



## SUSTAINABILITY REPORT 2016



TOWARDS  
**A SUSTAINABLE**  
FUTURE





*His Highness*  
**Sheikh Hamad Bin Khalifa Al-Thani**  
*The Father Emir*



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



# CO



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**Abdulrahman Mohamed Al-Suwaidi**  
CEO, QAFCO

## CEO STATEMENT

At QAFCO, it is understood that excellence is a journey and QAFCO is committed to this ongoing journey along with its stakeholders including suppliers, customers, and the community. The sixth annual Sustainability Report is part of the company's continuous efforts to communicate with its stakeholders in a transparent and accountable way. The report is a reflection of QAFCO's commitment to global sustainability efforts represented by the UNGC's Ten Principles and the UN Sustainable Development Goals.

During 2016, the impact of world market conditions on QAFCO were mitigated through vigorous optimization drives undertaken by the company. This helped QAFCO to maintain its position in the global fertiliser industry.

QAFCO believes that a strong safety culture is a business imperative; accordingly, the company is committed to providing a safe workplace for its employees through a variety of risk-based safety and health programs. Various training sessions were conducted with the aim of increasing Safety awareness amongst both employees and Contractors. The "Safety Moment", a brief safety talk about a specific subject at the beginning of a meeting or shift, was also launched in 2016. It was a successful initiative which increased awareness and influenced safety behavior amongst staff.

The world is committed to reducing negative climatic impact. At present 70%–80% of the world's food is grown using manufactured fertilizers. Being a responsible fertilizer manufacturer for more than four decades, QAFCO aspires to have a leadership role in producing premium-quality fertilizer using sustainable and energy efficient technologies. QAFCO is committed to monitoring and reduction of negative environmental impact. The company is driven by a strong commitment to protect the environment for the next generation to inherit, which reflects QAFCO's policies, objectives and various projects. Strict environmental considerations are in place to minimize the environmental impact, as well as recycling and managing waste. QAFCO's efforts in Energy Management System are progressing well.

The Company continues to integrate Corporate Social Responsibility and Qatarization imperatives into all aspects of its business activities. The Company's strategy was set with an aim of achieving 50% Qatarization by 2020. Towards this goal, QAFCO has been focusing its efforts on harnessing Qatari talent in the engineering and science fields to assume significant roles in fostering Qatar's social, cultural, environmental, educational and economic developments.

The primary objective for the coming year will be to consolidate QAFCO's position in the fast changing global market. The forecasts for the year indicate positive conditions for the fertiliser industry. QAFCO is well poised to further improve its standing in the global market.



# COMPANY PROFILE

## Who We Are

Qatar Fertiliser Company (QAFCO) was incorporated on 29 September 1969 as a Qatari Shareholding Company in the State of Qatar. Head quartered in the Mesaieed Industrial City (MIC), the Company is engaged in the production and sale of Urea and Ammonia. QAFCO's inception in 1969 to produce chemical fertilisers was the first, and a significant step in Qatar's industrial diversification program to utilize its abundant natural gas resources.

QAFCO inaugurated its first plant in 1973 with a design capacity of 900 tons of Ammonia and 1,000 tons of urea daily. Presently QAFCO complex comprises six completely integrated trains. Each train is made up of two units, one for the production of ammonia, and the other for urea.

Through scientific strategic plans and integration of the

latest technologies, QAFCO has developed steadily, over the years, in terms of nameplate capacity, production quantities, quality and competitiveness of products, becoming one of the main producers and exporters of ammonia and urea in the world.

Today, Qatar, after the inauguration of the sixth urea facility at QAFCO, is the 4th largest urea producer in the world with an export market extending to more than 35 countries across several continents.

In addition to boosting its fertiliser production, QAFCO has gone into new product areas and joint ventures by establishing a urea formaldehyde and melamine downstream subsidiaries.

## Our Business Policy\*

### VISION

We shall operate the plants efficiently, safely and in an environmentally responsible manner to produce and dispatch Ammonia, Urea, Urea Formaldehyde and Melamine at the quality required by customers and to carry out investments to maximize shareholders returns.

### OUR COMMITMENTS

- To lead our company in an ethical manner.
- To increase the competency of personnel and use of adequate technology.
- To prevent pollution and control operational and security risks, as well as monitor and record the environmental impacts of our operations.
- To steward our products and services through each life cycle stage.

### MISSION

- Maintain QAFCO as the largest Quality Ammonia and Urea Producer.
- Satisfy QAFCO's need for Urea Formaldehyde.
- Quality Melamine Producer.

- To implement and continually improve our integrated management systems.
- To communicate our policies to all stakeholders and engage with our employees on matters related to our system performance measures.
- To comply with all relevant Qatari legislations, regulations and global standards.

\*A new policy has been released in 2017



## OUR CORPORATE OBJECTIVES

- Achieve highest possible production at comparatively low cost.
- Operate the plants with maximum online factor.
- Design and operate the plants in a safe, secure, energy efficient and environmentally responsible manner.
- Meet customers' expectations with regard to quality and timely dispatch of our products.
- Maximize the employment of qualified and skilled Qatari nationals and effectively develop them to meet the required competence.
- Supply QAFCO with quality Urea Formaldehyde.

## Our Shareholders

QAFCO'S shareholders include Industries Qatar (IQ) and Yara Nederland.

IQ is the immediate parent of the Company, which is a 51% owned subsidiary of Qatar Petroleum (QP). Thus, placing QP as the ultimate parent of the Company.



## Our Subsidiaries

### Gulf Formaldehyde Company

Gulf Formaldehyde Company (Q.S.C) was incorporated on 3rd March 2003 as a private Shareholding company. All the shareholders are Qatari companies in the State of Qatar. The company is engaged in the production and sale of Urea Formaldehyde Concentrate (UFC).

Currently, we have an annual production capacity of 60,000 tons of UFC.

### Qatar Melamine Company

In 2006, we collaborated with Qatar Intermediate Industries (Alwaseeta) to establish Qatar Melamine Company (QMC) for melamine production. The state-of-the-art plant and the largest of its kind in the Middle East, was completed in 2010 and possesses an annually production capacity of 60,000 tons of melamine.

## Milestones in QAFCO history

**1973** QAFCO-1

**1979** QAFCO-2

**1997** QAFCO-3

**2003** Gulf Formaldehyde Company

**2004** QAFCO-4

**2004** Inauguration of QAFCO's ammonia vessel LPG/C Al Marona

**2006** Qatar Melamine Company established and incorporated in 2011

**2009** QAFCO adopts new brand identity

**2010** Melamine plant inaugurated

**2011** First sale of Aqueous Ammonia for DeNOx application

**2011** QAFCO-5 inaugurated

**2012** QAFCO-6 inaugurated

# PRODUCTS

## Ammonia

## Urea – prilled and granular

## Aqueous Ammonia

### Ammonia

Ammonia is a chemical compound made of Nitrogen 82% and Hydrogen 18%. It is produced using Natural gas as the primary feedstock. The other feeds required are Steam and Air. These feed materials undergo a series of reactions in the ammonia plant to produce gaseous Ammonia. High pressure converts the Gaseous Ammonia to liquid ammonia. The liquid ammonia is then stored at a temperature of minus 33 degrees centigrade in a specially refrigerated Ammonia storage tank.

### Urea – Prilled and Granular

Urea is a solid fertiliser with 46% Nitrogen. It is produced by the reaction of Ammonia and Carbon Dioxide (CO<sub>2</sub>) under high pressure. The liquid urea thus produced is turned into a solid fertiliser as prilled or spherical granules.

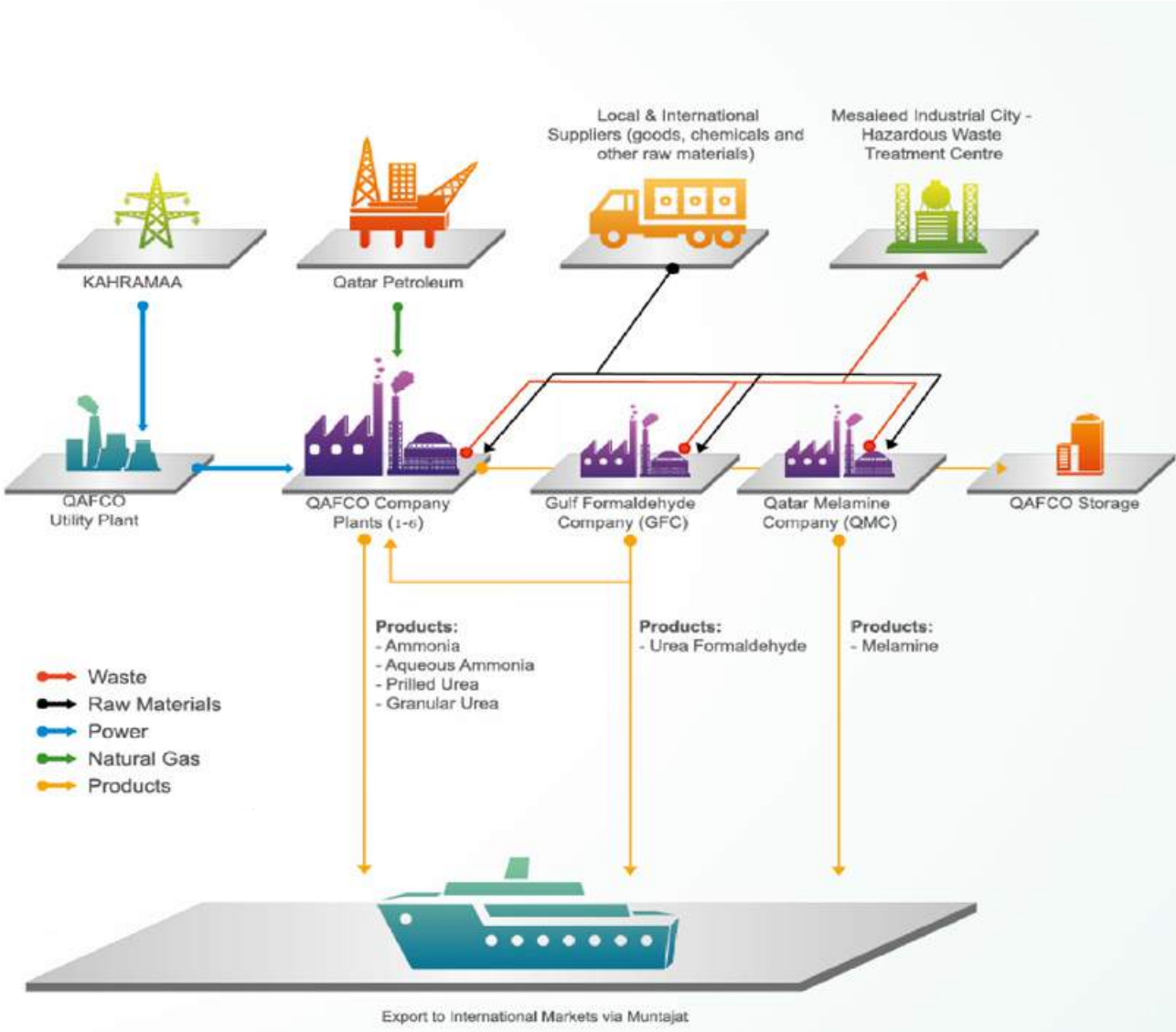
### Aqueous Ammonia

Aqueous ammonia is a solution composed of 19 % ammonia produced by absorption of gaseous ammonia in demineralized water. It is used as absorbing agent of nitrogen oxides produced on the utilization and burning of gas in power generators and industrial plants. The aqueous ammonia facility was established in QAFCO premises in 2009 with an annual production capacity of 60,000 tons. The aqueous ammonia solution is used for NO<sub>x</sub> reduction at QAFCO.



# QAFCO VALUE CHAIN

The boundary of QAFCO’s supply chain is largely bound to the State of Qatar, with the major input being natural gas purchased from Qatar petroleum to QAFCO and its’ subsidiaries. QAFCO’s various products are then manufactured and sold directly through Muntajat who handle the product sales and distribution.



# QAFCO BOARD OF DIRECTORS





**Mr. Said Mobarak Al-Mohannadi**  
Chairman



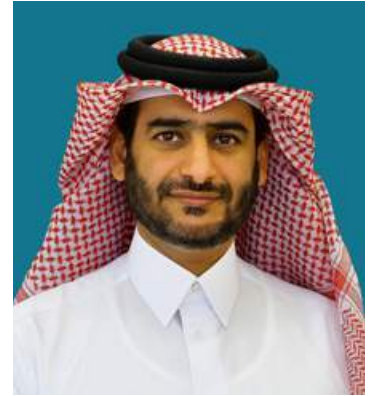
**Sheikh Khalid Bin Abdulla Bin  
Mohammed Al-Thani**  
Vice-Chairman



**Mr. Abdulrahman Mohamed  
Al-Suwaidi**  
Director & Chief Executive Officer



**Mr. Alvin Rosvoll**  
Director



**Mr. Fahad Mohammed Al-Khater**  
Director



**Mr. Hamad Salah Al-Baker**  
Director



**Mr. Ivan de Witte**  
Director



**Mr. Khalid Khalifa Al-Jalahma**  
Director

# Corporate Governance

QAFCO continuously strives to have an ethical, resilient, and efficient system of corporate governance that allows for smooth and integrated operations. It has constantly taken efforts to scale up corporate governance practices to comply with the Corporate Governance Structure as laid down by the applicable laws and regulations of the State of Qatar.

Maintaining the highest standards of corporate governance has always been of prime importance to the QAFCO Board of Directors. To this effect, the management at QAFCO strives to make sure that economic, environmental and social issues its stakeholders raise, from governmental bodies to individuals such as employees, are integrated in our corporate governance structure. This helps in identifying scope for improvement, as a company committed to sustainable practices for development.

Internal audit is an integral part of the corporate governance structure. It provides overall assurance and risk management oversight to drive business success related to company strategic initiatives including sustainability. Its methodology strives to drive the most benefits from QAFCO sustainability efforts including improved business processes, cost reductions through efficiency and effectiveness gains, and the ability to attract and retain customers and employees.

With collaboration with its stakeholders QAFCO has consistently built reputation, increased performances, improved processes, cut costs, and managed risks in meeting its objectives and sustaining its business.

## Fraud Awareness Framework

### Fraud Awareness Policy

The QAFCO Board of Directors, senior management and all employees are focused on creating 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. QAFCO has adopted established methods of fraud detection.

### Whistle Blowing Policy

When dealing with fraud, it is often employees that are the first to realize that something wrong, dishonest, or illegal is occurring or has occurred at QAFCO. In such situations, having access to a feedback system is imperative in order to expose acts of fraud and corruption and stop or mitigate their impacts.

The type of disclosures required of QAFCO staff and concerned third parties under the policy include the following:

- Acts requiring the violation of a law, gross waste of our resources, mismanagement, abuse of authorities and specific health or safety issues related to our operations;
- Fraud, which 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 QAFCO's 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.

In the year 2016, no complaints were filed.



# THE QAFCO SUSTAINABILITY REPORT 2016 IN CONTEXT

QAFCO's annual sustainability report communicates with its stakeholder's about its ways of mitigating its impact on the environment throughout the value chain, generating economic value, contributing towards our community and creating and sustaining an atmosphere suitable for promoting the holistic growth of its employees as well as its suppliers.

The theme of this year's report is 'Towards a Sustainable Future'. QAFCO, like many other Energy & Industrial sector companies affected by the low oil prices, is using the opportunity to focus on improving internal operations and efficiency, by cutting costs and reducing risks. Consequently, it also plans to concentrate on optimizing resource use.

QAFCO aims to continuously contribute to the growth and development of the State of Qatar. The drop in oil prices from over \$100/barrel in 2014 to the current price

of around \$48/barrel underpins the volatility of fossil fuel prices. To minimize risk and maintain active and sustained growth, it is imperative for businesses such as QAFCO to be cognizant of the regional and global context and stay ahead of the curve.

Consequently, QAFCO regularly assesses its performance and position within the global context, and aligns with not only the National Vision of the country, but also various international guidelines and initiatives such as the Sustainable Development Goals, COP21 climate change targets, UNGC and international best practice standards for quality, environment, energy and supply chain.

In line with the report's theme of "Towards a sustainable future", QAFCO is particularly proud of its 2016 emphasis on operational and cost optimisation along with its extended efforts to better manage risks across the value chain activities.

# EMPOWERING THE HUMAN CAPITAL

QAFCO aims to be a force of positive social and human development within the country. In alignment with the QNV, SDGs and UNGC principles - QAFCO is working continuously to ensure that its employees, contractors, all relevant stakeholders and the Qatari society at large benefit from its operations.

QAFCO ensures that all staff are treated fairly and given equal opportunities. QAFCO is committed to developing a strong Qatari labour force through its educational and training programs that aim to build capacity and raise STEM (Science, Technology, Engineering & Math) awareness and interest within the country.

## Our Employees

Diversity is central to QAFCO values. In 2016 our workforce was drawn from over 30 different nationalities. Our diverse workforce combines workers from different backgrounds and experiences to form a more creative, innovative, and productive workforce.

Compensation Philosophy that rewards high performing employees in a manner reflective of their contribution. It is designed to be competitive and to ensure that key talent, that drives future growth, remains with us.

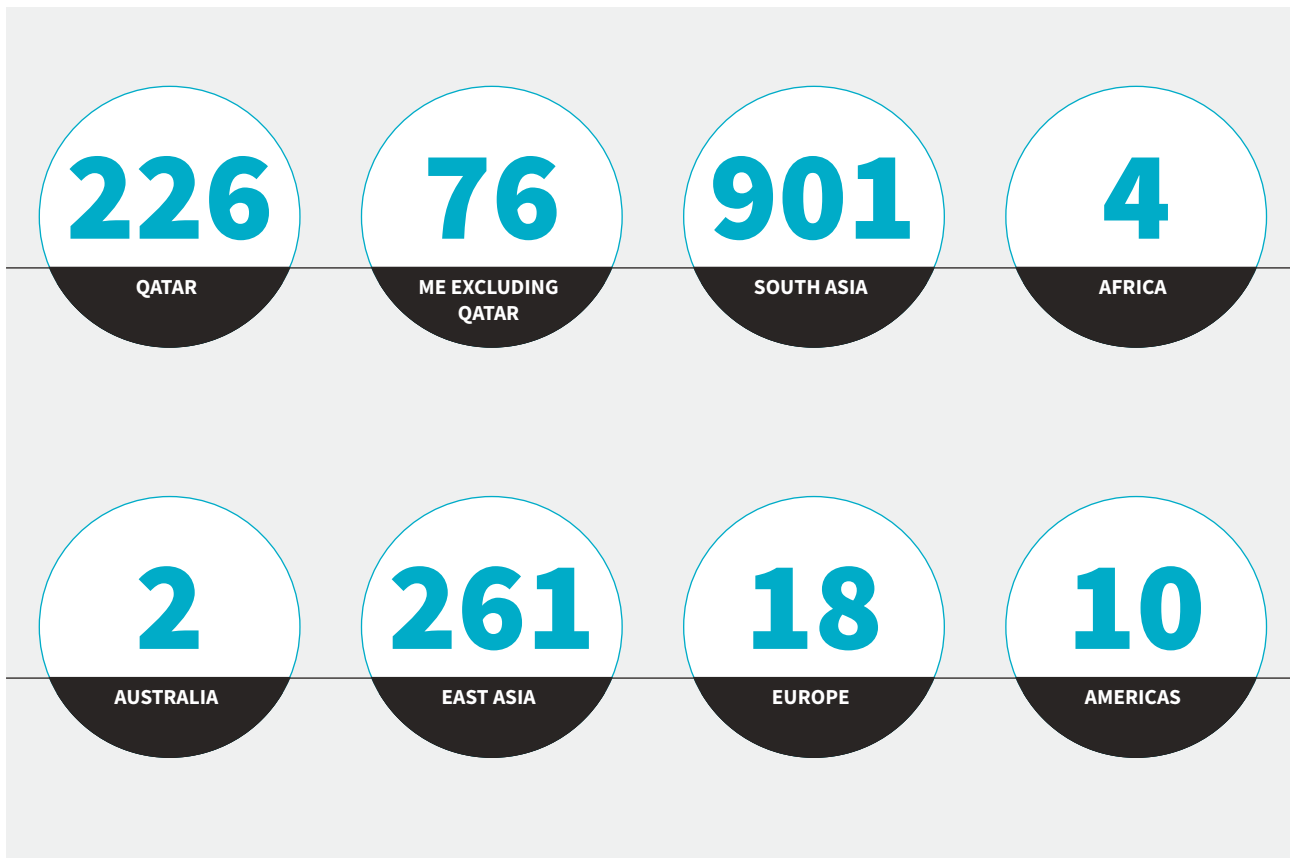
Benchmarking studies are periodically conducted to assess how QAFCO stands compared to others in the market in terms of salaries and benefits.

## Employee Benefits & Rewards

In an effort to reward and incentivize high performance, QAFCO possesses an HR Total Rewards Strategy and

In 2016, QAFCO workforce stood at a strong 1,498 including 73 nationals under academic and development programs.

## WORKFORCE DIVERSITY IN NUMBERS





## WORKFORCE BY EMPLOYEE GRADE AND GENDER

| Category           | Female    | Male         | Grand Total  |
|--------------------|-----------|--------------|--------------|
| Sr. Management     | 0         | 7            | 7            |
| Middle Management  | 2         | 59           | 61           |
| Lower Management   | 6         | 441          | 447          |
| Non-Management     | 18        | 892          | 910          |
| Trainees           | 4         | 69           | 73           |
| <b>Grand Total</b> | <b>30</b> | <b>1,468</b> | <b>1,498</b> |

## Qatarization

QAFCO integrates Corporate Social Responsibility and Qatarization imperatives in its business activities. The Company's strategy is focussed towards achieving 50% Qatarization by 2020 by harnessing Qatari talent in the engineering and science fields and thereby fostering Qatar's social, cultural, environmental, educational and economic developments.

By the end of December 2016, the Company's Qatarization achievement was 14.2%. QAFCO foresees a steady growth in Qatarization to approximately 31% by the end 2021. Long term projections in Qatari nationals till 2025 indicate a growth to approximately 40%.

## Successful Initiatives

### Support and liaison with the Education Sector

As part of QAFCO Corporate Social Responsibility and Networking Strategy, the Company pursued its relationships with Universities, Schools and broader Education Sector through involvement and collaboration in:

- Activities as a consortium member of the Gas Processing Research Center at Qatar University;
- Continued sponsorship of a Chair at the Gas Processing Research Center;
- Continued sponsorship of Qatari university students to the annual Gulf Petrochemical Association Fertiliser Convention;
- Sponsorships and collaboration with Texas A&M University to host a conference focusing on renewable energy and managing CO<sup>2</sup> emissions;
- College advisory committee and focus group activities on study program syllabi and new program offerings;

- Hosting summer training, internship programs and school visits;
- Career fairs and sponsorship days;
- Hosting and facilitating students' plant design projects.

### Support Through Sponsorships

Apart from supporting continued professional development through On-Job Development Programs and Short Courses, QAFCO (as of the end of 2016) was sponsoring 53 Qataris in Vocational Education and Training Programs, and in College - and Undergraduate Academic Programs.

### Supporting Qatarization

During 2016, twenty nine (29) Qatari employees pursued On-Job Development Programs towards final development to take-up established position (mainly in engineering).

## Supporting Training & Development

During 2016 approximately 35% of Qataris (based on Qatari Headcount) pursued such multi-year programs and development interventions. Apart from formal multi-year academic study programs, the Company facilitates continuing professional development of Qatari employees through short duration courses.

Diligent monitoring of progress in development programs and continued personal support to the Company's Trainees / Students, whether at their workplaces or

institutes of further education, are key activities in supporting training and development of Qataris.

## Employee feedback

A new initiative called "Town hall meeting" was started wherein employees meet the QAFCO management and present their issues. Apart from that, the CEO arranges meetings with the employees every quarter.

## A renewed focus on Safety

In line with its commitment to the safety and well-being of employees and contract staff working on its premises, QAFCO has embarked on a major safety initiative to achieve a zero Total Recordable Incident Rate (TRIR).

### Safety Campaigns

Safety campaigns are effective means of communicating with stakeholders. In the year under review, various campaigns were conducted to increase awareness amongst QAFCO employees and contractors. These well thought out campaigns address safety concerns within and outside QAFCO.

To promote safety awareness among employees, the following safety campaigns like Sandstorm campaign and Heat Stress prevention campaign were conducted during the year 2016.

### Ensuring contractor safety

QAFCO has been a member of the United Nation Global Compact (UNGC) since 2010. Over the period QAFCO has made efforts to progress towards embracing UNGC principles which also includes human rights.

Additionally, QAFCO also ensures that contractors meet certain minimum criteria specified in the contracts' terms and conditions. This encompasses:

- The health and safety of employees;
- Safe & hygienic accommodation;
- Provision of personal protective equipment (PPEs);
- Providing health, safety & environment training;
- and the possession of various industry specific prerequisite certificates.

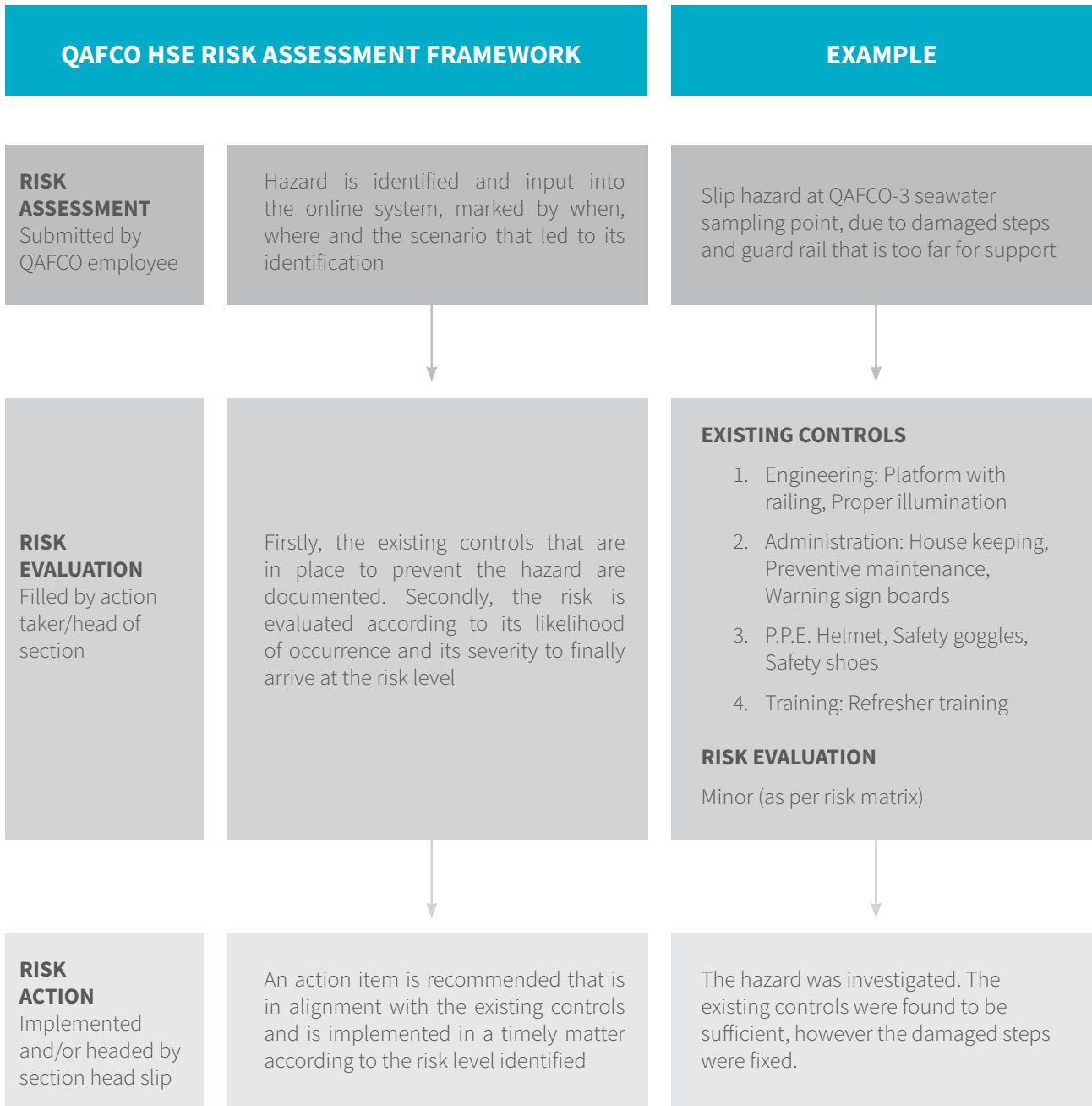
**QAFCO has embarked on a major safety initiative to achieve a zero Total Recordable Incident Rate (TRIR).**

### Safety Performance

|   | 2015      | 2016      |
|---|-----------|-----------|
| Work hours (employees)                  | 3,591,531 | 3,239,127 |
| Work hours (contractors)                | 4,092,158 | 3,220,368 |
| Employee Fatalities                     | 0         | 0         |
| Contractor Fatalities                   | 0         | 0         |
| Employee lost time injuries             | 0         | 0         |
| Contractor lost time injuries           | 1         | 1         |
| Total recordable injuries (employees)   | 4         | 2         |
| Total recordable injuries (contractors) | 2         | 5         |

# Risk assessment system

QAFCO has an established risk assessment system for health and safety that is accessible to all employees and allows for the continuous improvement of the overall health and system, policies and procedures. The risk assessment system is audited annually, once internally and once externally.



# CORPORATE AND SOCIAL EVENTS

## QAFCO SPONSORS TAMUQ CONFERENCE.

Texas A&M University at Qatar hosted experts from around the world 14 January 2016, for the annual QAFCO – Texas A&M University at Qatar Conference 2016. The 2016 conference was presented in cooperation with Texas A&M at Qatar's longtime industry collaborator, the Qatar Fertiliser Company (QAFCO), which has supported the conference since 2007.

## QAFCO DAY 2016 CELEBRATED.

QAFCO Day is an annual get together function held in January every year, for the Company's management and staff. The QAFCO day was celebrated at the Al-Banush Club, Mesaieed.

QAFCO management presented the Company's achievements in 2016 and outlined plans and objectives for the year 2017. The training section distributed its annual awards to many nationals who have completed their development program.

# TOWARDS A SUSTAINABLE ENVIRONMENT

## Conserving water

Water plays an important role in QAFCO's daily operations. As such, great care is taken to minimize water consumption.

QAFCO is strongly committed to treating its process waste water streams prior to discharge to the sea. In alignment with the Ministry of Energy and Industry (MEI), MME and QP directive of zero liquid discharge (ZLD), QAFCO has taken progressive steps to reduce its process water discharge. QAFCO 5 and 6 sites have both been configured to produce near zero liquid discharge from the get-go. Our sites recycle and reuse water wherever possible - recycling around 5.38 million m<sup>3</sup> of water in 2016, representing approximately 95% of total water withdrawals.

## Waste management

QAFCO believes in and adopts the 'hierarchy' of waste management, therefore, many hazardous wastes like all spent catalysts generated are successfully sold to a recycling company (outside the country) for metal recovery / recycling. Used lubricating oil is sent to a local oil reclamation plant. Also, waste activated carbon is no longer treated and charged as waste, and is, instead, sent to a neighboring company as a raw material. In addition, the company was successful in reducing the paint waste generation to zero (100% reduction), as painting jobs are completely outsourced and hence no paint waste is generated any more. Moreover, all types of drums (plastic/ metal) are successfully re-used internally or sold to a third party.

## WASTE TYPE - GENERATION & DISPOSAL DETAILS - 2016

| WASTE TYPE                   | WASTE NAME                       | DISPOSAL QUANTITY MT | DISPOSAL METHOD | TOTAL WASTE PER TYPE MT |
|------------------------------|----------------------------------|----------------------|-----------------|-------------------------|
| Non Hazardous                | Food Waste                       | 1,635                | Landfill        | 4,192.64                |
|                              | Non Hazardous Industrial Waste   | 2,536.85             |                 |                         |
|                              | Paper Waste (Paper & Cardboards) | 20.79                | Recycled        |                         |
| Hazardous Waste              | Spent Catalyst                   | 5.5                  | Recycled        | 135.79                  |
|                              | Used Oil                         | 100.99               |                 |                         |
|                              | Waste Lead Acid Batteries        | 14.52                |                 |                         |
|                              | Waste Paint                      | -                    | Incinerated     |                         |
|                              | Sludge containing oil            | 0.94                 |                 |                         |
|                              | Cement Asbestos Waste            | 13.84                | MIC HWTC        |                         |
| Other Waste                  | Used Activated Carbon            | 42.72                | Recycled        | 114.36                  |
|                              | Waste Off. Specification Urea    | 43.8                 | MIC HWTC        |                         |
|                              | Molten Salt                      | 2.2                  |                 |                         |
|                              | Off Spec Melamine                | 15.61                |                 |                         |
|                              | Waste COD Solution               | 0.03                 |                 |                         |
|                              | Expired Lab Chemicals            | 10                   |                 |                         |
| <b>TOTAL GENERATED WASTE</b> |                                  | <b>4,442.79</b>      |                 |                         |

## TOTAL RECYCLED

|                                      |               |
|--------------------------------------|---------------|
| Paper Waste (Paper & Cardboards)(MT) | 20.79         |
| Spent Catalyst (MT)                  | 5.5           |
| Used Oil (MT)                        | 100.99        |
| Waste Lead Acid Batteries (MT)       | 14.52         |
| Used Activated Carbon (MT)           | 42.72         |
| <b>TOTAL RECYCLED</b>                | <b>184.52</b> |

## Energy consumption and Emissions

Energy performance has been quite consistent and satisfactory, a result of improving operational efficiency, better plant reliability and optimized utilisation of natural gas feed for ammonia production.

Despite an increase in production, 2016 highlights the lowest overall emissions value over the past 3 years. This is highlighted in QAFCO's reduced product carbon footprint, 15% lower than 2015. This can be attributed to a number of Green House Gases (GHG) emission reduction initiatives including CO<sub>2</sub> sharing between plants. CO<sub>2</sub> used for producing urea is distributed so as to minimize venting. QAFCO's reduced emissions of GHG and air pollutants underpins its commitment to climate change mitigation, in alignment with Qatar's National Vision 2030, and the INDCs submitted at the COP21.

## Looking ahead

QAFCO has been an active contributor to QAFCO's economy. However, the year 2016 was a challenging year with the product prices going down. Meanwhile, the optimization efforts are beginning to show impact. The primary objective for the coming year will be to consolidate QAFCO's position in the fast-changing global market.

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For feedback on the report please contact:

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