer of ammonia and urea in the world. With this, along with QAFCO-6, started up in the late 2012, QAFCO will become the 4th largest urea producer in the world. The two new trains will augment QAFCO's ammonia production by 40% and urea production by 39% in 2012 compared to 2011 and subsequently, advance Qatar to the position of the largest exporter of urea in the world.

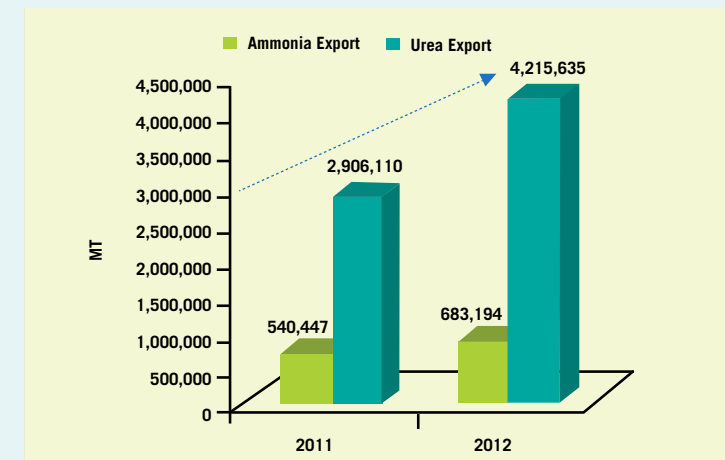


In 2012, our production facilities produced 3.21 million MT of ammonia, of which 683,194 tonnes of ammonia (increase of 26% over 2011) was sold predominantly to India, S. Africa, S. Korea and Jordan during 2012. Meanwhile, QAFCO facilities produced 4.5 million MT of urea, of which 4.2 million MT (an increase of 45% over 2011) was sold to mainly Australia, Thailand and USA among others.

In the year 2012, QAFCO achieved a net profit of QAR 4.6 billion. A firm market ensured higher ammonia prices meanwhile a high urea demand especially in the USA saw an increase in urea price. These factors, together with the new expansion projects and the consequent increment in production, contributed to the high profit margins achieved by QAFCO in 2012.

Our marketing responsibilities range from exploring potential world markets for our products, to the development and implementation of comprehensive marketing programs, long term agreements and promoting the QAFCO image internationally. Our Sales and Logistic teams work hand in hand to ensure the smooth loading and shipping of our products to worldwide destinations from QAFCO's jetties.

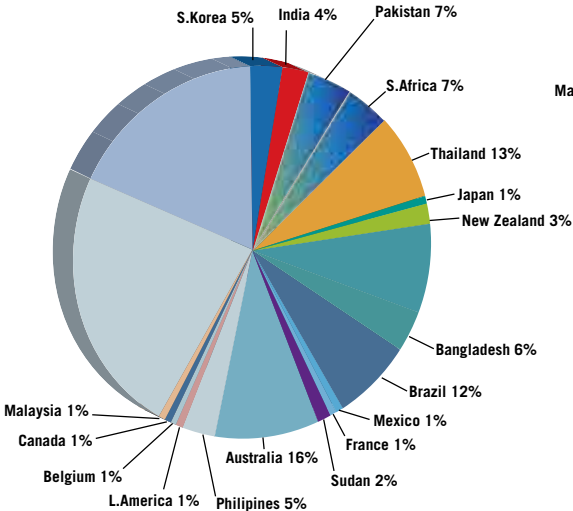
We integrate marketing, sales, service, operations and information technology to deliver value-added products and services to our customers more effectively. We are pleased to report that there have been no significant fines or non-monetary sanctions for non-compliance with laws and regulations regarding marketing issues during 2012.



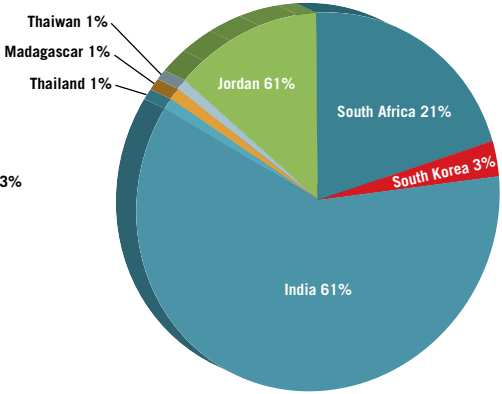
# Sustainability Agenda at QAFCO

Developing Our Products

Urea Exports 2012



Ammonia Exports 2012



## QAFCO sets a record by loading 5 ships simultaneously at its berth in Mesaieed

Ships were heading to Brazil, Thailand, Bangladesh, Australia and Pakistan. This is the first achievement of its kind in the world in urea export; affirming QAFCO's pioneering role and importance in fertilizer production and marketing. It is also considered as a big and vital step in boosting the Company's position in the global fertilizer market. This step is an essential aspect of QAFCO's commitment to achieving customers' satisfaction and gaining their confidence through huge production and marketing capabilities which the Company enjoys, especially after the successful operation of QAFCO-5 expansion project that made QAFCO the world's largest single-site producer of ammonia and urea.



# Sustainability Agenda at QAFCO

## Developing Our Products

### Customer Health & Safety and Product Labelling

Our Production Department is responsible for the control, update and distribution of Material Safety Data Sheets (MSDS) for all QAFCO products. The vast majority of our products are dispatched in bulk by road and sea. Each shipment is sent with MSDS which identify the product name along with commonly used synonyms and its molecular formula. MSDS also contain our company contact details including a dedicated hotline for general or emergency information. Handling and storage information is supplied and the MSDS contain specific information on identifying hazards including:

#### Human Health:

How the product affects human health including if the product is harmful if it comes into contact with skin or eyes, if it is ingested or inhaled and any long term effects of the product.

#### Environment:

If the product has any adverse effect on the environment and animal life.

Other Hazards: Whether there are any additional hazards such as spillage consequences and fire, heating and explosion.

First aid measures are also documented in the MSDS including emergency procedures to be followed in event of eye contact, skin contact, ingestion or inhalation. Fire fighting measures are also documented including suitable extinguishing media and fire fighter's protection such as protective clothing and equipment. Exposure control information is provided for personal protection. Scientific, physical and chemical properties also accompany the product.

The MSDS also contain:

- Stability and reactivity information.
- Toxicological information.
- Ecological information.
- Disposal considerations.
- Transport information.
- Regulatory information.

The majority of our products are sold in bulk which allows us to reuse the vessels and containers many times. Our Bagged Urea reaches our customers in packaging. We encourage our customers to recycle these packaging materials but we have no control of the product once it leaves QAFCO.

We have not faced any significant incidents of non-compliance with regulations relating to the labelling of our products.

Packaging Materials that are reclaimed by Product during 2012

	Percentage of packaging recycled
Ammonia	100
Bulk Urea - Prilled	100
Bulk Urea - Granular	100
Bagged Urea	0

### Product Stewardship

Meanwhile in the period 2011-2012, QAFCO further strengthened its processes. We achieved the International Fertilizer Association (IFA) – Product Steward Excellence Certification for our management processes that ensure safe, healthy, environment friendly and secure use of its products right through its life cycle. With this achievement, QAFCO has become one of the pioneers to attain this distinction in the international fertilizer industry. Apart from this, QAFCO also achieved RC 14001 Responsible Care certification. QAFCO is one of the first few companies certified in RC 14001 among GPCA member companies and other companies in the Middle East.



*“One of our products is the aqueous ammonia, which acts as an agent to reduce Nitrogen oxides, which are pollutants, from the atmosphere. QAFCO sells these to some of the power producing companies in Qatar. Now, before we started sending aqueous ammonia to the companies, we ensured that all those involved, right from the truck drivers to the accompanying civil defence officers were trained on handling the product and safety measures to be taken in case of emergency”*

**Mr. Khalifa Abdullah Al-Sowaidi,**  
**CEO - QAFCO**

### Customer Engagement and Privacy

We have established a process to assess the customer satisfaction for continual improvement through a documented procedure which demonstrates our commitment to, and method of measuring customer perception in meeting our customer requirements.

Our customers' perception of QAFCO including our products, shipping and customer service is very important to us. We monitor the satisfaction levels of our customers biennially with our customer perception/satisfaction questionnaire. Our customers are asked to rate a number of areas with a score from one (totally dissatisfied) to 10 (totally satisfied). They are also asked to indicate how important these areas are from one (extremely unimportant) to 10 (extremely important). Customers are also asked to rate their overall satisfaction. Areas which are evaluated include:

- Product information such as quality, composite, availability, product handling and the general end-user image of the product.
- Logistics information such as delivery time, shipment size, shipping terms, loading rate, berth facility and inspection.
- Customer relations such as sales service, staff attitude, efficiency, knowledge, coordination and cooperation.
- Other forms of communication including documentation accuracy, complaint handling, claim handling and variety of communication.

Our customer satisfaction tools limit access to detailed customer contact lists. This secured layered access to customer data is instrumental in preventing any breaches of customer privacy. Information affecting corporate bodies, customers and employees cannot be disclosed in any manner without proper authorization. It is our obligation to protect and preserve such proprietary, confidential or sensitive information of our customers. Customer privacy is protected and regulated throughout QAFCO Code of Ethics. There have not been any breaches in customer privacy or loss of customer data during the period under review.

The resources needed to enhance the Customer Satisfaction by meeting Customer Requirements, are identified, and provided through:



- Appropriately trained Internal Auditors.
- Identification and allocation of measuring equipments, test facilities, Laboratory etc.
- Regular monitoring of QAFCO Objectives, through Action Plans.
- Allocation of Budget for projects related to Product Quality, OH & Safety and Security Risks and Environmental Legal Compliance.

Complaints received from the Customers are registered through non-conformity system and reported to the Management. In 2012, no incidents of non-compliance with regulations an voluntary codes concerning marketing of our products or breaches of customer privacy were reported.

# Sustainability Agenda at QAFCO

## Developing Our Products

### Key activities related to Product Planning

- Production, storage, Marketing, Sales and Delivery of the products.
- Budgeting.
- Measuring and monitoring of process is carried out through KPIs of the QAFCO processes.
- Measuring of QAFCO Objectives is carried out through QAFCO Action Plan.

### Life-Cycle Stages and OH&S and Environment Monitoring

Planning of Product Realisation is carried out at our company, based on our Integrated Policy of QAFCO, GFC & QMC, objectives and other organisational practices and in consistency with the other processes of the QAFCO Management Systems. The system demonstrates QAFCO's commitment and method to preserve the product conformity, which includes; identification, handling, packaging, storage and protection during internal processing and delivery to the intended destination, through various documented procedures and practices.

We identify Significant Environmental Aspects and OH & Safety and Security Risks related to the operations and activities during product life-cycle stages through documented procedures. The Consent to operate conditions as specified by the environmental legal requirements also helps us in identifying the Significant Aspects. Activities related to the identification of Environmental Aspects and OH & Safety and Security Risks in our products are planned and controlled by:

- Establishing and maintaining documented procedure as relevant.
- Stipulating operating criteria.
- Communicating the relevant documented procedures and the requirements to suppliers and contractors.

We have established some key procedures that facilitate us the identification of Environmental Aspects and OH & Safety and Security Risks:

- Hazardous area classification.
- Handling of domestic and non-hazards industrial waste.
- Toxic waste management. e.g.: Catalysts, Used oil, Waste Lead Acid Batteries, Radio Active sources etc.
- Evaluation and selection of contractors and suppliers based on their Quality, Environmental, OH & Safety and Security performance.
- Safety Inspections.
- Incident reporting, Investigation and Prevention.
- Security Services in QAFCO.
- Contingency plans and Emergency Procedures.

During the enquiry stage, QAFCO determines customer requirements including those for delivery and post delivery activities. We also identify other product requirements not stated by the customer but necessary for specified use or known and intended use. Additional requirements determined by QAFCO are also taken into account i.e. obligations related to product, including Statutory and Regulatory requirements.

QAFCO Management System also facilitates the planning and monitoring of all sales, shipping contracts, agencies, and distributorship transactions as well as other marketing activities, which are defined through a documented procedure. Shipping agencies, distributors and dealers are evaluated on their awareness and practices in Quality, Environmental, OH & S and security based upon the criteria as set in the Management systems.

The Products of QAFCO are of fixed nature, hence requirements related to the products are established during the installation of the plants. QAFCO reviews the requirements related to the Products prior to the commitment to supply the Product to the customer through the Contract Review and ensures that:

- Product requirements are defined.
- Contract or order requirements differing from those in the tender or quotation are resolved.
- QAFCO has the ability to meet defined requirements.

The results of the Contract Review and subsequent follow up actions are detailed through a documented procedure. Where the Customer provides no documented statement of requirement, the customer requirements are confirmed before acceptance.

Whenever Product requirements are changed, QAFCO ensures that the relevant documentation is amended and relevant personnel are made aware of the changed requirements.

QAFCO has implemented processes needed for purchasing activity and has defined the requirements by establishing documented procedures, which demonstrate its commitments and method. QAFCO ensures that the purchased products confirms to the specified purchase requirements, relevant controls are applied to the suppliers and to the purchased products according to the established procedures and practices. Purchasing information, apart from describing the product shall also include where appropriate the following:

- Approval requirements.
- Competency requirements of personnel.
- Other requirements related to the three Integrated Management Systems and the Responsible Care.



The adequacy of purchasing information shall be ensured prior to communication with the supplier. QAFCO has ensured verification of purchased products according to the following:

- Establishment and implementation of inspection activities on the received materials.
- Other verification arrangements and methods in line with purchasing information.
- Where required by QAFCO or its customers, arrangements are made for verification at the suppliers' premises and the intent of such arrangements are stated in the purchasing information.

The evaluation and selection of suppliers including shipping agencies, contractors and third-party providers based on the ability to supply according to the Organisation's requirements are carried out, with set criteria, which also include their Quality, Environmental, OH & Safety and Security awareness and practices. Records of the evaluation results and actions are being maintained accordingly.

Documentation requirements and routines to be carried out for the shipments of urea and Ammonia are controlled and defined through a documented procedure.

QAFCO has established a system to plan and carry out its activities under controlled conditions to produce according to product specification. The controlled conditions are:

- The availability of information that describes the characteristics of the product.
- The availability of work instructions including those related to OH & Safety and Environment.
- The use and maintenance of suitable equipments.
- The availability of and use of monitoring and measuring devices and the competency to handle these devices.
- The implementation of monitoring and measurement and the records of the results.
- The implementation of release, delivery and applicable post-delivery activities.

QAFCO production process is a continuous process, hence there is no in-process identification is applied. Incoming materials are identified with name and code and incoming gaseous raw materials are identified with its components status. Final products are identified with the name and specification and stored accordingly.

The facilities, equipments etc, required for monitoring and maintaining the product quality requirements are provided and maintained. QAFCO has established processes to determine the monitoring and measurements that have to be undertaken for product realization, controlling key characteristics of activities that can have significant impact on Quality, Environmental, OH& Safety and Security risks and ensure that the monitoring and measurements are carried out, through procedures and practices.

Wherever necessary the following are applied:

- Selection of instruments with acceptance criteria.
- Calibration methods and conditions.
- Steps for ensuring calibration against national and international standards.
- Identification to reflect the calibration status through tags.
- Safeguarding and Protection methods.
- Assess and record the validity of previous measurement results when not confirmed to the requirements on calibration and take appropriate actions to rectify the equipment and any affected products.
- Conditions of usage.
- Verification of the ability of computer software to satisfy intended application related to monitoring measurements of specified requirements.

### ***Benefits of implementing systems & documentation for Product Realisation***

- Safe operation and maintenance activities sufficient to achieve policy, objectives, targets and programs.
- Managing risks associated with change for products, processes and activities.
- Protection of the environment and conservation of resources.
- Protection of worker health and safe and secure work environment.
- Guidance and training along supply chain for risk management.

# Sustainability Agenda at QAFCO

## Developing Our Products

The infrastructure facilities like appropriate location, area, machinery / equipment and building floor space are identified, provided and maintained to suit to the growing and potential needs to achieve the conformity to product requirements.

- Supporting facilities like computer hardware and software are made available and maintained for establishing online information regarding the Management Systems.
- Advanced facilities for effective communications (alarm systems, TMRs etc.) during emergencies are made available and maintained.
- Safety and Security Surveillance cameras are provided in the appropriate locations.
- Scope of new infrastructure facility determination and provision will be decided by Board of Directors / Managers based on Processes and Market requirements.

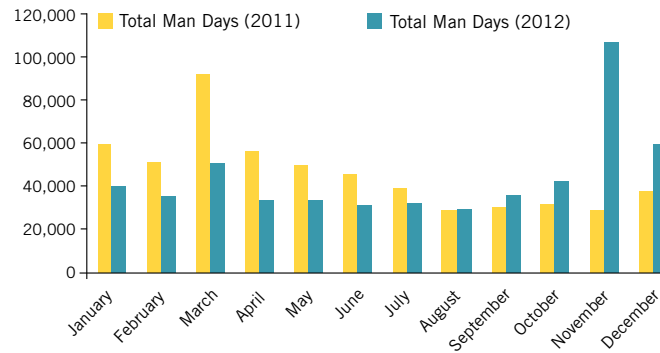
QAFCO Top Management reviews the suitability of work environment needed to achieve the conformity to product requirements and to achieve Integrated QAFCO, GFC & QMC Policy, Objectives and Customer Satisfaction, through Management Review Meetings. Detailed system has been defined and implemented to maintain the suitability of work environment through various Documents.

The work environment is maintained to ensure product quality by the following:

1. Determination, Establishment, Implementation of House keeping, Safety Procedures and Protective equipments is done through OH & Safety Management System.
2. Welfare facilities are also provided to the employees like, social welfare (clubs) & functions, transport to and from the accommodations etc.
3. Bonus is also provided based on various factors including the employees' performance and their contribution to the profit made by the Organisation.

4. Incentive schemes for contributing to Management systems performance such as reporting NCs, Unsafe and unsecure conditions, Near misses etc.
5. Suggestion schemes (as per the established system).
6. QAFCO provides a secure working environment by implementing security access control for the entry and exit of personnel, contractors, visitors as well as control of entry and exit of materials.
7. Report on worker health and industrial diseases to the Management by Medical Section.

**Contractor Time Entry**



Our life-cycle stages and safety monitoring efforts have been rewarding. We have been certified against Occupational Health and Safety Assessment Service (OHSAS) 18001:2007 standard and in 2011 we became "Responsible Care" certified by Bureau Veritas. The tables below display our range of products with its stringent quality handling cycle and specifications. We are pleased to report that there have been no incidents of non-compliance concerning the safety of our products at any stage of our processes.



# AMMONIA

## Sustainability Agenda at QAFCO

Developing Our Products

### Range of products

#### AMMONIA

Ammonia is a chemical compound made of Nitrogen 82% and Hydrogen 18%. It is produced using Natural gas as the main feedstock. The other feeds required are Steam and Air. These feed materials undergo a series of reactions in the ammonia plant, before ammonia is produced in gaseous form. This is turned into liquid under pressure and cooled down. Ammonia is stored at a temperature of minus 33°C in a refrigerated ammonia storage tank. A major part of the ammonia produced in our Ammonia plants is consumed internally, as feedstock for the Urea plants. The surplus ammonia is exported through ships.

The main uses of ammonia are in the production of fertilizers, explosives and polymers. It can also be used as an ingredient in certain household glass cleaners, as a refrigerant and can be used as a disinfectant when added to drinking water (with chlorine). Approximately 80% of the ammonia produced is used as a feedstock for urea production, with the rest exported to India, Jordan and the United States of America. The exported ammonia is used as a feedstock for urea and ammonium phosphate production.

#### UREA

Urea is a solid fertiliser containing 46.6% of Nitrogen. It is produced by the reaction of Ammonia and Carbon dioxide under high pressure, both feedstocks being supplied by the ammonia plant. The urea produced in solution is turned into a solid fertiliser of spherical granules, in the final section of urea plant called granulation unit.

Also known as carbamide, urea can be produced as prills, granules, flakes, pellets, crystals and solutions and it is exported to over 20 countries, in all regions of the world. More than 90% of world production is destined for use as a fertilizer.

#### UREA FORMALDEHYDE

UFC-85 is a viscous liquid containing 60% formaldehyde, 25% urea and balance water. Formaldehyde is first produced by the reaction of Methanol with Air. This is then absorbed in urea solution to form UFC-85.

Urea Formaldehyde Condensate (UFC-85) is an additive, which is added to the urea product to improve its strength. UFC-85 is used as an anti-caking agent for the urea. Around 65% of the UFC-85 produced is used in QAFCO's urea plants, with the remainder exported to neighbouring GCC countries.

#### MELAMINE

Melamine is primarily produced in Europe, Asia and North America. The chemical is used in laminates, surface coatings, flame.

It is also used as an additive in high-resistance concrete. The melamine project was proposed in 2003 to improve the downstream activities of Qatar's petrochemical industry and also to take advantage of opportunities in the global market.

# Sustainability Agenda at QAFCO

## Developing Our Products



QAFCO Ammonia product specifications	QAFCO urea product specification	Product Specification UFC: 85	Melamine Process Technology
<p>Fully Refrigerated Anhydrous Ammonia (Fertilizer Grade)</p> <p>Ammonia: 99.5% By Wt Min Nitrogen: 81.9% By Wt Min Moisture: 0.5% By Wt Max Oil Content: 10 PPM Max Impurities: Negligible Temperature: Minus 33 degrees Celsius or below.</p>	<p>Prilled Urea Nitrogen: 46 % Minimum Biuret: 1 % Maximum Moisture: 0.5 % Maximum Particle Size: 1-2.8 mm: 90 % Min. White, Prilled, Free Flowing and Free from harmful substances at time of loading.</p> <p>Granular Urea Nitrogen: 46 % Minimum Biuret: 1 % Maximum Moisture: 0.5 % Maximum Particle Size: 2-4mm: 90 % Min. White, Granular, Free Flowing and Free from harmful substances at time of loading.</p>	<p>Formaldehyde Concentrate: <math>60 \pm 0.5</math> % by Weight</p> <p>Urea: <math>25 \pm 0.5</math> % by Weight</p> <p>F / U Molar Ratio: <math>4.8 \pm 0.2</math></p> <p>Methanol Content: 0.21 % by Weight, Max.</p> <p>Formic Acid Content: 0.005% by Weight, Max.</p>	<p>Melamine is produced using Eurotecnica's High Pressure (HP) Melamine Technology. Urea is heated in a high pressure reactor, which is similar to a heat exchanger. Melamine is produced through a single-stage, liquid phase reaction.</p> <p>The process produces melamine by using the chemical's intrinsic properties without adding any other chemicals or catalysts. It does not use any recycle loops, compressors or fluid beds.</p> <p>High pressure in the reactor is maintained in the downstream equipment and in the off gases produced as a result of the reaction.</p> <p>By-products and co-products of the process are converted either into melamine or back into ammonia and carbon dioxide. The ammonia obtained is mixed with the off gases and returned to the urea plant. The process completely recovers all the products and thus causes zero discharge. It means no raw materials are wasted and no solid, liquid and gaseous products are released into the environment.</p>



## Statement GRI Application Level Check

GRI hereby states that **Qatar Fertiliser Company (S.A.Q.)** has presented its report "QAFCO Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 11 April 2013

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Qatar Fertiliser Company (S.A.Q.) has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organisation that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

# GRI and UNGC Content Index

## STANDARD DISCLOSURES PART I: Profile Disclosures

### 1. Strategy and Analysis

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure
1.1	Statement from the most senior decision-maker of QAFCO.	Fully	Pages 6 and 7
1.2	Description of key impacts, risks, and opportunities.	Fully	Pages 6,7,8, 27, 28, 38, 66

### 2. Organizational Profile

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure
2.1	Name of the organization.	Fully	Page 8
2.2	Primary brands, products, and/or services.	Fully	Pages 6, 8, 73, 74 and 68
2.3	Operational structure of QAFCO, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Pages 11, 12 and 26
2.4	Location of QAFCO's headquarters.	Fully	Page 8
2.5	Number of countries where QAFCO operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Page 8
2.6	Nature of ownership and legal form.	Fully	Pages 8 and 26
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Pages 6, 8, 66, 67 and 73
2.8	Scale of the reporting organization.	Fully	Pages 8 and 66
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Page 6, 7, 9 and 27
2.10	Awards received in the reporting period.	Fully	Page 13

### 3. Report Parameters

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Page 4

3.2	Date of most recent previous report (if any).	Fully	Page 4
3.3	Reporting cycle (annual, biennial, etc.).	Fully	Page 4
3.4	Contact point for questions regarding the report or its contents.	Fully	Page 4
3.5	Process for defining report content.	Fully	Pages 4, 15 and 16
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	Page 4
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	There are no specific limitations.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	Page 4
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Page 4
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	There are not any re-statements of information.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Data provided in 2010 amended since QAFCO underwent an internal validation after submission of the report. More information on page 36.
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Page 77 onwards
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Page 5
<b>4. Governance, Commitments, and Engagement</b>			
<b>Profile Disclosure</b>	<b>Disclosure</b>	<b>Level of reporting</b>	<b>Location of disclosure</b>
4.1	Governance structure of QAFCO, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Pages 11,12, 20
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Page 20
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or Non-executive members.	Fully	Page 20

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<b>4.2</b>	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Page 20
<b>4.3</b>	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or Non-executive members.	Fully	Page 20
<b>4.4</b>	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Pages 20, 21
<b>4.5</b>	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and QAFCO's performance (including social and environmental performance).	Fully	Page 21
<b>4.6</b>	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Page 22
<b>4.7</b>	Process for determining the qualifications and expertise of the members of the highest governance body for guiding QAFCO's strategy on economic, environmental, and social topics.	Fully	Page 20
<b>4.8</b>	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Page 19
<b>4.9</b>	Procedures of the highest governance body for overseeing QAFCO's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Pages 19-24
<b>4.10</b>	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Page 20-23
<b>4.11</b>	Explanation of whether and how the precautionary approach or principle is addressed by QAFCO.	Fully	Pages 20-23
<b>4.12</b>	Externally developed economic, environmental, and social charters, principles, or other initiatives to which QAFCO subscribes or endorses.	Fully	Page 19, 24
<b>4.13</b>	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which QAFCO: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Page 24
<b>4.14</b>	List of stakeholder groups engaged by QAFCO.	Fully	Page 17
<b>4.15</b>	Basis for identification and selection of stakeholders with whom to engage.	Fully	In 2010 on the occasion of our first Sustainability Report, we began to develop an organization-wide strategy and process for systematically engaging with our stakeholders. We used a mapping and prioritization



			process to establish a comprehensive list of our stakeholders. We then prioritized our stakeholders based on their interests and potential influence or impact on QAFCO (i.e. workforce, QP, government through regulations) and vice versa, stakeholders being affected by QAFCO activities and operations such as community, customers etc. In addition, we also carried out industry benchmarking, obtained informal stakeholder feedback and conducted stakeholder impact assessments for specific projects such as new facilities ongoing such as QAFOC 5 & 6 . Through these activities, we were able to: identify and prioritize our stakeholder groups; deepen our understanding of stakeholder expectations and interests; select a variety of stakeholder engagement mechanisms. Additional information on Page 17
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by	Fully	Page 17 More information about specific initiatives & activities in the following chapters: Nurturing our workforce, Supporting our communities, Respecting our environment, Developing our products stakeholder group.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how QAFCO has responded to those key topics and concerns, including through its reporting.	Fully	Page 17

## STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3.1 DMAs	Disclosure	Level of reporting	Location of disclosure	IPECA Indicators	UNGC Principles
DMA EC	Disclosure on Management Approach EC				
	<b>Economic Performance</b>	Fully	Pages 26-28	<ul style="list-style-type: none"> <li>• Incorporating financial data</li> <li>• SE13. Transparency of payments to host governments</li> </ul>	

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Aspects	Market presence	Fully	Pages 6-8 and 67	<ul style="list-style-type: none"> <li>• Local content</li> <li>• SE5. Local content practices</li> <li>• SE6. Local hiring practices</li> <li>• SE7. Local procurement and supplier development</li> </ul>	Actions Taken to Implement Principles 1, 4, 6 and 7
	Indirect economic impacts	Fully	Pages 6-7, 8, 15, 23, 44, 52 and 63	<ul style="list-style-type: none"> <li>• Community and society</li> <li>• SE4. Social investment</li> <li>• Business ethics and transparency</li> <li>• SE13. Transparency of payments to host governments</li> </ul>	
DMA EN	Disclosure on Management Approach EN			IPIECA Indicators	UNGC Principles
	Materials	Fully	Page 57	<ul style="list-style-type: none"> <li>• Local environmental impact</li> <li>• E10. Waste</li> </ul>	Actions Taken to Implement Principles 7, 8, and 9
	Energy	Fully	Pages 6 and 55	<ul style="list-style-type: none"> <li>• Climate change and energy</li> <li>• E1. Greenhouse gas emissions</li> <li>• E2. Energy use</li> <li>• E3. Alternative energy sources</li> </ul>	
	Water	Fully	Pages 53 and 54	<ul style="list-style-type: none"> <li>• Ecosystem services</li> <li>• E6. Fresh water</li> </ul>	

<b>Aspects</b>	<b>Biodiversity</b>	Fully	Pages 61- 63	<ul style="list-style-type: none"> <li>• Ecosystem services</li> <li>• E5. Biodiversity and ecosystem services</li> </ul>	
	<b>Emissions, effluents and waste</b>	Fully	Pages 55 - 60	<ul style="list-style-type: none"> <li>• E1. Greenhouse gas emissions</li> <li>• Local environmental impact</li> <li>• Other air emissions</li> <li>• EN8. Spills to the environment</li> <li>• EN9. Discharges to water</li> <li>• E10. Waste</li> </ul>	
	<b>Products and services</b>	Fully	Page 65 -74	HS4. Product stewardship	
	<b>Compliance</b>	Fully	Our Internal Audit Committee, supported by Safety and Environment Committee regarding Environmental Aspects, oversees areas such as compliance with legal and regulatory requirements, internal control framework and the management of internal and external auditor’s activities. There were no cases of non-compliance reported in 2012 concerning environmental aspects.	No Specific IPIECA Requirement	
	<b>Transport</b>	Not	Not available	<ul style="list-style-type: none"> <li>• E1. Greenhouse gas emissions</li> <li>• EN8. Spills to the environment</li> </ul>	
	<b>Overall</b>	Not	Proprietary information		
<b>DMA LA</b>	<b>Disclosure on Management Approach LA</b>			<b>IPIECA Indicators</b>	<b>UNGC Principles</b>
	<b>Employment</b>	Fully	Pages 30, 32, 33, 34 and 49	<ul style="list-style-type: none"> <li>• Incorporating financial data</li> <li>• SE15. Workforce diversity and inclusion</li> </ul>	Actions Taken to Implement Principles 1, 3 and 6
	<b>Labor/management relations</b>	Fully	Pages 7, 14, 30, 43, 46 and 49	SE16. Workforce engagement	

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<b>Aspects</b>	<b>Occupational health and safety</b>	Fully	There is one person responsible of all occupational health and safety aspects of the company: Head Physician Occupational Health. There is also a Safety and Environmental Committee who promotes and considers policy matters in occupational health & safety and environmental issues of significant importance to the Company. additional information: Pages 36-42, 65 and 68	<ul style="list-style-type: none"> <li>• Workforce protection</li> <li>• HS1. Workforce participation</li> <li>• HS2. Workforce health</li> <li>• HS3. Occupational injury and illness incidents</li> </ul>	
	<b>Training and education</b>	Fully	Pages 6, 14, 17, 22, 30, 33-35, 40, 41, 45, 46 and 63	SE17. Workforce training and development	
	<b>Diversity and equal opportunity</b>	Fully	Pages 30 and 31	SE15. Workforce diversity and inclusion	
	<b>Equal remuneration for women and men</b>	Fully	Aligned to Qatar Labor Law, a working woman is paid wages equivalent to wage payable to a man, if the nature of work is the same, and shall be offered the same opportunities for training and promotion. More information page 30	SE15. Workforce diversity and inclusion	
<b>DMA HR</b>	<b>Disclosure on Management Approach HR</b>			<b>IPECA Indicators</b>	<b>UNGC Principles</b>
<b>Aspects</b>	<b>Investment and procurement practices</b>	Fully	Please refer to HR2 indicator. More information on Pages 67, 68, 70-72 Information about Significant investments in Page 27	<ul style="list-style-type: none"> <li>• SE8. Human rights due diligence</li> <li>• SE9. Human rights and suppliers</li> </ul>	Actions Taken to Implement Principles 1, 2, 3, 4, 5 and 6
	<b>Non-discrimination</b>	Fully	Pages 19, 30-31	<ul style="list-style-type: none"> <li>• SE8. Human rights due diligence</li> <li>• SE18. Non-retaliation and grievance systems</li> </ul>	

	<b>Freedom of association and collective bargaining</b>	Fully	Qatar's constitution and laws provide for freedom of association, within limits based on public order and morality concerns.	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• SE8. Human rights due diligence</li> <li>• SE9. Human rights and suppliers</li> </ul>	
	<b>Child labor</b>	Fully	We abide by and obey Labor Law which prevents us from Child Labor practices in our workforce, contractors and suppliers. Please find more information about Qatar Labor Law in HR2. Additionally, our workforce, contractors and suppliers are aware of QAFCO's Code of Conduct & Ethics, which is aligned to Qatar Labor Law. More information can be found in pages 23, 39, 69	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• SE8. Human rights due diligence</li> </ul>	
	<b>Forced and compulsory labor</b>	Fully	We abide by and obey Qatar Labor Law which prevents us from Forced and Compulsory Labor practices in our workforce, contractors and suppliers. Please find more information in HR2. Additionally, our workforce, contractors and suppliers are aware of QAFCO's Code of Conduct & Ethics, which is aligned to Qatar Labor Law. More information can be found in pages 23, 39, 69	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• SE8. Human rights due diligence</li> </ul>	
	<b>Security practices</b>	Fully	All our contractors are trained in QAFCO's Code of Conduct & Ethics aligned to Qatar Labor Law. Qatar Labor Law states procedures and behaviors to be followed regarding human rights compliance. More information can be found in pages 23, 39, 69	SE10. Security and human rights	
	<b>Indigenous rights</b>	Not	Not applicable	SE2. Indigenous peoples	

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	<b>Assessment</b>	Fully	All our operations undergo an environmental impact assessment and we ensure that are aligned with our code of ethics and conduct.	SE8. Human rights due diligence	
	<b>Remediation</b>	Fully	Our Internal Audit team is responsible for overseeing and resolution of any internal grievance issues. Any grievance from the Customers are registered through non-conformity system and reported to the Management. Marketing department ensures the implementation of the procedures. Pages 68 and 69	SE18. Non-retaliation and grievance systems	
<b>DMA SO</b>	<b>Disclosure on Management Approach SO</b>			<b>IPECA Indicators</b>	<b>UNGC Principles</b>
<b>Aspects</b>	<b>Local Communities</b>	Fully	Pages 44-51	<ul style="list-style-type: none"> <li>• Community and society</li> <li>• SE1. Local community impacts and engagement</li> </ul>	Actions Taken to Implement Principle 10
	<b>Corruption</b>	Fully	Pages 19, 23	<ul style="list-style-type: none"> <li>• Business ethics and transparency</li> <li>• SE11. Preventing corruption</li> </ul>	
	<b>Public policy</b>	Fully	Pages 14, 15, 22 and 23	<ul style="list-style-type: none"> <li>• Business ethics and transparency</li> <li>• SE14. Public advocacy and lobbying</li> </ul>	
	<b>Anti-competitive behavior</b>	Partially	Pages 22-24 There is no contribution in 2012 to any political party.	No Specific IPECA Requirement	

	<b>Compliance</b>	Fully	Pages 20, 43, 52, 63, 66, 68, 69, 72 In 2012, there were not cases of non compliance with laws and regulations.	<ul style="list-style-type: none"> <li>• HS4. Product stewardship</li> <li>• HS5. Process safety</li> <li>• SE3. Involuntary resettlement</li> </ul>	
<b>DMA PR</b>	<b>Disclosure on Management Approach PR</b>			<b>IPEICA Indicators</b>	<b>UNGC Principles</b>
<b>Aspects</b>	<b>Customer health and safety</b>	Fully	Pages 68, 69	HS4. Product stewardship	Actions Taken to Implement Principles 1 and 8
	<b>Product and service labeling</b>	Fully	Page 68	HS4. Product stewardship	
	<b>Marketing communications</b>	Fully	Pages 66, 67	HS4. Product stewardship	
	<b>Customer privacy</b>	Fully	Page 69	No Specific IPEICA Requirement	
	<b>Compliance</b>	Fully	Pages 69 -71	No Specific IPEICA Requirement	
<b>STANDARD DISCLOSURES PART III: Performance Indicators</b>					
<b>Indicator</b>	<b>Disclosure</b>	<b>Living of Reporting</b>	<b>Location of disclosure</b>	<b>IPEICA Indicators</b>	<b>UNGC Principles</b>
<b>Economic: Economic Performance</b>					
<b>EC 1</b>	<b>Direct economic value generated and distributed, report including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.</b>	Fully	Page 26 Additional, Annual report	<ul style="list-style-type: none"> <li>• Climate change and energy</li> <li>• Incorporating financial data</li> <li>• SE4. Social investment</li> <li>• SE13. Transparency of payments to host governments</li> <li>• SE14. Public advocacy and lobbying</li> </ul>	No Specific COP Requirement

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<b>EC 2</b>	<b>Financial implications and other risks and opportunities for the organization's activities due to climate change.</b>	Fully	Page 28	Climate change and energy	Actions Taken to Implement Principle 7
<b>EC 3</b>	<b>Coverage of the organization's defined benefit plan obligations.</b>	Fully	Pages 26, 32	No Specific IPIECA Requirement	No Specific COP Requirement
<b>EC 4</b>	<b>Significant financial assistance received from government.</b>	Fully	QAFCO did not receive any financial value assistance from the government in 2012.	SE13. Transparency of payments to host governments	No Specific COP Requirement
<b>Economic: Market Presence</b>					
<b>EC 5</b>	<b>Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.</b>	Fully	There is no minimum wage established in the State of Qatar	SE15. Workforce diversity and inclusion	Outcomes from Implementing Principle 1
<b>EC 6</b>	<b>Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.</b>	Fully	Pages 33-35 Qatarization	<ul style="list-style-type: none"> <li>SE5. Local content practices</li> <li>SE7. Local procurement and supplier development</li> </ul>	No Specific COP Requirement
<b>EC 7</b>	<b>Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.</b>	Fully	Pages 33 -35 Qatarization	SE6. Local hiring practices	Actions Taken and Outcomes from Implementing Principle 6
<b>Economic: Indirect Economic Impacts</b>					
<b>EC 8</b>	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Pages 62 - 63	SE4. Social investment	No Specific COP Requirement
<b>EC 9</b>	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Pages 6 - 7, 8, 15, 23, 44, 52 and 63	SE6. Local hiring practices	No Specific COP Requirement



Indicator	Disclosure	Level of reporting	Location of disclosure	IPECA Indicators	UNGC Principles
EN 1	Materials used by weight or volume.	Fully	Page 57	No Specific IPECA Requirement	Outcomes from Implementing Principle 8
EN 2	Percentage of materials used that are recycled input materials.	Fully	Page 55	E10. Waste	Outcomes from Implementing Principles 8 and 9
<b>Environmental: Energy</b>					
EN 3	Direct energy consumption by primary energy source.	Fully	Page 55	E2. Energy use	Outcomes from Implementing Principle 8
EN 4	Indirect energy consumption by primary source.	Fully	Most of the electricity consumed at QAFCO is catered from Internal generation. A small share (294,411 MWh) is purchased from Qatar General Electricity & Water Corporation (KAHRAMAA), the sole transmission and distribution system owner and operator (TDSOO) for the electricity and water sector in Qatar.	E2. Energy use	Outcomes from Implementing Principle 8
EN 5	Energy saved due to conservation and efficiency improvements.	Partially	Page 55, 62	E2. Energy use	Outcomes from Implementing Principles 8 and 9
EN 6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Page 55, 62	E3. Alternative energy sources	Actions Taken to Implement Principles 8 and 9
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	In 2012 there were no initiatives in place to reduce indirect energy consumption.	E2. Energy use	Actions Taken to Implement Principles 8 and 9

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Environmental: Water					
EN 8	Total water withdrawal by source.	Fully	Page 53	E6. Fresh water	Outcomes from Implementing Principle 8
EN 9	Water sources significantly affected by withdrawal of water.	Fully	Pages 53 - 54	E6. Fresh water	Outcomes from Implementing Principle 8
EN 10	Percentage and total volume of water recycled and reused.	Fully	Page 53	E6. Fresh water	Outcomes from Implementing Principle 8 and 9
Environmental: Biodiversity					
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Page 61	E5. Biodiversity and ecosystem services	Outcomes from Implementing Principle 8
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Page 61	E5. Biodiversity and ecosystem services	Outcomes from Implementing Principle 8
EN 13	Habitats protected or restored.	Fully	Page 61-63	E5. Biodiversity and ecosystem services	Outcomes from Implementing Principle 8
EN 14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	Page 61- 63	E5. Biodiversity and ecosystem services	Outcomes from Implementing Principle 8
EN 15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	Not available	E5. Biodiversity and ecosystem services	Outcomes from Implementing Principle 8

Indicator	Disclosure	Level of reporting	Location of disclosure	IPEICA Indicators	UNGC Principles
<b>Environmental: Emissions, Effluents and Waste</b>					
EN 16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Page 55	E1. Greenhouse gas emissions	Outcomes from Implementing Principle 8
EN 17	Other relevant indirect greenhouse gas emissions by weight.	Not	Not available	E1. Greenhouse gas emissions	Outcomes from Implementing Principle 8
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Page 55	E1. Greenhouse gas emissions	Actions Taken and Outcomes from Implementing Principles 7, 8 and 9
EN 19	Emissions of ozone-depleting substances by weight.	Fully	Page 56	Other air emissions	Outcomes from Implementing Principle 8
EN 20	NOx, SOx, and other significant air emissions by type and weight.	Fully	Page 56	Other air emissions	Outcomes from Implementing Principle 8
EN 21	Total water discharge by quality and destination.	Fully	Page 53	EN9. Discharges to water	Outcomes from Implementing Principle 8
EN 22	Total weight of waste by type and disposal method.	Fully	Pages 57 - 59	E10. Waste	Outcomes from Implementing Principle 8
EN 23	Total number and volume of significant spills.	Fully	Pages 59	EN8. Spills to the environment	Outcomes from Implementing Principle 8
EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	Page 57	E10. Waste	Outcomes from Implementing Principle 8

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EN 25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	Pages 53, 54, 61 and 63	<ul style="list-style-type: none"> <li>E5. Biodiversity and ecosystem services</li> <li>EN9. Discharges to water</li> </ul>	Outcomes from Implementing Principle 8
Environmental: Products and Services					
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Pages 52 - 64	HS4. Product stewardship	Actions Taken to Implement Principles 7, 8 and 9
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	Packaging material not reclaimed	No Specific IPIECA Requirement	Outcomes from Implementing Principles 8 and 9
Environmental: Compliance					
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	No non-compliance in 2012.	No Specific IPIECA Requirement	Outcomes from Implementing Principle 8
Environmental: Transport					
EN 29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not	Not available	<ul style="list-style-type: none"> <li>E1. Greenhouse gas emission</li> <li>EN8. Spills to the environment</li> </ul>	Outcomes from Implementing Principle 8
Environmental: Overall					
EN 30	Total environmental protection expenditures and investments by type.	Not	Proprietary information	No Specific IPIECA Requirement	Actions Taken and Outcomes from Implementing Principles 7, 8 and 9

Indicator	Disclosure	Level of reporting	Location of disclosure	IPEICA Indicators	UNGC Principles
<b>Social: Employment</b>					
LA 1	Total workforce by employment type, employment contract, and region, broken down by gender. emissions by weight	Fully	Page 30 and 31	<ul style="list-style-type: none"> <li>Incorporating financial data</li> <li>SE15. Workforce diversity and inclusion</li> </ul>	No Specific COP Requirement
LA 2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	Page 33	<ul style="list-style-type: none"> <li>Incorporating financial data</li> <li>SE15. Workforce diversity and inclusion</li> </ul>	Outcomes from Implementing Principle 6
LA 3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Pages 32 - 35	No Specific IPEICA Requirement	No Specific COP Requirement
LA 15	Return to work and retention rates after parental leave, by gender.	Fully	There were no employees entitle to parental leave in 2012 For more information Page 32	No Specific IPEICA Requirement	No Specific COP Requirement
<b>Social: Labor/management relations</b>					
LA 4	Percentage of employees covered by collective bargaining agreements.	Fully	Collective bargaining agreements are not allowed in the State of Qatar	<ul style="list-style-type: none"> <li>Human rights</li> <li>SE8. Human rights due diligence</li> <li>SE16. Workforce engagement</li> </ul>	Outcomes from Implementing Principles 1 and 3
LA 5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	Page 32	SE16. Workforce engagement	Outcomes from Implementing Principle 3
<b>Social: Occupational Health and Safety</b>					
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	Fully	Page 37	HS1. Workforce participation	Outcomes from Implementing Principle 1

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LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	Pages 36 and 37	HS3. Occupational injury and illness incidents	Outcomes from Implementing Principle 1
LA 8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Pages 33-35 ,40, 41 and 47 Qatarization	HS2. Workforce health	Actions Taken to Implement Principle 1
LA 9	Health and safety topics covered in formal agreements with trade unions.	Fully	Trade unions are not allowed in the State of Qatar.	<ul style="list-style-type: none"> <li>• HS1. Workforce participation</li> <li>• SE16. Workforce engagement</li> </ul>	Actions Taken to Implement Principle 1
<b>Social: Training and Education</b>					
LA 10	Average hours of training per year per employee by gender, and by employee category.	Fully	All our employees receive at least 16 hours of training per year regardless gender and employee category. Page 35	SE17. Workforce training and development	No Specific COP Requirement
LA 11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Pages 33 - 35	SE17. Workforce training and development	No Specific COP Requirement
LA 12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	Page 35	SE17. Workforce training and development	No Specific COP Requirement
<b>Social: Diversity and Equal Opportunity</b>					
LA 13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	All Board of Directors' members are males. There are 2 members under 30-50 years group and 6 members above 50 years old. For additional information please consult Pages 20-21	SE15. Workforce diversity and inclusion	Outcomes from Implementing Principles 1 and 6
<b>Social: Equal remuneration for women and men</b>					
LA 14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	Page 30	SE15. Workforce diversity and inclusion	Outcomes from Implementing Principles 1 and 6

Indicator	Disclosure	Level of reporting	Location of disclosure	IPECA Indicators	UNGC Principles
<b>Social: Investment and procurement practices</b>					
HR 1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	Pages 27, 39 and 72	SE8. Human rights due diligence	Outcomes from Implementing Principles 1, 2, 3, 4, 5, and 6
HR 2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Partially	In 2012 none of our contractors & suppliers was declined as a result of human rights screening. More information on Pages 39-41 and 72	SE9. Human rights and suppliers	Actions Taken and Outcomes from Implementing Principles 1, 2, 3, 4, 5, and 6
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	Page 35	SE8. Human rights due diligence	Outcomes from Implementing Principles 1, 2, 3, 4, 5 and 6
<b>Social: Non-discrimination</b>					
HR 4	Total number of incidents of discrimination and corrective actions taken.	Fully	No incidents reported in 2012	<ul style="list-style-type: none"> <li>SE8. Human rights due diligence</li> <li>SE18. Non-retaliation and grievance systems</li> </ul>	Actions Taken and Outcomes from Implementing Principles 1, 2 and 6
<b>Social: Freedom of Association and Collective Bargaining</b>					
HR 5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	Qatar's constitution and laws provide for freedom of association, within limits based on public order and morality concerns.	<ul style="list-style-type: none"> <li>Human rights</li> <li>SE8. Human rights due diligence</li> <li>SE9. Human rights and suppliers</li> </ul>	Actions Taken to Implement Principles 1, 2 and 3
<b>Social: Child Labor</b>					
HR 6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	No incidents reported in 2012	<ul style="list-style-type: none"> <li>Human rights</li> <li>SE8. Human rights due diligence</li> <li>SE9. Human rights and suppliers</li> </ul>	Actions Taken to Implement Principles 1, 2 and 5

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<b>Social: Forced and Compulsory Labor</b>					
HR 7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	No incidents reported in 2012	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• SE8. Human rights due diligence</li> </ul>	Actions Taken to Implement Principles 1, 2 and 4
<b>Social: Security Practices</b>					
HR 8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Security personnel are also contractors. All contractors undergo induction trainings on Health & Safety and QAFCO Code of Conduct & Ethics.	SE10. Security and human rights	Outcomes from Implementing Principles 1 and 2
<b>Social: Indigenous rights</b>					
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not	Not applicable	SE2. Indigenous peoples	Actions Taken and Outcomes from Implementing Principles 1 and 2
<b>Social: Assessment</b>					
HR 10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	We abide by and obey Qatar Labor Law. We ensure that our operations are developed to comply with local laws. All our operations undergo an environmental impact assessment and we ensure that are aligned with our code of ethics and conduct. More information Page 27, 70-72	SE8. Human rights due diligence	No Specific COP Requirement
<b>Social: Remediation</b>					
HR 11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	No incidents reported in 2012	SE18. Non-retaliation and grievance systems	No Specific COP Requirement



Indicator	Disclosure	Level of reporting	Location of disclosure	IPECA Indicators	UNGC Principles
<b>Social: Local communities</b>					
SO 1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	All our contracts undergo an evaluation of environmental impacts associated. Please find additional information in Pages 61-64	SE1. Local community impacts and engagement	
SO 9	Operations with significant potential or actual negative impacts on local communities.	Fully	Pages 61 - 64	SE1. Local community impacts and engagement	No Specific COP Requirement
SO 10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	Pages 60 - 64	SE1. Local community impacts and engagement	No Specific COP Requirement
<b>Social: Society - Corruption</b>					
SO 2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Pages 22 - 23	<ul style="list-style-type: none"> <li>SE11. Preventing corruption</li> <li>SE12. Preventing corruption involving business partners</li> </ul>	Outcomes from Implementing Principle 10
SO 3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	All employees receive induction in QAFCO's Code of Conduct & Ethics i.e. Fraud Awareness Framework, Whistle Blowing Policy, QAFCO values and principles, behavior, etc.	SE11. Preventing corruption	Outcomes from Implementing Principle 10
SO 4	Actions taken in response to incidents of corruption.	Fully	No non-compliance	<ul style="list-style-type: none"> <li>SE11. Preventing corruption</li> <li>SE12. Preventing corruption involving business partners</li> </ul>	Actions Taken to Implement Principle 10
<b>Social: Public Policy</b>					
SO 5	Public policy positions and participation in public policy development and lobbying.	Not		SE14. Public advocacy and lobbying	Actions Taken to Implement Principles 1-10
SO 6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	No contribution in 2012	SE14. Public advocacy and lobbying	Outcomes from Implementing Principle 10

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Social: Society - Anti-Competitive Behavior					
SO 7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	No non - compliance	No Specific IPECA Requirement	No Specific COP Requirement
Social: Society - Compliance					
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	No non-compliance	No Specific IPECA Requirement	No Specific COP Requirement
Indicator	Disclosure	Level of reporting	Location of disclosure	IPECA Indicators	UNGC Principles
Social: Customer health and safety					
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Pages 70 -74	HS4. Product stewardship	Actions Taken and Outcomes from Implementing Principle 1
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	No non - compliance	HS4. Product stewardship	Outcomes from Implementing Principle 1
Social: Product and Service Labeling					
PR 3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Fully	Page 68, 73 and 74	HS4. Product stewardship	Actions Taken and Outcomes from Implementing Principle 8
PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	No non - compliance	HS4. Product stewardship	Outcomes from Implementing Principle 8
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Pages 20, 21, 43, 69, 72		No Specific COP Requirement

Social: Marketing Communications					
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Although QAFCO has not adherence to any specific law regarding marketing communication, we have in place our own mechanisms to guarantee a transparent promotion and advertising of our company and products. Information about QAFCO mechanisms can be found in the following pages: Pages 19, 24, 65	HS4. Product stewardship	No Specific COP Requirement
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	No incidents reported in 2012	HS4. Product stewardship	No Specific COP Requirement
Social: Customer Privacy					
PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	No non - compliance	No Specific IPECA Requirement	Outcomes from Implementing Principle 1
Social: Compliance					
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	No non - compliance	No Specific IPECA Requirement	No Specific COP Requirement



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