



شركة قطر للإضافات البترولية المحدودة  
QATAR FUEL ADDITIVES CO.LTD.

METHANOL IN OUR EVERYDAY LIVES:

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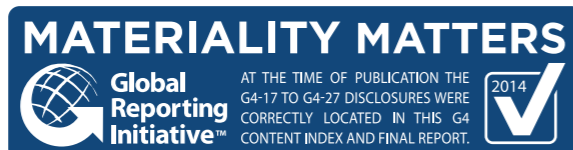
# ABOUT THIS REPORT

QAFAC's continuous record of reporting on its economic, social and environmental performance began with the company's 2011 baseline sustainability report. This is QAFAC's third annual report, which demonstrates the company's commitment to being transparent and accountable to all our stakeholders.

External assurance is a way to make our report significantly more credible. In 2013 we had a wide range of data externally assured. The assurance statement can be found in the appendices at the end of this report.

This report was developed in accordance with the Global Reporting Initiative (GRI) G4 Core Guidelines for Sustainability Reporting. The GRI is a multi-stakeholder initiative with widespread credibility that provides a framework for companies to report on their sustainability performance.

*This report has also received the Materiality Matters check by GRI.*



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# CHAIRMAN'S FOREWORD



**MR. HAMAD RASHID AL-MOHANNADI**  
Board of Directors' Chairman

I am pleased to share with you QAFAC's 2013 Sustainability Report. This report marks our third consecutive year of producing a sustainability report and is a testament to our commitment to transparency and accountability to our stakeholders.

At QAFAC we take great pride in knowing that our products are a part of almost every aspect of everyday life. From providing companies within Qatar's petroleum industry with Methanol and MTBE for their production processes to selling our products for use around the world as fuel additives, QAFAC truly has a global reach. Our vision is to further expand this reach and continue to create a high quality product to become one of the world's top five producers of Methanol, its high value derivatives, and Butane sub-products by 2020.

In the last year we have had several achievements that indicate that we are moving forward in our sustainability journey. As part of our ongoing commitment to operational excellence, we have made substantial progress on the Carbon Dioxide Recovery (CDR) Plant. In 2013 we have also successfully integrated social and environmental concerns into many of our policies and management processes. This is a critical step that will ensure effective management of our economic and social environment.

I am pleased to announce that the launch of our 5 year Sustainability Strategy sets out an effective sustainability management plan that encapsulates our corporate responsibility. We will continue to align ourselves with Qatar's vision and goals as detailed in the Qatar National Vision 2030 and the National Development Strategy 2011-2016. Reflecting our success in sustainability management, our 2012 Sustainability Report was the runner up for the Sustainable Development Industry Reporting Programme for the Qatar Energy and Industry Sector.

This report embodies QAFAC's commitment to leadership in sustainable development and I encourage you to explore this report in detail and share your comments with us.

My sincerest regards,

# GENERAL MANAGER'S FOREWORD



**MR. NASSER JEHAM AL-KUWARI**  
General Manager

2013 represented another significant step for QAFAC towards becoming a leader in sustainability management. The company continues to increase its understanding of the role sustainability will play in improving operational efficiency, increasing production, enhancing safety, and reducing QAFAC's environmental impact. This can be clearly seen in QAFAC's updated sustainability framework.

As QAFAC aims to achieve sustainability leadership, we have developed QAFAC's 5 year Sustainability Strategy, which supports our efforts towards sustainability and is aligned with Qatar's national sustainable development goals as outlined in Qatar's National Vision (QNV 2030) and Qatar's National Development Strategy (NDS 2011-2016). It also contributes to the overall Qatar energy and industry sector sustainability strategy to be developed in accordance with the Sustainable Development Industry Reporting (SDIR) Programme's commitment.

We have taken various measures in 2013 to advance our environmental and social performance. We have integrated these considerations into our management systems at the highest level by creating QAFAC's sustainability policy, sustainable procurement policy, human rights policy, and implementing them successfully. We have also developed QAFAC's Corporate Social Responsibility (CSR) Committee of which I am Chairman and this demonstrates our commitment to interact with all our stakeholders. Through the CSR Committee, QAFAC is developing a strategic investment strategy and a policy to provide our community with more targeted programs and activities.

We are eager to build on our outstanding performance in integrating sustainability this year and are looking forward to strengthening these efforts in 2014.

We present this report to our stakeholders with the intention of giving an open and transparent look at our performance in 2013. It is also our hope that this will also serve as a means of engaging with our stakeholders on our strategy, practices, and future sustainability goals.

My sincerest regards,

# ABOUT QAFAC



## BACKGROUND

Qatar Fuel Additives Company, popularly known as QAFAC, is an outcome of the Nation's far-sighted strategic plan to diversify its petrochemical base and expand its downstream industries (G4-17). The Company aims to optimize the utilization of the country's vast hydrocarbon resources through producing and exporting Methanol and MTBE.

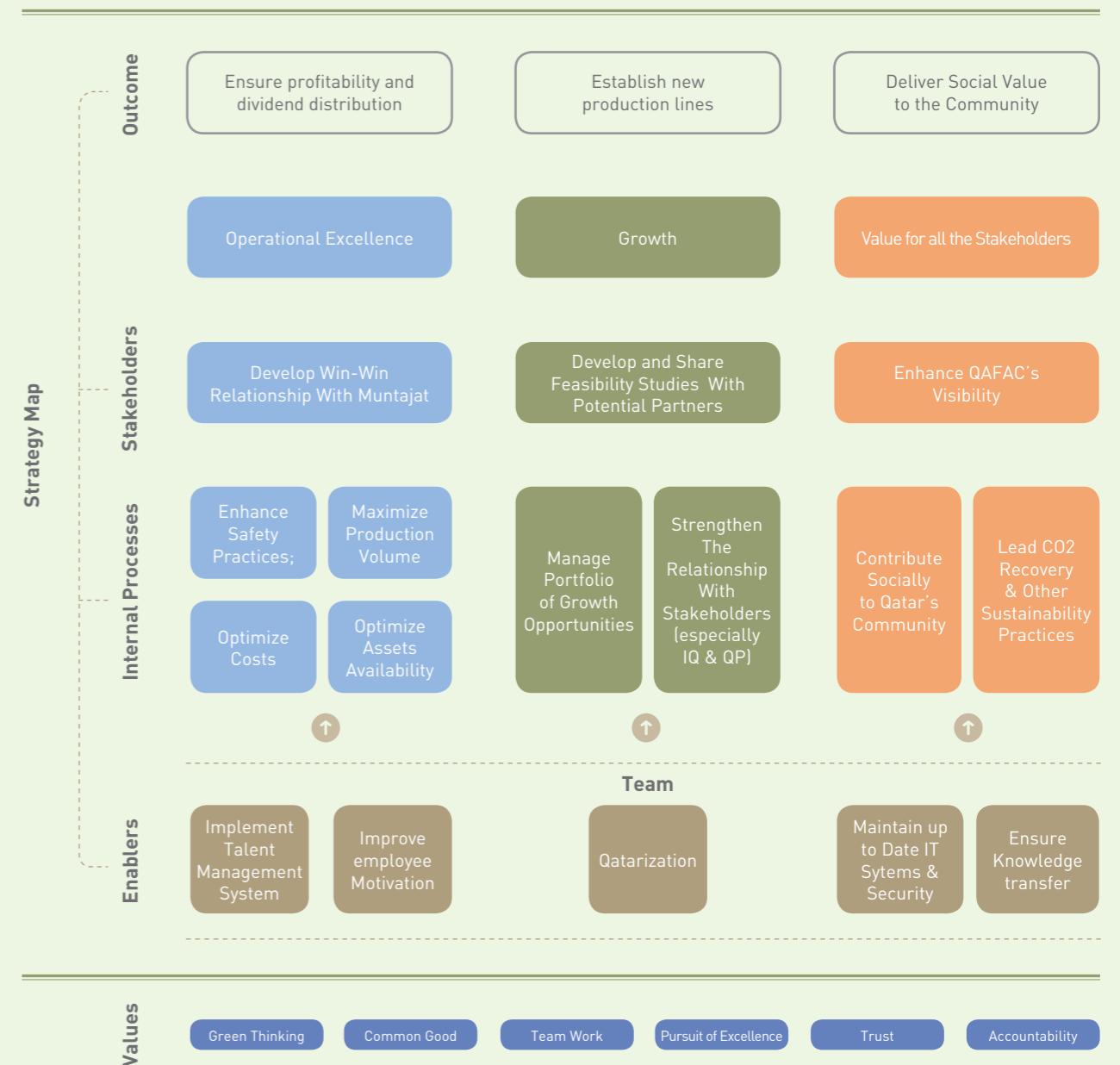
Established in 1991, QAFAC is a joint venture between Industries Qatar, OPIC Middle East Corporation, International Octane LLC and LCY Middle East Corp. The Company commenced operations in 1999.

## VISION

By 2020, QAFAC will be amongst the top 5 producers of Methanol, its high value derivatives and Butane sub-products.

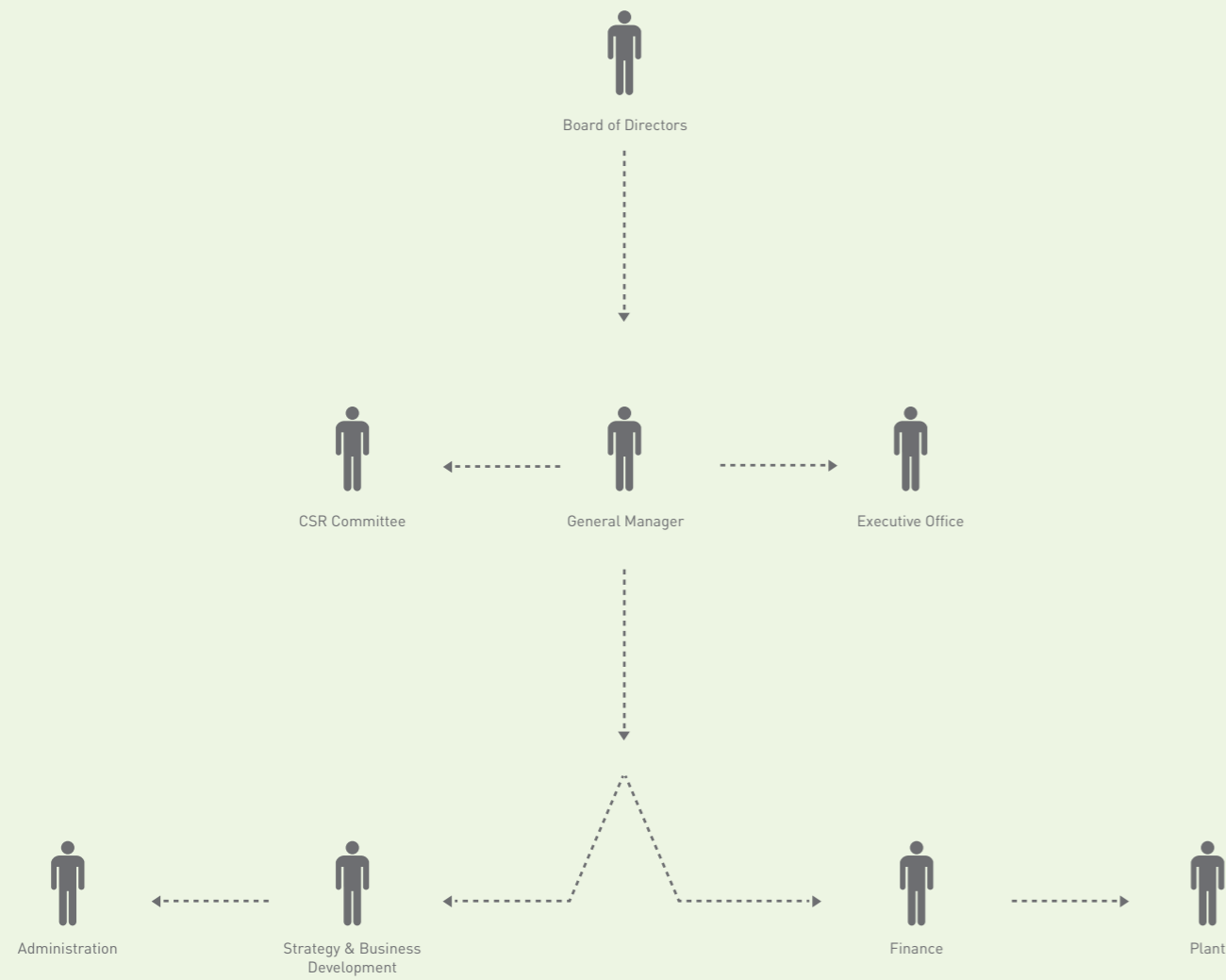
## MISSION

Be an international producer of Methanol, its high value derivatives, and Butane sub-products, in a safe, sustainable and environmentally friendly manner, contributing to the economic development of Qatar, maximizing shareholders' value.



## QAFAC'S ORGANISATIONAL STRUCTURE

This chart shows QAFAC's governance structure.



## 2013 CHANGES

In 2013 QAFAC underwent several significant changes to organisational structure. These changes were made to help improve the company's efficiency and effectiveness at implementing the strategic plan and successfully reaching its vision.

### SUPPLY CHAIN

QAFAC merged its Procurement and Materials departments to create the new Supply Chain department. This structural change aims to improve the efficiency of the procurement of goods and services for QAFAC.

### TECHNICAL DEPARTMENT

At the end of 2013, QAFAC created a new Technical Department, which focuses on product improvement and increasing economic efficiency while maintaining the high quality of the products.

## INDUSTRY CHANGES

### MESAIEED AND RAS LAFFAN INDUSTRIAL CITIES MERGE

In 2013 Mesaieed (MIC) and Ras Laffan (RLIC) Industrial Cities merged management. For QAFAC this has meant an opportunity for greater knowledge sharing between the company and companies in Ras Laffan on issues ranging from safety, to environmental management.

### MUNTAJAT

The marketing and distribution of QAFAC's products are now the responsibility of Muntajat. The Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) was set up in 2012 and as of 2013 has now become the central point for marketing the State of Qatar's chemical and petrochemical products. QAFAC management meet regularly with Muntejat to ensure a smooth transition and ongoing successful sale of our products.



## SUSTAINABILITY PERFORMANCE SUMMARY

QAFAC tracks and monitors the 42 key performance indicators (KPIs) selected by the Qatar Petroleum DG Sustainable Development Industry Reporting (SDIR) programme for 2013. These KPIs help the company to assess sustainability performance. Below are the data for the KPIs from 2010-2013.

INDICATOR		UNIT	QAFAC'S PERFORMANCE			
			2010	2011	2012	2013
Economic Contribution	Revenue	USD	569,611,000	921,244,000	927,768,000	984,546,000
		MTBE	512,705	654,549	610,985	648,022
	Production - broken down into main products	Methanol	879,196	1,021,872	843,543	940,963
		Pentane	5,012	7,903	7,492	8,513
	Goods and services sourced locally	%	90	79	88	78
Climate Change and Energy	Direct energy use	GJ	36,654,000	42,716,548	36,563,135	40,347,692
	Indirect energy use	GJ	697,489	786,701	727,870	771,782
	Amount of renewable energy generated	GJ	N/A	N/A	N/A	N/A
	Energy exported to the grid	GJ	N/A	N/A	N/A	N/A
	Direct GHG emissions (scope 1)	Tonnes Co2	1,924,724	2,109,949	1,847,179	2,027,833
	Indirect GHG emissions (scope 2)	Tonnes Co2	167,132	188,509	174,413	184,935
	Flaring	MMSCM	118	150	138	152
	Natural gas used	Sm3	957,924,660	1,116,467,180	955,605,968	1,054,522,726
The Environment	Fresh water used (from purchased)	m3	1,170,556	1,289,819	1,405,222	1,563,951
	Fresh water used (from company generated)	m3	0	0	0	0
	Water discharged (to sea)	m3	248,245	288,223	312,669	229,744
	Water discharged (other than sea)	m3	-	-	-	0
	Water recycled or reused	m3	231,205	233,100	263,278	491,217
	SOx emitted	Tonnes	62.8	120	93	103
	NOx emitted	Tonnes	1,091	1,329	1,235	1,363
	Significant oil spills (→ one barrel)	-	0	0	0	0
	Volume of spills	Litres	-	-	-	-
	Total waste disposed	Tonnes	2,983	3,306	4,914	3,338
	Total waste recycled	Tonnes	0	0	27.07	22.161

INDICATOR		UNIT	QAFAC'S PERFORMANCE			
			2010	2011	2012	2013
Health and Safety	Work hours (employees)	Hours	448,700	459,631	496,234	469,968
	Work hours (contractors)	Hours	1,171,902	516,014	891,832	939,850
	Employee fatalities	-	0	0	0	0
	Contractor fatalities	-	0	0	0	0
	Employee lost time injuries	-	0	1	0	0
	Contractor lost time injuries	-	0	0	0	0
	Employee total reportable injuries	-	1	1	0	0
	Contractor total reportable injuries	-	1	1	0	0
	Employee occupational illnesses	-	0	0	0	0
	Heat stress events	-	0	0	0	0
	Loss of containment (LOC) / process safety incidents	-	0	0	0	2
	Emergency response drills	-	4	4	4	8
	Incident investigation completion	%	95	32	95	100
	Workforce	Workforce size	-	304	300	291
Qatarisation		%	16.7	18	17.18	23
Female employment		%	3	3	3.6	7
Employee satisfaction		%	N/A	N/A	N/A	N/A
	Total hours of training provided to employees	Hours	1,414	2,353	3,920	4,176
Society	Total Social Investment Actual	USD	206,763	337,988	325,712	2,103,183
	Corruption or human rights incidents	-	0	0	0	0

On 17th September 2013 QAFAC was awarded runner-up out of 36 companies in the medium-scale organisation category (employing less than 500) in the Sustainable Development Industry Reporting (SDIR) for year 2012. Dr Mohammed Bin Saleh Al-Sada, Minister of Energy & Industry and Chairman of Qatar Petroleum, presented the award at Qatar National Convention Centre, Doha.



# TOWARDS SUSTAINABILITY LEADERSHIP

## KEY AREAS

- SUSTAINABILITY AT QAFAC
- ENSURING GOOD GOVERNANCE
- MANAGING RISK WISELY AND PROACTIVELY



QAFAC is committed to adopting sustainability management. QAFAC's sustainability efforts are aligned with Qatar's National Vision 2030 and the Sustainable Development Industry Reporting (SDIR) programme.

## SUSTAINABILITY AT QAFAC

As part of the Qatar Energy and Industry Sector, QAFAC is committed to adopting sustainability management. QAFAC's sustainability efforts are aligned with Qatar's National Vision 2030 and the Sustainable Development Industry Reporting (SDIR) programme.



QAFAC defines sustainability management as the integrated and systematic method for managing economic, environmental and social performance to provide maximum benefits for both the organisation and key stakeholders.

QAFAC identified the priority issues that matter most to key stakeholders and have the greatest impact on the company to ensure proper implementation of sustainability management that provides the targeted benefits. Developing QAFAC's stakeholder map and assessing the most material issues have achieved this.



## QAFAC SUSTAINABILITY POLICY

This policy outlines QAFAC’s main principles and policies in its journey towards sustainability for each of the company’s sustainability material areas: high value products, caring for our employees, supporting Qatar society, and environmental stewardship.

### HIGH VALUE PRODUCTS

QAFAC aims to be recognized as one of the highest quality producers of methanol and MTBE in the world through:

- Continuously fine-tuning its production operations and manufacturing top quality products cleaner fuel for cleaner air,
- Building strong relationships with both suppliers and customers in order to reach new levels of quality, and
- Achieving profitable and sustainable economic performance which also contributes to diversification in an environmentally conscious way.

### CARING FOR OUR EMPLOYEES

QAFAC’s success is directly tied to developing a skilled and qualified workforce and to achieving high levels of health and safety for its employees, contractors and the wider community. For this reason the Company has established systems and procedures that ensure the health, safety, and emergency preparedness.

### ENVIRONMENTAL STEWARDSHIP

In addition to producing environment friendly products that reduce emissions QAFAC is committed to managing its operational environmental impacts through its Environmental Management System (EMS). The EMS includes policies, practices, and procedures for addressing all of QAFAC’s environmental issues including emissions reduction, water management, and waste management.

### SUPPORTING THE QATAR SOCIETY

QAFAC strives to contribute to Qatar society’s development through active engagement and participation with the local community. To achieve this, QAFAC is committed to:

- Developing a responsible supply chain with a focus on local supply chain,
- Promoting Qatarization, and
- Community investment and sponsorship.

### IMPLEMENTATION

QAFAC management will provide the resources required to implement the Sustainability Policy. The Sustainability Team will take a leadership role in ensuring the implementation of this sustainability policy. QAFAC will also make sure that this policy is communicated to all stakeholders including employees, contractors, suppliers, other third parties. As necessary, training to implement these policies may be provided for any relevant employee.

### EVALUATION

QAFAC will subject its operations and processes to regular assessment and evaluation to ensure that they are in compliance with QAFAC’s Sustainability Policy.

QAFAC will continue to evaluate its sustainability performance by publishing annual reports on its sustainability activities.

The QAFAC Sustainability Team shall be responsible for providing an annual evaluation of the sustainability performance based on the reporting process.

## STAKEHOLDER MAP

The stakeholder map and materiality assessment together highlight the key sustainability issues that constitute QAFAC’s sustainability framework. The stakeholder map below shows each of our 5 main stakeholders, how we engage with them and address their needs. [G4-24, G4-25, G4-26, G4-27]

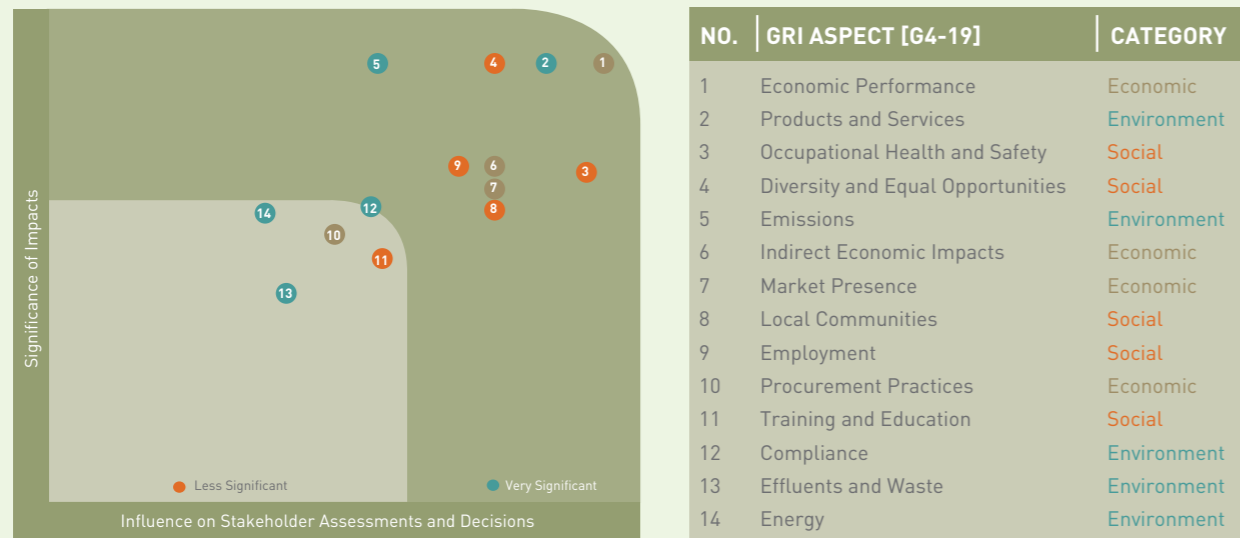
MAIN STAKEHOLDERS	METHODS OF ENGAGEMENT	STAKEHOLDER NEEDS	HOW WE RESPOND TO THEM
<b>Our Shareholders &amp; Investors</b>	<ul style="list-style-type: none"> <li>▪ Quarterly board meetings.</li> <li>▪ Active participation in QAFAC’s Management Team.</li> <li>▪ Annual and sustainability reporting.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial targets and economic growth.</li> <li>▪ Legal compliance.</li> <li>▪ Governance.</li> <li>▪ Transparency and accountability.</li> <li>▪ Shareholders’ sustainability mandate.</li> <li>▪ Ethics.</li> <li>▪ Operational innovation and efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Board committees.</li> <li>▪ Monitoring of and ensuring compliance through Internal Audit Department and Ethics Committee.</li> <li>▪ Initiation of sustainability management policies and guidelines.</li> <li>▪ Participation in the SDIR Programme.</li> </ul>
<b>Our Customers &amp; Muntajat</b>	<ul style="list-style-type: none"> <li>▪ Participation in conferences and exhibitions.</li> <li>▪ Open communication and dialogue. Monthly meetings with Muntajat.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Production and business continuity.</li> <li>▪ Product responsibility.</li> <li>▪ Mutual aid and collaboration.</li> <li>▪ Supply chain management.</li> <li>▪ Service excellence.</li> <li>▪ Open and effective communication.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Regular dialogue with Muntajat and partners.</li> <li>▪ Membership in industry associations.</li> </ul>
<b>The Environment</b>	<ul style="list-style-type: none"> <li>▪ Open and full communication with the Ministry of Environment.</li> <li>▪ Continual monitoring and assessment of our impact on the environment.</li> <li>▪ Sustainability reporting.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate change mitigation.</li> <li>▪ Efficient water consumption.</li> <li>▪ Resource management and optimisation.</li> <li>▪ Efficient energy consumption.</li> <li>▪ Waste management.</li> <li>▪ Compliance with environmental regulations.</li> <li>▪ Product impact and responsibility.</li> <li>▪ Supply chain impact.</li> <li>▪ Biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investment in the CDR (Carbon Dioxide Recovery) Programme.</li> <li>▪ Implement Flare Loss Monitoring Programme.</li> <li>▪ Implement waste and environmental management systems.</li> <li>▪ Regular reporting of environmental performance.</li> </ul>
<b>Qatari Society</b>	<ul style="list-style-type: none"> <li>▪ Open dialogue and collaboration with government agencies.</li> <li>▪ Career fairs.</li> <li>▪ Interaction with families of employees.</li> <li>▪ Participation in exhibitions and conferences.</li> <li>▪ Educational/HSE awareness sessions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Compliance with all regulations.</li> <li>▪ Recruitment and development of local talent.</li> <li>▪ Preparation of local community for the job market.</li> <li>▪ Job opportunities.</li> <li>▪ Community engagement.</li> <li>▪ Community contribution.</li> <li>▪ Awareness of our products’ significance and impact.</li> <li>▪ Local sourcing.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development of community engagement strategy</li> <li>▪ Contribution to community needs</li> <li>▪ Improvement of Qatarisation rates</li> </ul>
<b>Our Employees</b>	<ul style="list-style-type: none"> <li>▪ Employee satisfaction surveys (every four years).</li> <li>▪ “Town hall” style meetings with the GM.</li> <li>▪ Informal career planning.</li> <li>▪ Intranet.</li> <li>▪ Email communications.</li> <li>▪ Training.</li> <li>▪ Educational/HSE awareness sessions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Workforce capacity and training.</li> <li>▪ Engagement and open communication.</li> <li>▪ Transfer of knowledge and succession planning.</li> <li>▪ Employee satisfaction.</li> <li>▪ Safety in all operations.</li> <li>▪ Career and personal development planning.</li> <li>▪ Employee wellbeing.</li> <li>▪ Occupational health and fitness.</li> <li>▪ Rewards and recognition.</li> <li>▪ Emergency preparedness and trained safety staff.</li> <li>▪ Diverse and inclusive work atmosphere.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Recognition and awards.</li> <li>▪ Employee/community activities.</li> <li>▪ Development and training.</li> <li>▪ Heat stress campaigns.</li> <li>▪ Periodic baseline medical examinations.</li> <li>▪ Strong emergency preparedness measures.</li> <li>▪ Achievement of OSHAS 18001 certificate.</li> <li>▪ Adoption of international safety standards and best practices (e.g. RoSPA).</li> </ul>

**ASSESSING MATERIALITY**

In 2011, QAFAC completed a mapping process to identify stakeholder needs and how the company is responding to these. Each year, this map is updated on the basis of engagement with QAFAC’s stakeholders and internal input. QAFAC also regularly researches industry best practices and has benchmarked the company’s performance and transparency against other industry leaders regionally and globally. In 2013, QAFAC determined the social, environmental and economic aspects that were most material to the company and its stakeholders based on the GRI G4 guidelines (G4-18).

**MATERIALITY MATRIX**

QAFAC (2013)



**2013 SUSTAINABILITY FRAMEWORK**

Our 2013 sustainability framework has changed from the previous year to align our business more closely with the issues that have the greatest impact on the company and its stakeholders, while taking the international sustainability context and Qatari sustainable development goals into consideration. This strategy expands on 2012’s strategy by including a separate section for operating reliably and safely. Although this was a part of QAFAC’s overall strategy last year, it is now a main focus area. The new framework also centres upon the vision of achieving sustainability leadership.



QAFAC has developed its first sustainability strategy that identifies plans for addressing the different areas of QAFAC’s strategic framework. The strategy also offers an update on progress made during 2013 towards each of the areas and targets for 2014.

**TOWARDS SUSTAINABILITY LEADERSHIP**

**Focus:** Improve management of QAFAC’s sustainability-related material aspects. This includes continual improvement of our systems and policies to align with the most material issues and related best management practices for full and proper implementation.

**HIGH VALUE PRODUCTS**

**Focus:** To become one of the top producers of methanol and MTBE in the world through product upgrade and innovation. QAFAC aims to achieve this by creating a consistently high quality product whose numerous applications and uses make it an essential part of everyday life.

**CARING FOR THE ENVIRONMENT**

**Focus:** QAFAC takes great care to manage its operations with the least possible impact on the environment. One of the main ways QAFAC will achieve this is through the CDR plant, which will reduce total emissions and recycle process water.

**DEVELOPING OUR WORKFORCE**

**Focus:** Well-trained and highly motivated staff is key to QAFAC’s success. The company strives to meet our employees’ needs and create a supportive environment that makes QAFAC an employer of choice. In 2013 a new Human Rights policy was put into practice to reaffirm our commitment to our employees.

**STRENGTHENING OUR SOCIETY**

**Focus:** From training and employing locals to procuring goods and services in Qatar whenever possible, QAFAC recognises the importance of supporting Qatari society. The company’s newly formed CSR Committee will allow QAFAC to take a more strategic approach to community investment and activities.

**OPERATING SAFELY & RELIABLY**

**Focus:** QAFAC’s safety and reliability are critical to the wellbeing and health of our employees and the continuity of production. The company also focuses on reducing the risk to operations and improving our emergency preparedness.

**5-YEAR SUSTAINABLE DEVELOPMENT STRATEGY**

To further its goal of reaching sustainability leadership, QAFAC has developed its first sustainability strategy that identifies plans for addressing the different areas of QAFAC’s strategic framework. The strategy also offers an update on progress made during 2013 towards each of the areas and targets for 2014.

**5-Year Sustainable Development Strategy**

SD ELEMENTS & ISSUES	PLANS IN PLACE	PROGRESS TO END 2013	2014 TARGETS
<b>TOWARDS SUSTAINABILITY LEADERSHIP</b>			
Sustainability Management	Improve management of QAFAC’s sustainability-related material aspects. QAFAC plans to achieve this partially through our Sustainability Policy.	QAFAC held a Corporate Social Reponsibility Committee planning meeting in 2013 and the Committee will meet in 2014 following the plant shutdown and turn around.	Sustainability Committee set plans for the implementation of the 5-Year Strategy and Sustainable Policies implementation.
<b>HIGH VALUE PRODUCTS</b>			
Maintaining Product Quality and Improving Sales	To become one of the top 5 producers of methanol and MTBE in the world.	Achieved targeted higher than projected production quantities with MTBE at 102.1% of target and methanol at 106.05% of target	95% of deliveries in full, on time, and within specifications.
<b>CARING FOR THE ENVIRONMENT</b>			
CDR Plant	Operate CDR plant to reduce total emissions.	Construction has continued on the CDR plant. The plant is still expected to begin running at year-end 2014.	Capture 100% of the budgeted amount of CO <sub>2</sub> from the plant.
GHG Emissions	Formalise GHG emissions measurement.	QAFAC formalised its GHG process and had its emissions calculations assured by a 3 <sup>rd</sup> party.	Track and report on avoided emissions.
<b>DEVELOPING OUR WORKFORCE</b>			
Human Rights	Protect and uphold all employees’ human rights.	Human Rights Policy was created in 2013 and is being implemented.	0 human rights violations reported.
<b>STRENGTHENING OUR SOCIETY</b>			
Community Investment	Strategically invest in the development of Qatar society. QAFAC aims to almost double its investment budget in 2014.	QAFAC began the process to create a strategic plan and strategy for community investment. The CSR Committee will support the strategy and plan.	Meet the community investment goals set by the CSR Committee.
Local Procurement	Continue to prioritise sourcing goods and services from locally based suppliers.	For the 4 <sup>th</sup> year in a row, over 75% of QAFAC’s spending was on local suppliers and services.	At least 75% spending on local suppliers and services.
<b>OPERATING RELIABLY &amp; SAFELY</b>			
Employee Health and Safety	Maintain a high level of safety and health for all employees.	QAFAC added a second emergency response fire truck to be better prepared in the event of an emergency.	100% of employees attend QAFAC’s general HSE training.



**ENSURING GOOD GOVERNANCE**

QAFAC strives to apply sustainability principles to manage its economic, environmental and social interests and impacts on stakeholders at all corporate levels. A key aspect of achieving this is through our governance system starting with our Board, the highest governance body in the company. Our Board, Board committees and company-wide plans and policies are all major contributing factors that support QAFAC’s sustainability leadership.

In 2013 QAFAC formed the CSR Committee, chaired by the GM, which will be responsible for overseeing the development and implementation of QAFAC’s annual sustainability report and the implementation of QAFAC’s 5-Year Sustainability Strategy.

**2013 GOVERNANCE UPDATE**

In 2012 QAFAC made several commitments to further strengthen its management of the company’s most material aspects. Below is a table that describes these management commitments and the progress made with respect to these commitments during 2013.

AREA	COMMITMENT	PROGRESS IN 2013
<b>Sustainability Plan</b>	Establish and agree on a 5-Year Sustainable Development Plan that includes health, safety, environment and specific targets.	QAFAC has created and approved a 5-Year Sustainable Development Plan. Implementation of the Plan will begin in 2014.
<b>Sustainability Policy</b>	Develop Sustainability Policy in line with the 5-Year Sustainable Development Plan and its objectives.	QAFAC created its first Sustainability Policy in 2013.
<b>Human Rights Policy</b>	Review human rights position and develop a Human Rights Policy that addresses the most critical and material issues of QAFAC’s operations.	QAFAC has created a new Human Rights Policy.
<b>Local Procurement</b>	Develop a Sustainable Procurement Policy.	QAFAC has created a Sustainable Procurement Policy based on practices already in place and industry best practices. This policy will begin full implementation in 2014.
<b>Community Investment</b>	Establish a Community Investment (CSR) Strategy and Policy.	QAFAC CSR committee developed terms of reference for all community investment projects.

## BOARD OF DIRECTORS

QAFAC fosters an open corporate climate to ensure that the relationships between the Board of Directors, Management Team, shareholders and stakeholders are transparent and accountable. This is achieved through QAFAC's strong ethics base, Board of Directors and the integrated and advanced management systems.

**Hamad Rashid  
Al-Mohannadi**  
(Chairman)

**Nasser Khalil  
Al-Jaidah**  
(Vice Chairman)

**Nasser Jham  
Al-Kuwari**  
(General  
Manager)

**Abdullah Saleh**  
Board Member

**Jei-Yuan Chen**  
Board Member

**Bowei Lee**  
Board Member

**Shun-Fa Huang**  
Board Member

**Saad R.  
Al-Muhannadi**  
Board Member

QAFAC's Board of Directors is the highest governance body at QAFAC and consists of 8 members. QAFAC's shareholders nominate board members, and QAFAC has no direct involvement in the vetting or selection of Board members. QAFAC does not evaluate the Board on their performance

The Board holds quarterly meetings with QAFAC's senior and executive management, a yearly General Assembly and ad hoc matters are dealt with by walk around resolutions. The Chairman of the Board of Directors is not an Executive Officer and compensation for board members is linked to both individual KPI's and organisation KPI's.

At QAFAC, sustainability is the overarching umbrella and strategic approach as it manages the environmental, economic and social performance of the company. Therefore, sustainability is being managed at the highest governance level at QAFAC, via the Board and its committees.

The Board plays a major role in overseeing QAFAC's overall strategic direction, and reviews and provides feedback on monthly reports provided by each department. In this way the Board oversees Environment, Health, and Safety, Revenue, Production, Human Resources, and many other aspects of the company. QAFAC General Manager, Nasser Jham Al-Kuwari, is also a Board member so is able to bring sustainability management considerations to the Board.

QAFAC created a Corporate Social Responsibility Committee in 2013 as part of its commitment to making sustainability an integrated aspect of its governance procedures. General Manager Nasser Jham Al-Kuwari chairs the Committee.



## ETHICS AND COMPLIANCE

QAFAC has a strong code of ethics that shapes the way the company does business and ensures that the highest ethical values are upheld. QAFAC requires that all employees act in accordance with the guidelines on professional behaviour contained in the Code of Ethical Conduct. The Code is based on principles that meet the highest international standards in professional business ethics. This Code helps to eliminate the incidence of corruption, bribery or other misconduct, which are strictly prohibited by the company.

QAFAC also recognises that ethical conduct and auditing of business operations are necessary to reduce our incidence of risk and make business more sustainable. QAFAC's internal governance structure supports ethical business practices.

The Code of Conduct Committee oversees employee training and compliance with the Code and Ethical Conduct Guidelines. QAFAC's Internal Audit Division is responsible for ensuring that QAFAC is in compliance with all laws and regulations. In 2013, QAFAC experienced zero (0) incidents of ethical misconduct.

The company ensures that relationships with suppliers, customers and other parties are based on lawful, efficient and fair business practices. In addition, QAFAC has a Conflict of Interest Policy in place to avoid conflicts between personal interests and those of the company. Each member of the Board files a Conflict-of-Interest Statement annually and, as with all employees, must declare any conflicts of interest as they arise. In 2013, 7 internal audits were conducted.

## MANAGING RISK WISELY AND PROACTIVELY

Environmental, economic and social factors can pose serious risks to QAFAC's operations if not managed effectively. For this reason, QAFAC considers each of these factors in its risk management programme.

### ENTERPRISE RISK MANAGEMENT 2013

QAFAC established a new Enterprise Risk Management (ERM) system in 2013. The system follows the ISO 31000 guidelines. The ERM system identifies and evaluates all potential risks to the company. Each department was evaluated for risk, identified risks were prioritised and an initiative was developed to mitigate the risk for each of the top priorities. The Board oversaw the entire risk assessment process and the findings of the assessment were presented to the Board for review. The Board Audit Committee will audit the ERM system to ensure that it is performing correctly. The ERM system helps to reduce vulnerability to risk and ensures that the company is prepared to handle its risks. This system helps to strengthen stakeholder confidence in QAFAC.

**INFORMATION SECURITY MANAGEMENT SYSTEM**



**INFORMATION SECURITY MANAGEMENT SYSTEM**

QAFAC began implementing a new information security management system in 2013 to help protect its sensitive information. This was another step towards creating a healthy culture of security within the company and building the confidence of the company's stakeholders.



**BUSINESS CONTINUITY**

Although QAFAC has systems and processes in place to prevent a crisis situation, the company has also taken steps to be prepared to respond in the event of a worst-case scenario. In 2013 efforts were underway to collect data for a Business Impact Analysis that will be conducted following ISO 22301 guidelines. The assessment will measure the resiliency of the company in the event of major incidents and enable QAFAC to develop crisis management plans for such incidents.

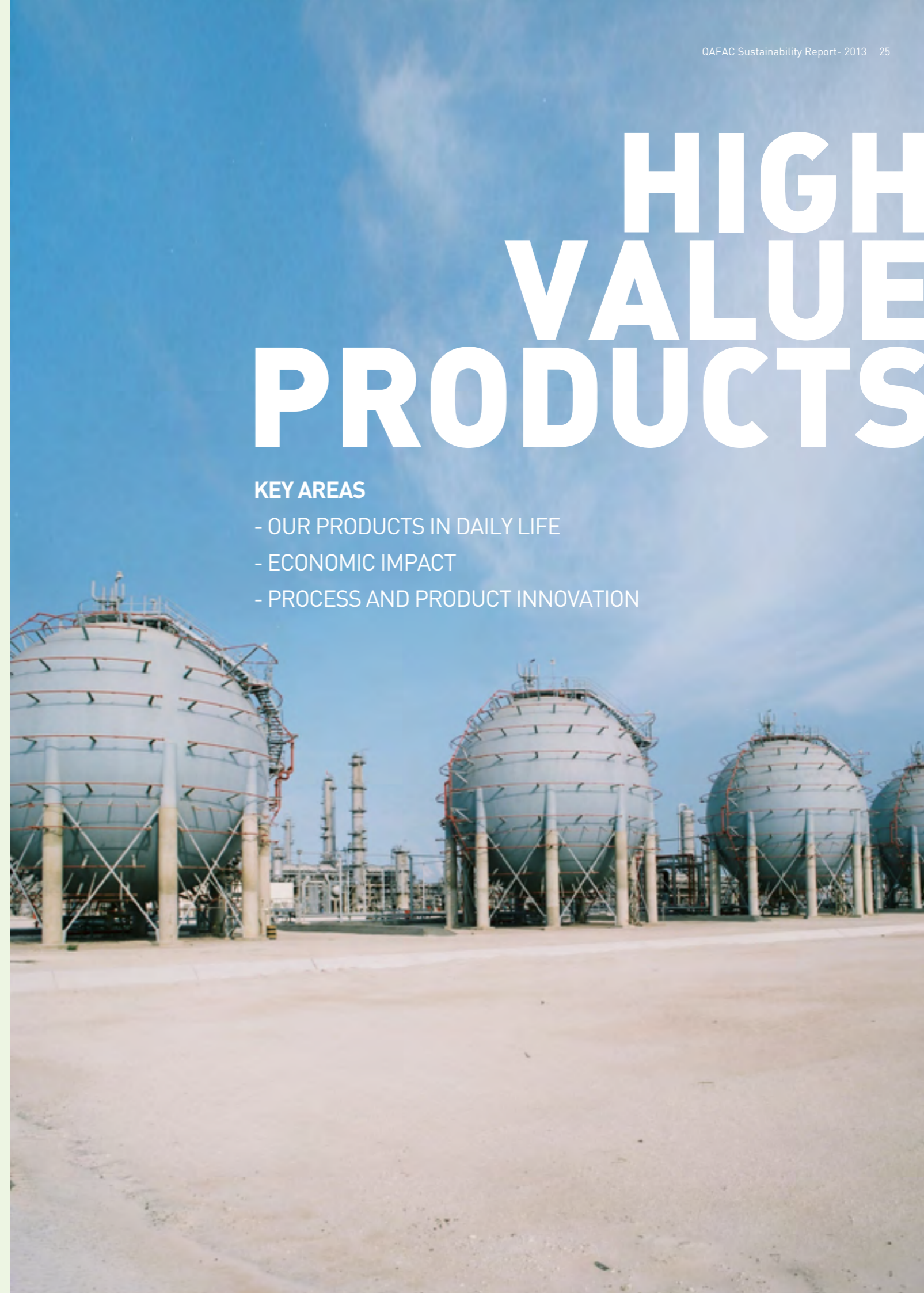
**INFORMATION TECHNOLOGY**

In 2013, QAFAC's Information Technology (IT) department was responsible for leading the adoption of the SAP® Strategy Management (SSM). The SSM supports the implementation of QAFAC's strategy by tracking and managing progress towards strategic objectives and key performance indicators (KPIs). This also makes it easier to clearly communicate strategic objectives throughout the organisation and increase visibility of the strategic KPIs. SAP also allows employees to enjoy the benefits of solutions in a very short time with minimal assistance from the IT department.

# HIGH VALUE PRODUCTS

**KEY AREAS**

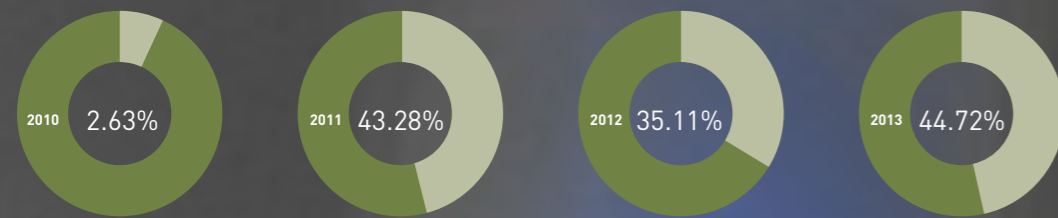
- OUR PRODUCTS IN DAILY LIFE
- ECONOMIC IMPACT
- PROCESS AND PRODUCT INNOVATION



## OUR PRODUCTS IN DAILY LIFE

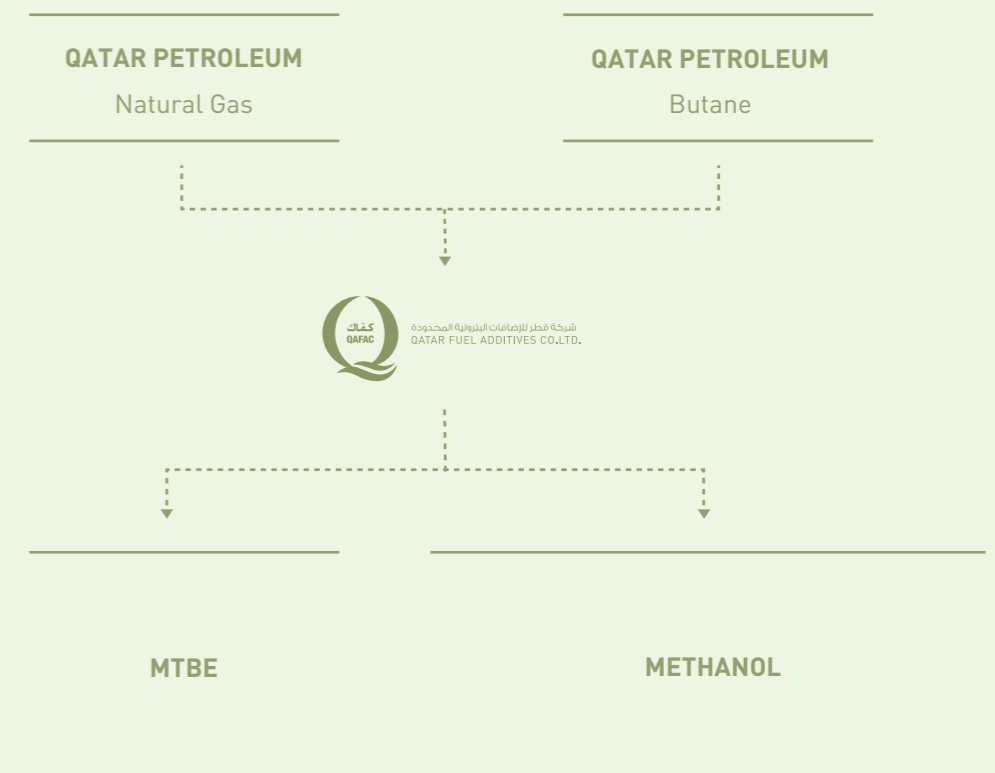
The reach of methanol products is truly global as a key component of everyday products from use in the home to providing an essential chemical input for the petroleum industry. Methanol is the basis of numerous consumer products and is considered one of the most versatile compounds ever developed. Methanol is a clear, colourless, flammable liquid that is both biodegradable and water-soluble making it uniquely suited to being a part of many different products. It can be found in thousands of products that touch our daily lives, including packaging, paints, refrigerants, carpeting and plastics.

## MTBE SALES QUANTITY TO THE MIDDLE EAST



## METHANOL AND QATAR'S DEVELOPMENT

Within Qatar's own petroleum industry, QAFAC plays a key role in supplying other companies within the Mesaieed Industrial City with important raw materials. QAFAC has trade agreements with these companies and currently supplies MTBE to Qatar Petroleum (Refinery) and methanol to QAFCO, Qatar Petroleum NGL, QAPCO and Qatar Acids Company. QAFAC receives butane and natural gas from Qatar Petroleum and CO<sub>2</sub> from QAFCO.



## METHANOL IN YOUR HOME

Methanol products are easy to find in our homes. From the moment you enter your house you are interacting with products that have methanol in them. From the polyester carpet underfoot to the materials that coat and bind together the wood on your roof, it's hard to imagine a home without methanol-based products. It's also in the synthetic fabrics that make up your clothing and the paints that coat the walls of your house.

## METHANOL IN INDUSTRIES

Many industries rely on methanol or MTBE as the base material to produce their end products. Some of these industries include pharmaceuticals, agricultural chemicals, paint, synthetic clothing, petroleum and carpeting.

## METHANOL AND THE ENVIRONMENT

Methanol is preferred to other fuel sources because it is a more affordable fuel that produces significantly less toxic emissions. Methanol also has several applications that have helped to reduce negative environmental impacts. It is an important component in several processes including as a fuel for electric power generation, aiding in wastewater denitrification, and a hydrogen carrier in fuel technologies.





## ECONOMIC IMPACT

QAFAC strives to maintain high standards for its financial performance, which includes continuing to sell high quality products, contributing to Qatar’s economic diversification, and managing the environmental impacts of company performance. QAFAC’s revenues have steadily increased over the last four years due to improved prices and strong demand for its products.

In 2013, QAFAC achieved the targeted production quantity ahead of schedule and exceeded annual production targets. Annual MTBE production quantity reached 102.1% of the 2013 target and annual methanol production quantity reached 106.05% of the 2013 target.

### Production (tonnes)

	METHANOL	MTBE	PENTANE
2010	879,196	512,705	5,012
2011	1,021,872	654,549	7,903
2012	843,543	610,985	7,492
2013	940,963	648,022	8,513

Total revenue in 2013 reached (USD) 984,546,772; a 6% increase over 2012’s revenue. Moreover, this increase in revenue was achieved while simultaneously investing (USD) 2,103,173 in community activities during 2013.

### Direct Economic Value Generated (USD - ‘000)

	2010	2011	2012	2013
Revenue	569,611	921,244	927,768	984,546

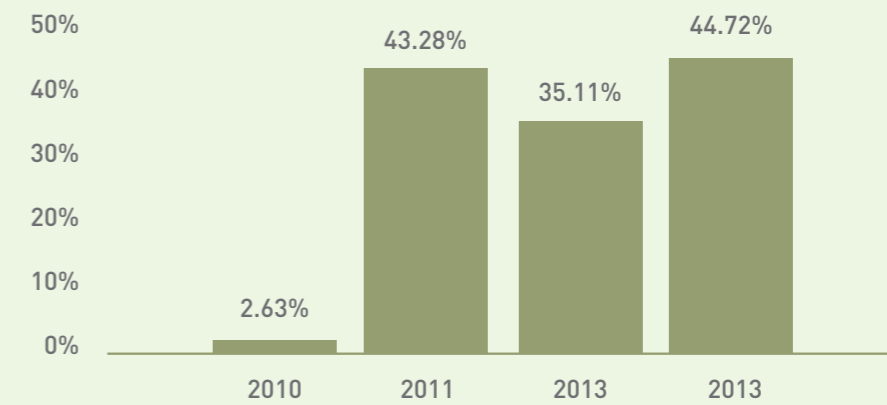
### Indirect Economic Value Distributed (USD - ‘000)

	2010	2011	2012	2013
Employee wages & benefits.	35,848	34,735	44,983	45,260
Contractors paid amount - total.	20,303	7,917	16,059	18,455
Suppliers paid amount - total.	3,260	1,502	5,540	13,262
<b>OTHERS</b>				
Payments to Government for land use.	487	500	512	605
Community investment.	206	337	325	2,103

### MARKETS SERVED GLOBALLY

Total sales reached US\$ 984.5million, representing a 6% increase from 2012’s sales. Asia remains our biggest market for methanol, representing 93.7% of our total methanol sales in 2013. The Middle East surpassed Asia to become the biggest market for MTBE. Sales to the Middle East increased significantly in the last four years, jumping from 2.63% in 2010 to 44.7% in 2013. QAFAC’s growth in Middle Eastern sales reflects a serious commitment to building the regional market and increasing the focus on local sales.

### MTBE SALES QUANTITY TO THE MIDDLE EAST



### LOCAL SALES

Sales in Qatar have increased this year due to the sale of pentane, a by-product of production. In 2013, QAFAC produced 8,513 tonnes of pentane, 100% of which was sold directly in Qatar. Sales in Qatar represented nearly 12% of the total MTBE sales during 2013.

### Sales ( USD - ‘000 )

	METHANOL	MTBE	PENTANE	TOTAL
2010	165,976	400,262	3,373	569,611
2011	232,657	680,420	8,167	921,244
2012	214,240	707,126	6,403	927,768
2013	226,440	714,626	6,981	984,547



INSIDER PERSPECTIVE WITH  
**KHALID  
NASSER  
AL-MANNAI,**  
TECHNICAL MANAGER

Mr Al-Mannai is the manager of the new Technical Department and has only been with the company since the end of 2013, but he already states that QAFAC is "great company to be a part of." QAFAC's vision of becoming a leader in the industry means that his work as manager of the Technical Department will be challenging, something he says he is looking forward to.

Responsible for a number of new projects and ongoing technical monitoring and support, the new department is very busy. Looking forward to what 2014 will hold, Mr. Al-Mannai plans to "set a strong foundation for the Technical Department by establishing solid policy, procedures and plans" all of which will contribute to meeting QAFAC's future expectations.

**PROCESS  
AND PRODUCTION INNOVATION**

Keeping a competitive edge, reducing environmental impact, and reaching QAFAC's goal to become a top 5 producer of methanol and MTBE require constant innovation and improvement. QAFAC has also continued work on the Carbon Dioxide Recovery (CDR) plant, which will be one of the company's greatest innovations for production efficiency and improving environmental impact.

**CDR PLANT**

At QAFAC our methanol production is becoming more environmentally responsible through the development of the CDR Plant. This plant will recover carbon dioxide emissions from the production process and reinject them into the process.

**CUSTOMER SATISFACTION**

QAFAC strives to meet customer needs and expectations and maintain its record of high customer satisfaction rates. Before 2009, QAFAC's products were sold and marketed solely by our shareholders. They were then marketed directly by QAFAC until February 2013 when Muntajat, the Qatar Chemical and Petrochemical Marketing and Distribution Company was created and took over this role. QAFAC was the first company to join Muntajat and meets monthly with them to ensure a smooth transition for sales.

In 2013, QAFAC was not able to track customer satisfaction as the product was being sold directly through Muntajat, however in previous years the company experienced very high levels of customer satisfaction.

**Customer Satisfaction**

YEAR	CUSTOMER SATISFACTION
2011	100 %
2012	95%

# STRENGTH-ENING OUR SOCIETY

**KEY AREAS**

- PROMOTING QATARISATION
- SUPPLY CHAIN
- IMPACTS ON LOCAL COMMUNITIES





QAFAC strives to be a responsible company that invests in the local community and works to develop wider Qatari society. This is achieved through supporting the development, hiring, and retention of Qatari nationals, working towards a more sustainable supply chain, prioritising local spending, and investing in key community development activities and programmes.

## PROMOTING QATARISATION

QAFAC contributes to the nationalisation goals set by the Qatari Government through its recruitment, hiring, and retention practices and policies. Our progress towards these goals is reflected by our workforce, where Qataris are employed at all levels of the organisation from managers to technicians and operators. At year-end 2013, Qataris represented almost 23% of QAFAC's total workforce over 2012's percentage of only 17%.

- 24 Qatari students sponsored to study in universities in Qatar and abroad during 2013.
- Training and internship positions offered to 16 young Qataris recruited from local high schools and vocational/technical schools.

		2010	2011	2012	2013
<b>Qatarisation Rate</b>	%	16.7	18	17.18	22.7

### Qatarisation

	2010	2011	2012	2013
<b>Number of Qataris in the workforce.</b>	51	54	50	75
<b>Average hours of training for nationals per year.</b>	4	3	17	24
<b>Qatari students sponsored to study at universities abroad.</b>	5	5	13	14
<b>Qatari students sponsored to study at universities or technical schools in Qatar.</b>	8	9	7	10
<b>Qatari trainees and interns at QAFAC.</b>	14	17	14	16

### Qatarisation Activities

Activity	Description
<b>Professional Development Planning</b>	QAFAC helps its Qatari employees grow professionally by identifying opportunities for development and planning for their careers.
<b>Study Sponsorship</b>	QAFAC sponsored 24 students to study at universities or technical programmes in Qatar and abroad.



## INSIDER PERSPECTIVE WITH MOHAMMED MUBARAK AL-MARRI, SENIOR MTBE SHIFT ENGINEER

QAFAC takes its commitment to the local community very seriously and this is reflected in the way the company approaches Qatarisation. Mr Al-Marri began his career with QAFAC as Process Technician trainee and after 2 years, was nominated by QAFAC to complete a 2 year National Certification (NC) through Qatar Petroleum. After successfully completing this programme, QAFAC supported him progressing to complete a chemical engineering masters in the UK.

Upon receiving his degree he began QAFAC's development programme for his current position as Methanol & Utility Shift Engineer. Mr Al-Marri is just one of many Qatari employees QAFAC has invested in to develop a strong Qatari workforce. QAFAC is an employer of choice for Qatari nationals because as Mr. Al-Marri explained, "QAFAC truly empowers Qatari employees. The management offer their full support to Qatari employee an ensure that they receive important training and development opportunities."

## SUPPLY CHAIN

QAFAC recognises the potentially positive impact its procurement and sourcing practices can have on Qatari society. The company aims to source goods and services locally whenever possible in order to support local society. QAFAC is also working to reduce the impacts of shipping from outside Qatar by co-ordinating and consolidating purchase orders.

In 2013 QAFAC created the Supply Chain department, which will help to streamline for the work of the former Materials and Procurement departments. The Supply Chain department ensures that products and services meet all of the relevant health, safety and environmental criteria as requested by each department.

### RESPONSIBILITY

QAFAC recognises that its purchasing and contracting decisions can greatly influence the company's environmental, ethical and economic performance. QAFAC is therefore committed to advancing the principles and practices of social and environmental responsibility along the value chain through our procurement and purchasing decisions. As a company we believe that sourcing goods and services locally contributes to a stable local economy. As of 2013, locally based suppliers represented 65% of our suppliers, and the percentage of goods and services sourced locally represented 78% of total procurement spending. In 2012 total local procurement totalled almost QAR 69 million and in 2013 increased by 31% to just over QAR 90 million.

### PROCUREMENT POLICY

QAFAC is pleased to share its first public Sustainable Procurement Policy. Through this policy QAFAC aims to clearly communicate with all stakeholders its commitment to making procurement sustainable.

#### POLICY

QAFAC recognises that its purchasing and contracting decisions can greatly influence the company's environmental, ethical and economic performance. QAFAC is therefore committed to advancing the principles and practices of social and environmental responsibility along the value chain through its procurement and purchasing decisions. QAFAC has measured its current procurement practices and policies against the best sustainable international and regional oil, gas and petrochemical procurement processes and strategies. This policy aims to follow these guidelines and standards to ensure that QAFAC is managing the social, environmental and economic impacts of its entire supply chain.

QAFAC prioritises the following criteria when making procurement decisions:

- Local goods and services to encourage local economic development and enhance local skills and expertise.
- Products or services with minimised negative environmental and social impacts.
- Contractors and suppliers who have high social, environmental and economic standards and practices.

#### ENFORCEMENT

QAFAC is committed to communicating this policy internally and externally and is training its employees to enhance its procurement policies and procedures to support the implementation and compliance with this policy.

## HUMAN RIGHTS

In 2013 QAFAC ensured that human rights criteria were included in all agreements with contractors and suppliers, and we ensured that both national and international suppliers abided by Qatari laws and regulations. Building on this, QAFAC created a human rights policy for its employees that will also be the basis for contractor and supplier human rights standards. As of 2013, no significant risks for incidents of child labour or compulsory labour were identified. 100% of agreements included clauses incorporating human rights concerns or have undergone human rights screening.

### Local Procurement

	2010	2011	2012	2013
Percentage of locally based suppliers.	60%	58%	64%	65%
Amount of spending on local suppliers and service providers (QAR).	77,369,415	27,114,933	68,845,565	90,169,786
Percentage local spending.	90%	79%	88%	78%
Percentage of agreements that include clauses incorporating human rights concerns or that have undergone human rights screening.	100%	100%	100%	100%

## IMPACT ON THE LOCAL COMMUNITY

QAFAC is committed to supporting the development of our community through strategic investments and targeted programmes and activities. In 2013 we increased our community investment spending almost 7 times the 2012 budget. QAFAC has invested QAR 7,655,618 into the community including sponsorship and donations in 2013. The company sponsored more events in 2013 including tennis, snooker, horse riding and badminton events and the QAFAC Career Fair.

	2010	2011	2012	2013
<b>Community Investment (QAR).</b>	752,616	1,230,276	1,185,593	7,655,618
<b>Community investment as percentage of pre-tax profit.</b>	0.035	0.036	0.091	0.529
<b>Community Investment by Areas of Impact</b>				
<b>Total spent on educational initiatives (QAR).</b>	306,042	274,939	539,535	2,390,392



	2010	2011	2012	2013
<b>Total spent on environmental initiatives (QAR).</b>	217,004	79,399	329,026	513,398
<b>Total spent on safety initiatives (QAR).</b>	181,563	82,828	87,001	497,035
<b>Total spent on health initiatives (QAR).</b>	48,007	-	230,032	202,227
<b>Total sponsorship: contribution to 20th World Petroleum Congress (QAR).</b>	-	793,109	-	3,952,845

## COMMUNITY ACTIVITIES

2013, we participated in and supported a range of initiatives in athletics, education, health, and the environment. Below are some of these activities.

ACTIVITY	DESCRIPTION
<b>QAFAC and Green Gulf.</b>	A memorandum of understanding recently signed between QAFAC and Green Gulf Inc, under which both parties will be working together to identify and develop projects of mutual interest. Projects include the integration of solar into QAFAC-affiliated projects, carbon capture to serve as feedstock for QAFAC's methanol production stream, and waste-to-energy solutions specially focused on process-engineered fuels, and deployment of methanol powered vehicles in Qatar.
<b>2nd Doha Carbon and Energy Forum.</b>	QAFAC was a platinum sponsor for the event.
<b>Workshop on MTBE entitled "Clean Fuel, Clean Air".</b>	QAFAC organised a workshop on MTBE entitled "Clean Fuel, Clean Air" to promote the use of clean fuels to improve the quality of air. The objective of the workshop was to promote further awareness about MTBE through presentations and discussions by leading experts from across the world.

# DEVELOPING OUR WORKFORCE

## KEY AREAS

- WORKFORCE PROFILE
- HUMAN AND LABOUR RIGHTS MANAGEMENT
- EMPLOYEE TRAINING AND DEVELOPMENT
- ENGAGEMENT AND RECOGNITION

### Performance Highlight

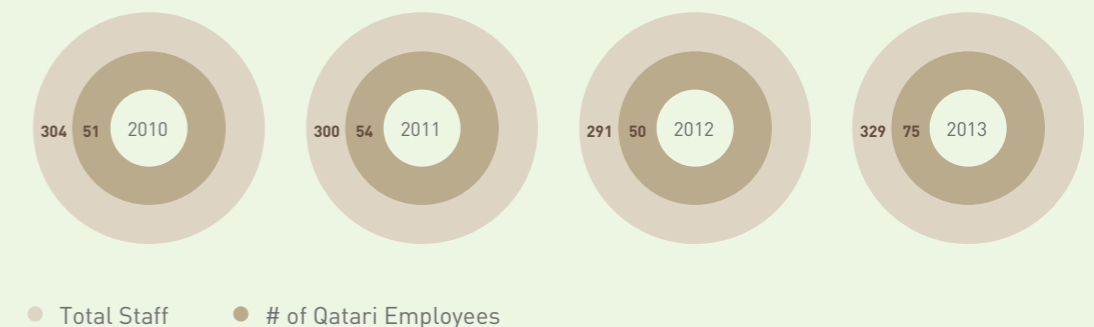
At QAFAC our employees are essential for the continued success of our business. Our company vision and values promote a diverse workforce and a safe, healthy and supportive work environment for our employees. In alignment with Qatari aspirations we aim to achieve higher levels of Qatarisation through our recruitment, training, development and retention programmes.

At year-end 2013, QAFAC's workforce comprised 329 full-time employees, 75 of whom were Qatari nationals. QAFAC plans to continue to support the Qatar National Vision by creating new jobs and providing training and development opportunities.

### Workforce Profile

	2010	2011	2012	2013
<b>Workforce</b>				
<b>Total workforce</b>	304	300	291	329
<b>By Employment Level</b>				
<b>Senior management</b>	9	8	10	13
<b>Middle management</b>	28	27	8	21
<b>Staff</b>	267	265	273	295
<b>By Nationality</b>				
<b>Qatari nationals</b>	51	54	50	75
<b>Expatriates</b>	253	246	241	254

### Qatarisation



### WORKFORCE DIVERSITY

At QAFAC we recognise that a diverse workforce is essential to meeting the needs of the company by fostering innovation, promoting learning, and encouraging knowledge sharing. For these reasons QAFAC aims to increase its Qatarisation rates, develop and train young professionals, and continue to employ a large expatriate workforce that help to accommodate growth within the industry. Further details about QAFAC's Qatarisation efforts and performance can be found in chapter 3 of this report. This has helped increase our Qatarisation rate to 22.7%. In addition to recruiting and hiring more qualified Qatari staff, QAFAC is increasing talent management efforts to build the capacities of our Qatari staff. QAFAC also aims to have a diverse workforce in terms of age and experience that facilitates greater knowledge transfer between employees with experience and new hires.

**Workforce Age Profile**

BY AGE	2010	2011	2012	2013
Workforce by age 18-30.	53	47	28	59
Workforce by age 31-40.	76	65	55	67
Workforce by age 41-50.	134	135	116	126
Workforce by age 51-60.	41	53	92	77

The petrochemicals industry has a history of low female employment rates, and at QAFAC we are committed to addressing this issue in our workforce. Our training and development, recruitment and retention programmes aim to create a positive work environment for female employees. In 2013, female employees represented 7.3% of our total workforce, which was double the 2012 rate. However, this figure falls below the average for petrochemical companies in Qatar, who reported an average of 9.5% female employment in 2012. The company, primarily through our Human Resources department, aims to support and provide equal opportunities for all female employees and continues to improve our female employment rates.

**Female Employment**

	2010	2011	2012	2013
Number of female employees.	10	9	11	24
Female employment rate.	3%	3%	3.6%	7.3%

# QATAR INTERNATIONAL BUSINESS WOMEN FORUM (QIBWF)



Reaffirming its commitment to women in the workplace, QAFAC was a bronze sponsor for the 2013 Qatar International Business Women Forum. QIBWF 2013, organized by the Qatari Businesswomen Association in cooperation with Interactive Business Network, was focused around the theme of "Arab Businesswomen as Change-Makers". Various issues were discussed in the forum such as; developing and harnessing the leadership potential of businesswomen,

values of identity and leadership style, removing barriers that prevent women from exercising leadership in business and social activities, growing and funding entrepreneurship and innovation among women, and profiles of women visionaries.

## HUMAN AND LABOUR RIGHTS MANAGEMENT

QAFAC aims to uphold all employee rights in compliance with Qatari labour laws and regulations. The company conducts rapid grievance procedures at all levels to the satisfaction of both the company and the employees concerned. We are pleased to announce that in 2013 no incidents of human rights violations were reported.

This year QAFAC fulfilled a commitment made in 2012 to create a Human Rights Policy that addresses the most critical and material issues pertaining to QAFAC's operations. This policy was developed based on international labour laws and guidelines. Below is QAFAC's policy statement on human rights.

### HUMAN RIGHT POLICY STATEMENT

QAFAC's Human Rights statement reflects its dedication to ensuring the rights of its employees and contractors while carrying out all of its operations. QAFAC continues to build on its policies and practices and shares this statement with you as part of its process to increase transparency about the protection of human rights at QAFAC.

**POLICY**

QAFAC is fully committed to ensuring that its operations and production are carried out in a way that upholds the rights of all of its stakeholders. QAFAC has a strong history of implementing policies and practices in pursuit

of this commitment. The company aims not only to comply with Qatari labour laws and standards, but also to meet the highest standards of international labour laws and guidelines. QAFAC's policy has been written to put the company in accordance with all relevant Qatari human rights policies, guidelines and agreements. Accordingly, QAFAC prohibits the hiring of employees under the age of 16. The company does not permit any form of forced or compulsory labor, and its policies regulating standard working hours, overtime and breaks are in compliance with Qatari labour laws. QAFAC has also benchmarked its Human Rights practices against international standards and guidelines and is

committed to evolving its practices in line with them.

**ENFORCEMENT**

QAFAC ensures that every employee receives training on its human rights policies and practices. Furthermore, any employee that observes or has knowledge of action in violation of its Human Rights policy is obligated to report this to the appropriate member of staff. This helps QAFAC to respond to and address any such violations in a timely manner. We are pleased to report that there were no reported human rights violations in 2012 and 2013.

## EMPLOYEE TRAINING AND DEVELOPMENT

QAFAC's training and development activities enable the company to have highly competent employees and maintain low turnover rates. The competency-based training development programme focuses on developing the knowledge and capacity of our employees. In 2013, we invested QAR 14,184,346 in employee training; over double the amount spent in 2012. Average spending on training per employee also remained high at QAR43,053.

At QAFAC, all managers take an active role in evaluating employee's training and development needs with consideration of their professional aspirations. QAFAC ensures that the company provides equal opportunities for training and development. QAFAC is also improving its performance management system to better track and evaluate employee performance to more clearly identify training needs. In 2013 QAFAC began revising its training and development policy and the new policy will be implemented in 2014.

QAFAC invests in developing leaders who have the skills and experience to advance the company's goals. In 2013 several managers had a special opportunity to participate in advanced leadership trainings that focused on building communication skills and health habits for success.



**Employee Training**

	2010	2011	2012	2013
<b>Total number of training hours for total workforce.</b>	1,414	2,353	3,920	4,176
<b>Average hours of training per year per employee.</b>	5.5	9.2	15	15
<b>Total cost of training (QR).</b>	3,376,420	3,729,510	5,411,264	14,184,346
<b>Average cost of training per employee (QR).</b>	13,120	14,492	12,215	13,208

**ENGAGEMENT AND RECOGNITION**

QAFAC utilises numerous channels to foster an open environment for communication between management and employees. This allows the company to maintain clear communication and understand and respond to employees' needs effectively. All employees received annual performance and career development reviews in 2013. As a testament to QAFAC's high employee satisfaction, the turnover rate at year-end 2013 was 2.1%, which is very low despite representing an increase from 2012.

**Employee Turnover**

	2010	2011	2012	2013
<b>Turnover rate.</b>	2.9%	5%	0.3%	2.1%
<b>Total number of employees who left the organisation.</b>	9	15	1	9

**Employee Turnover by Level, Gender and Age**

	2010	2011	2012	2013
<b>By Employment Level</b>				
<b>Senior management.</b>	2	3	0	2
<b>Middle management.</b>	3	2	0	3
<b>Staff.</b>	4	10	1	4
<b>By Gender</b>				
<b>Female.</b>	1	0	1	1
<b>Male.</b>	8	15	0	8
<b>By Age</b>				
<b>Workforce by age 18-30.</b>	0	3	0	0
<b>Workforce by age 31-40.</b>	2	3	0	2
<b>Workforce by age 41-50.</b>	4	7	1	4
<b>Workforce by age 51-60.</b>	3	2	0	3
<b>Employees receiving regular performance and career development reviews.</b>	100%	100%	100%	100%

**EMPLOYEE SATISFACTION**

QAFAC is committed to regularly evaluating its performance as an employer who focuses on managing employee satisfaction. QAFAC's training and development programmes, open communication and responsiveness to employees' needs foster a high level of employee satisfaction.

**EMPLOYEE ENGAGEMENT AND SATISFACTION SURVEY**

In 2013, QAFAC conducted an employee survey to assess employee engagement and satisfaction to help shape programming to better meet employees' needs. All QAFAC employees were invited to participate in the survey and a very healthy 80% of the company completed it. The survey was facilitated by a credible third party consultancy and conducted on an anonymous basis through an "on line" solution.

The survey also helped to identify some areas of improvement, which will help QAFAC to continuously improve the service and the opportunities that are offered to employees. In 2014 the company will be setting up action groups to impact areas of the business make up that employees have indicated concern them.

QAFAC last conducted an employee engagement and satisfaction survey in 2008 and there were many significant improvements and new findings in the 2013 survey. Below are the highlights of the survey.

- Overall the results have improved dramatically since 2008, and show that QAFAC is an employer which enjoys a high degree of engagement and enthusiasm from its employees.
- Employees reported a strong sense of pride in the organisation and the products QAFAC provide to customers.
- Employees further expressed that QAFAC has provided them with a clear and promising future and continue to do so.
- Operationally, things are working well and conditions are optimal to support people to perform at their best.
- Staff recognize the company's efforts to continuously improve.
- Most importantly, employees feel QAFAC is an employer which fundamentally cares about them, their families and their well-being.

# CARING FOR THE ENVIRONMENT

## KEY AREAS

- OUR ENVIRONMENTAL MANAGEMENT SYSTEM
- ENERGY EFFICIENCY AND GHG EMISSIONS
- WATER USE EFFICIENCY
- WASTE MANAGEMENT



As a steward of the environment, QAFAC recognises its responsibility to manage its environmental impact carefully. The potential of GHG emissions to exacerbate the effects of climate change cannot be ignored so these and other environmental issues must be addressed directly. QAFAC has implemented an Environmental Management System to manage its water and energy use, emissions and waste. QAFAC also continually seeks out new technologies and innovations to improve environmental performance.

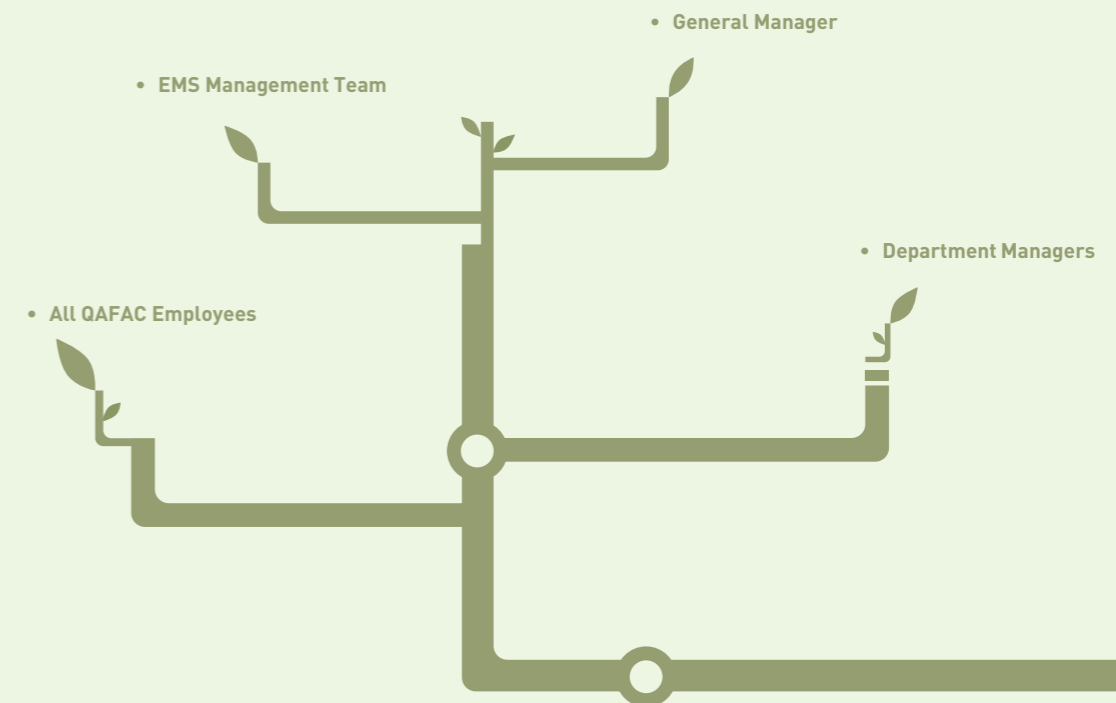
## OUR ENVIRONMENTAL MANAGEMENT SYSTEM

Our Environmental Management System (EMS) incorporates all of the environmental policies and procedures that govern our processes, and provides a structured approach to all material environmental issues. QAFAC's EMS was awarded the ISO 14001 certification in 2005, which was renewed in 2008 and 2011, demonstrating its continued high quality. A critical aspect of our EMS is regular auditing. QAFAC has implemented several programmes and routines including:

- An EMS internal audit conducted annually;
- Third-party surveillance audits conducted annually;
- Third-party re-certification audits conducted every three years.

QAFAC ensures that all employees and contractors and suppliers, where applicable, are aware of the purpose of the EMS, their roles and responsibilities, potential risks of their work activities, benefits from improved personal performance, and the consequences of non-compliance with EMS procedures. The successful implementation of our EMS is the responsibility of all of QAFAC's employees. Below we have shown the different positions that have important roles in our EMS, however each employee contributes to EMS effectiveness.

### EMS MANAGEMENT STRUCTURE



### ENERGY EFFICIENCY

QAFAC's total direct and indirect energy consumption for the year 2013 increased by 10% reaching 41,119,474 gigajoules. The company's largest energy consumption source is electricity primarily used to power the production plants that is supplied by Kahramaa, Qatar's national energy grid. Total electricity consumption for the year was 771,782 gigajoules. The company continually tracks and records energy consumption, seeking to implement measures to reduce future consumption. QAFAC's energy intensity, which is measured as the amount of energy consumed (in GJ) per tonne of production, was 25.74 GJ/tonne in 2013 which is a slight increase from 2012's rate of 25.51 GJ/tonne.

Qatar has taken a proactive approach to addressing climate change by creating the National Committee for Climate Change, which is responsible for developing the country's response to the challenge. The Committee created the initial National Communication on Qatar's climate change strategy.

DIRECT AND INDIRECT ENERGY CONSUMPTION	2010	2011	2012	2013
<b>Total direct and indirect energy consumption (GJ).</b>	37,351,489	43,503,249	37,291,005	41,119,474
<b>Energy Intensity (GJ/tonne production)</b>	26.74	25.83	25.51	25.74
<b>Direct energy consumption (diesel) GJ</b>	36,654,000	42,716,548	36,563,135	40,347,692
<b>Indirect energy consumption (electricity) GJ</b>	697,489	786,701	727,870	771,782

#### CLIMATE CHANGE AND AIR EMISSIONS

Qatar has taken a proactive approach to addressing climate change by creating the National Committee for Climate Change, which is responsible for developing the country's response to the challenge. The Committee created the initial National Communication on Qatar's climate change strategy. Qatar's National Vision 2030 and National Development Strategy 2011-2016 both address climate change and Qatar's development. QAFAC strives to align its strategy for sustainability with Qatar's goals and ambitions for addressing climate change.

QAFAC implements a number of initiatives and utilises advanced technology to reduce its contribution to climate change. Several of the programmes in place to help monitor and reduce emissions include the LDAR (Leak Detection and Repair) programme, Flare Management Programme, Steam Trap Management and the Carbon Dioxide Recovery (CDR) plant. QAFAC's contribution to climate change is the main air emissions that are a result of daily operations and energy consumption.

#### GHG EMISSIONS

QAFAC regularly evaluates its Greenhouse Gas (GHG) emissions calculation process to ensure it meets international standards, while taking into account specific operations. In 2013 QAFAC updated and standardised its GHG calculating process to reflect the leading international standards. QAFAC now reports its GHG emissions following the GHG Protocol: Corporate Standard<sup>1</sup>. This reporting standard was selected because it provides clear guidelines that cover all of QAFAC's operations. The Protocol is also the most widely used international accounting tool for government and business leaders to understand, quantify and manage GHG emissions. In 2013, QAFAC had its GHG emissions tracking and calculations process checked externally. Details from this audit can be found in Appendix C of this report.

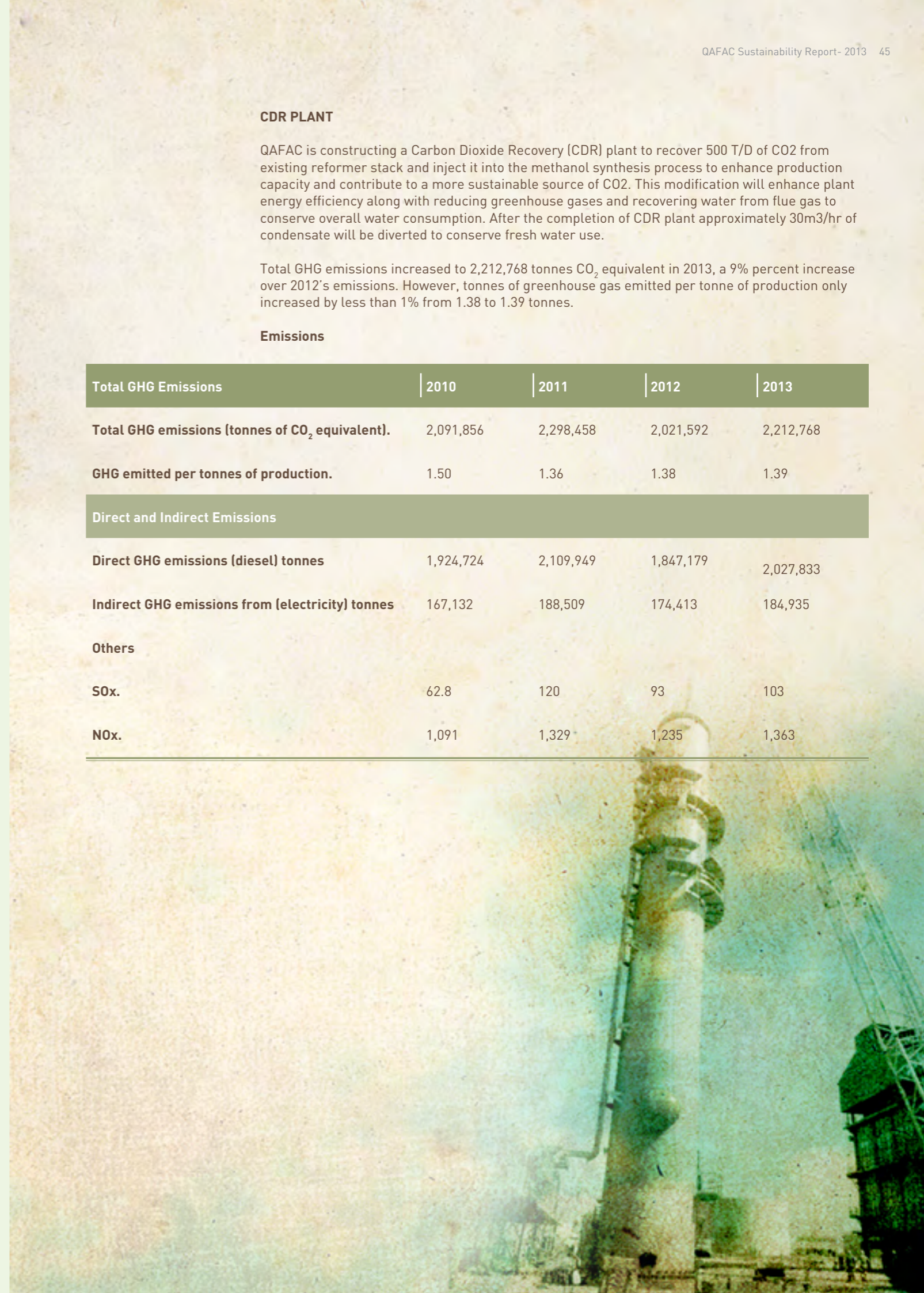
#### CDR PLANT

QAFAC is constructing a Carbon Dioxide Recovery (CDR) plant to recover 500 T/D of CO<sub>2</sub> from existing reformer stack and inject it into the methanol synthesis process to enhance production capacity and contribute to a more sustainable source of CO<sub>2</sub>. This modification will enhance plant energy efficiency along with reducing greenhouse gases and recovering water from flue gas to conserve overall water consumption. After the completion of CDR plant approximately 30m<sup>3</sup>/hr of condensate will be diverted to conserve fresh water use.

Total GHG emissions increased to 2,212,768 tonnes CO<sub>2</sub> equivalent in 2013, a 9% percent increase over 2012's emissions. However, tonnes of greenhouse gas emitted per tonne of production only increased by less than 1% from 1.38 to 1.39 tonnes.

#### Emissions

Total GHG Emissions	2010	2011	2012	2013
<b>Total GHG emissions (tonnes of CO<sub>2</sub> equivalent).</b>	2,091,856	2,298,458	2,021,592	2,212,768
<b>GHG emitted per tonnes of production.</b>	1.50	1.36	1.38	1.39
Direct and Indirect Emissions				
<b>Direct GHG emissions (diesel) tonnes</b>	1,924,724	2,109,949	1,847,179	2,027,833
<b>Indirect GHG emissions from (electricity) tonnes</b>	167,132	188,509	174,413	184,935
Others				
<b>SO<sub>x</sub>.</b>	62.8	120	93	103
<b>NO<sub>x</sub>.</b>	1,091	1,329	1,235	1,363



# STEAM TRAP MANAGEMENT PROGRAMME



In 2013 QAFAC initiated the Steam Trap Management Programme to identify, track and reduce the amount of steam being released from leaks in the plant. This project alone resulted in significant benefits including energy conservation, resource recovery and emissions reduction due to no longer losing energy from released steam.

## COSTS AND BENEFITS

- The total steam loss from defective steam traps is 39,184 T/Y.
- The total financial cost of the steam loss from steam traps each year, calculated at \$7 per ton steam is \$274,288.

## CO2 EMISSIONS

UNIT	STEAM LOSS T/Y	EXTRA PRODUCTION CO2 T/Y
METHANOL	10,124	1,559
MTBE	16,048	2,471
UTILITY	13,012	2,004
<b>TOTAL</b>	<b>39,184</b>	<b>6,034</b>

## FLARING

Flaring is a necessary step that QAFAC takes to help ensure safety and equipment reliability in operations. However, flaring does result in emissions. In 2013, our total flaring increased by 10%. Total flaring measured in million metric standard cubic metres (MMSCM) for 2013 was 152.

### Flaring

	2010	2011	2012	2013
<b>Total flaring (MMSCM).</b>	118	150	138	152

## FUGITIVE EMISSIONS

QAFAC continues to utilise the LDAR (Leak Detection and Repair) programme at both the methanol and MTBE plants. The programme allows QAFAC to easily identify any leaks so they can be addressed quickly with minimal leakages. The LDAR also helps estimate losses from leaks.

## WATER USE EFFICIENCY

QAFAC's water supply comes from Kahramaa, the national water and electricity provider. Water consumption increased by 10% from 1.4 million m3 in 2012 to 1.56 million m3 in 2013. Overall water intensity, which is calculated as water consumption per tonne of production has decreased by 28% from 1.6 m3/tonne to 1.1 m3/tonne. The majority of water used is consumed during methanol production, when water is converted into steam during the steam reforming and gas synthesis process.

### Water Use

	2010	2011	2012	2013
<b>Water consumption (m3).</b>	1,170,556	1,289,819	1,405,222	1,563,951

## WASTE MANAGEMENT

Waste is treated, recycled or repurposed in a safe and responsible manner at QAFAC. Waste types are divided into three categories: domestic waste, oil waste and operational hazardous waste. All hazardous waste produced is sent to Mesaieed Industrial City (MIC) Hazardous Waste Treatment Centre, where it is properly treated and safely disposed of through a well-designed treatment centre. Spent oil is sent to an approved oil reclamation company. Paper recycling bins are positioned at different designated locations in all QAFAC facilities and all paper waste from plant site is sent to a paper recycling company.

### Waste

	2010	2011	2012	2013
<b>Total waste disposed (tonnes).</b>	2,983	3,306	4,914	3,388
<b>Total industrial waste (hazardous) disposed to MIC Hazardous Waste Treatment Centre (tonnes).</b>	183	506	2,114	3,337
<b>Domestic waste (tonnes).</b>	2,800	2,800	2,800	2,800
<b>Oil waste (tonnes).</b>	New Indicator	New Indicator	27	20
<b>Total waste that was recycled</b>	New Indicator	New Indicator	27.027	21.161
<b>Number of significant spills.</b>	0	0	0	0



**WASTEWATER MANAGEMENT**

QAFAC is committed to the responsible use of water, as the company understands the challenges posed by water scarcity in Qatar and the region. The company is currently planning to put a wastewater recycling process in place so that the water currently being discharged to sea can be treated and then reused in the production process instead. This will mean that by 2016, QAFAC will have zero discharge to sea, and all water intake will either be transferred to the green belt or put back into the production process.

In 2013 QAFAC completed an Environmental Impact Assessment (EIA) of residual chlorine and thermal discharges into seawater with the help of Texas A&M University Qatar. This study was completed using advanced simulation for marine and atmospheric transport model (3D SMART). The study showed that QAFAC’s cooling water discharge reported levels of residual chlorine and temperature that comply with the Ministry of Environment’s regulations.

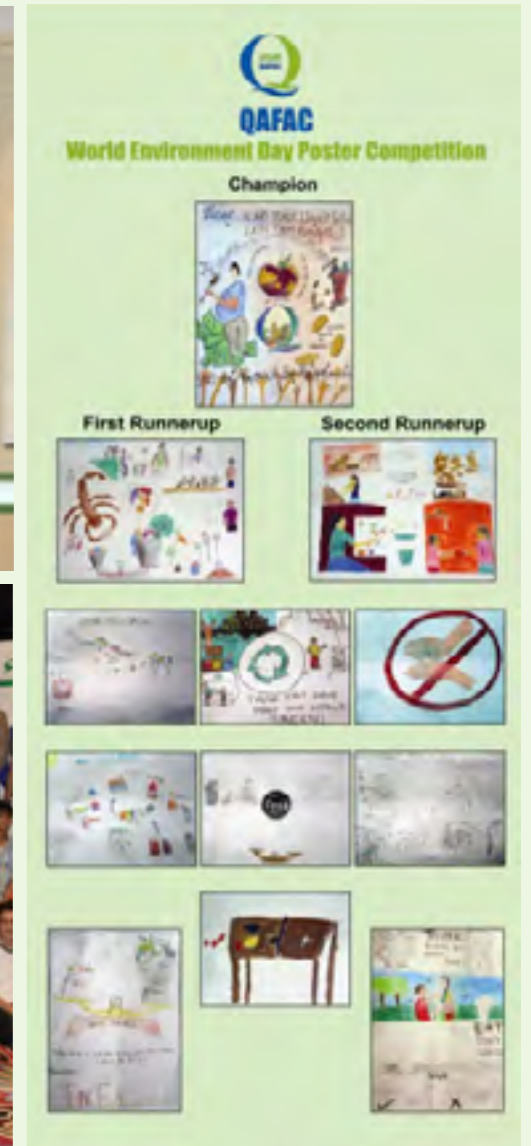
QAFAC engaged external consultants to help study the sanitary and process wastewater streams to improve the quality of treated water being used for irrigation further and as an initial step towards reusing the unused treated water in plant. Based on the study results, QAFAC has commissioned the consultants to implement the modifications. These modifications will include using high efficiency reverse osmosis filters and UV application to treat the water for reuse in plant.

**Wastewater**

	2010	2011	2012	2013
Waste water discharged to sea (m3).	284,245	288,233	312,669	229,744
Percentage of water recycled (m3).	-	-	46%	68%



**ENVIRONMENTAL ACTIVITIES**



Title	Description
<b>Environmental Awareness Campaigns</b>	QAFAC regularly communicates with employees, providing them with environmental awareness information via the Intranet system.
<b>Environmental Trainings</b>	All staff received environmental awareness training and this campaign has been continued.
<b>GPCA Sustainability Conference</b>	QAFAC was represented by a team of delegates at the GPCA Sustainability Conference held in Dubai on 17-19 <sup>th</sup> December. QAFAC presented initiatives for GHG emissions control and highlighted other progress on sustainable development.
<b>Qatar Petroleum (QP) Environment Fair 2013</b>	QAFAC participated in the QP Environment Fair from 14 <sup>th</sup> - 16 <sup>th</sup> April 2013 at Doha Exhibition Centre.
<b>MIC Environmental Sub Committee</b>	QAFAC participated in monthly MIC Environmental Sub-Committee meetings.
<b>World Environment Day</b>	QAFAC celebrated World Environment Day by arranging a poster-making competition for young people based on the 2013 World Environment Day theme "Think. Eat. Save."

# OPERATING RELIABLY AND SAFELY

## KEY AREAS

- RELIABLE AND EFFICIENT OPERATIONS
- OCCUPATIONAL HEALTH AND SAFETY



## EXCELLENCE IN SAFETY

IN 2013, QAFAC REACHED 3 MILLION MAN HOURS FOR CONTRACTORS AND QAFAC EMPLOYEES WITHOUT A SINGLE LOST TIME ACCIDENT.

## RELIABLE AND EFFICIENT OPERATIONS

At QAFAC we strive for operational excellence so that the plants can be relied on to perform at a high standard at all times. QAFAC has implemented risk management programmes and maintains several international standards certifications including ISO 14001, ISO 9001 and OHSAS 18001 to maintain a high level of reliability in our operations.



## KEY STORY:

## 2014 PLANT SHUTDOWN & TURNAROUND

One of the biggest steps QAFAC is taking to improve operations will be the complete plant shutdown and turnaround in 2014. The shutdown will allow QAFAC to update, repair or replace any aspects of the plant requiring attention. During this shutdown the CDR Plant will also be connected and new monitoring and tracking systems will be put in place to better monitor things like flaring. QAFAC also initiated a fire and gas detection programme at the end of 2013, which will be fully implemented during the 2014 plant shutdown and turnaround.

## OCCUPATIONAL HEALTH AND SAFETY

At QAFAC, each employee bears responsibility for health and safety concerns, however management is essential to minimising health and safety risks. QAFAC has established systems and procedures to ensure the health and safety of employees and society.

### BEYOND OCCUPATIONAL HEALTH – EMPLOYEE WELLBEING QAFAC SPORTS COMMITTEE

The QAFAC Sports Committee was set up by the General Manager in 2013. The aim of the Committee is to promote team and individual Sports within the company. The GM has long believed in the power of sport to galvanise individuals into teams with a common goal. Although a small company compared with some of our Oil and Gas downstream neighbouring companies, employees and their families of QAFAC are enthusiastic very keen to take advantage of all sporting opportunities that are given them.

The policy of the Sports Committee is to establish opportunities for all QAFAC employees and their families to play sport irrespective of proficiency. The Mission Statement of the Committee is "Your health IS your wealth. Play Sport!!" is a reminder to all employees that irrespective of their financial status, it can be meaningless without good and active health both for them and for their families.

During 2013, the Sports Committee have been active in organizing events for individuals and teams both Departmental and inter company. QAFAC have participated in Basketball, Badminton and cricket tournaments against other companies whilst the internal focus has seen the first ever Inter Departmental tournaments in Cricket, Badminton and Volleyball. We have established a strong link with a Doha school whose facilities we use and a link with a sister company in Mesaieed who state of the art sports facilities we also use. The Sports Committee is also at the forefront of the organization of the sports and fun activity on National Sports Day. The Committee is going from strength to strength and is starting to offer more and more sporting opportunities to our employees including pool, table tennis and soccer. The proficiency isn't necessarily important but the health and welfare of our employees and their families certainly is and it is with this in mind that QAFAC through the Sports Committee continue to invest in sport and in our people.

#### QAFAC Health, Safety, Security, and Environment (HSSE) Committee

QAFAC's HSSE Committee is a key aspect of managing health, safety, sustainability and environmental impacts. The Committee is comprised of three different management levels that meet either every two months or monthly. The main objectives of this Committee are as follows:

- Ensure transparent communication and promote continuous improvement in HSSE.
- Share important information /HSSE updates.
- Ensure consistency in handling HSSE issues across the company.
- Sustain an effective HSSE Management system (in line with OHSAS 18001).
- Drive a proactive HSSE culture.

#### ENSURING SAFETY

HSE training and awareness campaigns focus on healthy practices and preventative measures to avoid illness or injury. Employees receive medical examinations every two years to ensure their high levels of health. Incident reporting is required immediately after any incident takes place or any unsafe condition appears which could create a critical situation. In 2013 there were no incidents related to LTA or significant environment impacts for either the MTBE and methanol plants.

#### 2013 HSE ACTIVITIES & ACHIEVEMENTS

- QAFAC's laboratory improved safety in 2013 by moving from the AAS (atomic absorption spectroscopy) method that required the use of hazardous gases (scetylene and nitrous oxide) to the ICP (inductively coupled plasma) test method, which does not require the use of hazardous gasses.
- Dukhan Oil & Gas Safety Challenges Forum – QAFAC representatives attended the forum on 24th-27th January and senior management delivered a presentation on permit to work issues. QAFAC's General Manager also received a token of appreciation from HE Minister of Industry during the Forum.
- QAFAC participated in a MIC mutual aid emergency drill and conducted emergency response training for employees.
- QAFAC continues to be a member of The Royal Society for the Prevention of Accidents (RoSPA).



The HSE department celebrated 2 major milestones at the end of 2013 as a result of QAFAC's robust HSE management system and comprehensive training programmes. The first milestone was reaching 3 million man hours without lost time accidents (LTA) and the second was reaching 3 million man hours without LTA for contractors and QAFAC employees. This is a testament to the effectiveness of strong HSE management, trainings and awareness campaigns.

#### HSE KPIs

Occupational Health and Safety	2010	2011	2012	2013
Work hours (employees).	448,700	459,631	496,234	469,968
Work hours (contractors).	1,171,902	516,014	891,832	939,850
Employee fatalities.	0	0	0	0
Contractor fatalities.	0	0	0	0
Employee lost time injuries.	0	1	0	0
Contractor lost time injuries.	0	0	0	0
Employee total reportable injuries.	1	1	0	0
Contractor total reportable injuries.	1	1	0	0
Employee occupational illnesses.	0	0	0	0
Heat stress event.	0	0	0	0
Loss of containment (LOC)/ process safety incidents.	0	0	0	2
Emergency response drills.	4	4	4	8
Incident investigation completion.	95	32	95	100

## Appendix A: GRI Index for In Accordance 'Core'

The table below provides the discloser of GRI content for 'In accordance' – Core for our report. Further explanation for each indicator is presented online at <https://g4.globalreporting.org/Pages/default.aspx>

Table Key ● Reported ● Partially Reported ⊙ Not Reported

INDICATOR	PAGE REFERENCE (OR DIRECT RESPONSE IN CASE OF OMISSION)	EXTERNAL ASSURANCE
<b>GENERAL STANDARD DISCLOSURES</b>		
<b>Strategy and Analysis</b>		
G4-1	● 5, 7	N/A
<b>Organizational Profile</b>		
G4-3	● 9	N/A
G4-4	● 9	N/A
G4-5	● 9	N/A
G4-6	● 9	N/A
G4-7	● 9	N/A
G4-8	● 29	N/A
G4-9	● 9, 12	Deloitte audit covered number of employees and quantity of products.
G4-10	● 27, 28	N/A
G4-11	⊙ Not applicable – Trade unions do not exist and are illegal in Qatar	N/A
G4-12	● 27	N/A
G4-13	● There were no major operational changes in 2013	N/A
G4-14	● The precautionary approach is embedded in QAFAC's sustainability management.	N/A
G4-15	● Qatar National Vision 2030, Qatar National Development Strategy	N/A
G4-16	● Gulf Petrochemicals and Chemicals Association (GPCA) Air & Waste Management Association (A&WMA) Asian Clean Fuels Association (ACFA) Royal Society for the Prevention of Accidents (RoSPA)	N/A
<b>Identified Material Aspects and Boundaries</b>		
G4-17	● 9	N/A
G4-18	● 18	N/A
G4-19	● 18	N/A
G4-20	● 59	N/A

G4-21	● 59	N/A
G4-22	Direct energy use for 2010-2012.QAFAC re-calculated its direct energy use based on the best industry practices.	N/A
G4-23	No significant changes from 2012	N/A

INDICATOR	PAGE REFERENCE (OR DIRECT RESPONSE IN CASE OF OMISSION)	EXTERNAL ASSURANCE
<b>GENERAL STANDARD DISCLOSURES</b>		
<b>Stakeholder Engagement</b>		
G4-24	● 17	N/A
G4-25	● 17	N/A
G4-26	● 17	N/A
G4-27	● 17	N/A
<b>Report Profile</b>		
G4-28	● Jan.-Dec., 2013	N/A
G4-29	● 2012	N/A
G4-30	● Annual	N/At
G4-31	● See back cover page	N/A
G4-32	● 54-57	N/A
G4-33	● 2, 62	N/A
<b>Governance</b>		
G4-34	● 10, 21, 22	N/A
<b>Ethics and Integrity</b>		
G4-56	● 9, 23	N/A

INDICATOR	PAGE REFERENCE (OR DIRECT RESPONSE IN CASE OF OMISSION)	EXTERNAL ASSURANCE
<b>SPECIFIC STANDARD DISCLOSURES</b>		
<b>CATEGORY: ECONOMIC</b>		
<b>Material Aspect: Economic Performance</b>		
G4-DMA	● 28	N/A
G4-EC1	● 12, 28	
G4-EC4	● No assistance received from Government	N/A
<b>Material Aspect: Market Presence</b>		
G4-DMA	● 33	N/A
G4-EC9	● 12, 33	Deloitte Audit covered percentage of budget for local spending.

**CATEGORY: ENVIRONMENTAL**

**Material Aspect: Materials**

G4-DMA	● 27, 33	N/A
G4-EN1	● 12	N/A

**Material Aspect: Energy**

G4-DMA	● 19, 35, 43	N/A
G4-EN3	● 12, 43, 44	Deloitte Audit

**Material Aspect: Water**

G4-DMA	● 27, 43, 45	N/A
G4-EN8	● 12	N/A
G4-EN9	● 47	N/A
G4-EN10	● 12	N/A

**Material Aspect: Emissions**

G4-DMA	● 19, 20, 30, 43, 44	N/A
G4-EN15	● 12, 44	Deloitte Audit
G4-EN16	● 12, 44	Deloitte Audit
G4-EN21	● 45	N/A

**Material Aspect: Effluent and Waste**

G4-DMA	● 48	N/A
G4-EN22	● 12, 48	N/A
G4-EN23	● 12, 47	Deloitte Audit
G4-EN24	● 12, 47	N/A

**Material Aspect: Compliance**

G4-DMA	● 48	N/A
G4-EN29	● Zero	N/A

INDICATOR	PAGE REFERENCE (OR DIRECT RESPONSE IN CASE OF OMISSION)	EXTERNAL ASSURANCE
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**CATEGORY: SOCIAL**

**SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK**

**Material Aspect: Employment**

G4-DMA	● 37-41	N/A
G4-LA1	● 12, 37-41	N/A

**Material Aspect: Occupational Health and Safety**

G4-DMA	● 52	N/A
G4-LA6	● 13, 52	Deloitte Audit

**Material Aspect: Training and Development**

G4-DMA	● 39	N/A
G4-LA9	● 40 Breakdown by gender and employment level was not tracked in 2013.	N/A
G4-LA10	● 39	N/A

**Material Aspect: Labor Practices Grievance Mechanism**

G4-DMA	● 39	N/A
G4-LA16	● 0 grievances	N/A

INDICATOR	PAGE REFERENCE (OR DIRECT RESPONSE IN CASE OF OMISSION)	EXTERNAL ASSURANCE
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**SUB-CATEGORY: HUMAN RIGHTS**

**Material Aspect: Investment**

G4-DMA	● 39	N/A
G4-HR1	● 100%	Deloitte Audit

**Material Aspect: Child Labor**

G4-DMA	● 39	N/A
G4-HR5	● Zero	N/A

**Material Aspect: Forced of Compulsory Labor**

G4-DMA	● 39	N/A
G4-HR6	● Zero	N/A

**SUB-CATEGORY: SOCIETY**

**Material Aspect: Anti-corruption**

G4-DMA	● 30	N/A
G4-S05	● 12, 0 incidents	Deloitte Audit

## Appendix B: Report Parameters Reporting Guidance for Defining Content

### PRIORITY ISSUES:

**Materiality:** The information provided in this report is intended to address the issues that matter most to our internal and external stakeholders. The focus areas and material issues presented were selected and prioritised after a careful analysis of sustainability interests, topics and indicators raised by stakeholders. We have also followed the GRI G4 guidelines which aligns this report to global standards in sustainability reporting.

**Stakeholder Inclusiveness:** Engaging with our stakeholders about our sustainability ambitions in an open dialogue is of utmost importance to our business. QAFAC perceives stakeholder feedback as a valuable asset to help guide the company’s strategies and initiatives. This report was created by taking a range of stakeholder’s needs and expectations into consideration from both a performance and transparency point of view. The stakeholder table that can be found on page 11 is the result of our stakeholder mapping exercise to identify their needs and how we are responding to these.

**Sustainability Context:** QAFAC’s vision is to be amongst the top five producers of methanol, its high value derivatives and butane sub-products by 2020. The company is committed to achieve this vision by operating in a sustainable manner. This means QAFAC will continue to work in partnership with all stakeholders; fostering growth opportunities and being recognised by the high standards of its operations. In addition, QAFAC’s commitment to sustainability is integrated with Qatar’s National Vision (QNV 2030) and National Development Strategy (NDS 2011/2016).

**Completeness:** This report is the third sustainability report to be made public by QAFAC, and represents an advance in the number of indicators and alignment to the QP Sustainable Development Industry Reporting Programme (SDIR). We believe that it covers the main material topics and indicators that reflect our economic, environmental and social impacts.

### REPORTING CYCLE

QAFAC reports on its sustainability performance. This report covers from January-December, 2013.

### REPORTING PRINCIPLES FOR DEFINING QUALITY

**Balance:** QAFAC’s main departmental representatives were involved in gathering the performance data on indicators presented in this report, as well as the key stories. The content is presented in a way that allows stakeholders to have a balanced view of the company’s economic, social and environmental performance.

**Comparability:** The report covers three years of comparable data, from 2010 to 2013, with achievements and key stories from 2013 being prioritised. The indicators published allow stakeholders to analyse changes in our economic, social, and environmental performance throughout the last four years. Where applicable, performance for the years of 2010 and 2013 has been updated in some indicators, as a result of better calculations techniques.

**Accuracy and Reliability:** Numbers provided throughout this report were collected, analysed and double-checked with all respective departments involved in the data gathering process. QAFAC is committed to providing high levels of information accuracy, as part of the company’s commitment to transparency and accountability.

**Clarity:** Since we hope that this report will all our different stakeholders, we wanted to make sure it was developed in a manner that was understandable to everyone. We have tried to avoid excessive, unnecessary and technical details, always balancing the level of information provided. In addition, we have used graphics and tables to facilitate understanding and to help our stakeholders locate the information they want without unreasonable effort.

### ASSURANCE

QAFAC selected 14 key indicators in this report to be checked by an external auditor. Please see Annex C for the auditor’s letter from Deloitte.

### MATERIAL ASPECTS IDENTIFICATION [G4-20, G4-21]

The chart below shows the boundaries of QAFAC’s material issues. Each of these is material to QAFAC’s operations in MIC and Doha and therefore these are not listed below.

Main Strategic Area	Relevant Issues	Boundaries
<b>1. Towards Sustainability Leadership</b>		
Sustainability at QAFAC	Materiality	Muntejat and customers, QAFAC suppliers, society, environment
	Sustainability strategy	Muntejat and customers, QAFAC suppliers, society, environment
Ensuring Good Governance	Sustainability policy	Muntejat and customers, QAFAC suppliers, society, environment
	QAFAC Board’s role in sustainability	Muntejat and customers, QAFAC suppliers, society, environment
Managing Risk Wisely	Enterprise risk management	Muntejat and customers, QAFAC suppliers, society, environment
	Information security management system	Muntejat & Customers
	Business continuity	Muntejat & Customers
<b>2. High Value Products</b>		
Our products in daily life	Methanol and MBTE’s uses in everyday life	Muntejat and Customers, society, environment
Economic Impact	Production	Muntejat & Customers
	Direct economic value generated	Muntejat & Customers
	Indirect economic value generated	Muntejat and Customers, society
	Markets served globally	Muntejat and Customers, society
Process and product innovation	QAFAC’s CDR Plant	Muntejat and Customers, society, environment
	Customer Satisfaction	Muntejat & Customers

Main Strategic Area	Relevant Issues	Boundaries
<b>3. Strengthening Our Society</b>		
Promoting Qatarisation	Qatarisation efforts	Society
	Qatarisation rate	Society
Supply Chain	Responsible supply chain	QAFAC suppliers, society, environment
	Sustainable Procurement Policy	QAFAC suppliers
	Local procurement	QAFAC suppliers
Impacts on Local Communities	Community investments	Society
	Community activities	Society
<b>4. Developing Our Workforce</b>		
Workforce Profile	Employees by nationality and age	
	Diversity	
Human and Labour Rights Management	Human rights incidents or violations	QAFAC suppliers, society
	QAFAC's Human Rights Policy	QAFAC suppliers, society
Employee Training and Development	Financial investment in training	
	Training hours	
	Training opportunities and activities	
Engagement and Recognition	Employee turnover	
	Engagement and recognition activities	
	Employee satisfaction	

Main Strategic Area	Relevant Issues	Boundaries
<b>5. Caring for the Environment</b>		
Our Environmental Management System	EMS Scope and description	Society and environment
	Standards and guidelines for the EMS	Society and environment
	Environmental activities	Society and environment
Energy Efficiency and GHG Emissions	Direct and indirect energy consumption	Society and environment
	Climate change	Society and environment
	Air emissions	Society and environment
	Efficiency activities	Society and environment
Water use efficiency	Water use	Society and environment
	Water recycled	Society and environment
Waste management	Waste produced	Society and environment
	Waste recycling and treatment	Society and environment
	Wastewater	Society and environment
<b>6. Operating Reliably and Safely</b>		
Reliable and Efficient Operations	Operational standards and guidelines	Society and environment
	Plant shutdown and turnaround 2014	
	Other shutdowns in 2013	
Occupational Health and Safety	QAFAC's HSSE Management	Society and environment
	HSE trainings and activities	
	Employee and contractor safety	

## Appendix C: 3<sup>RD</sup> Party Assurance



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QR.80827

May 14, 2014

Qatar Fuel Additives Company Limited  
Q.S.C.C. (QAFAC)  
Doha - Qatar

Dear Madam / Sir,

**Agreed Upon Procedures performed in respect of  
Qatar Fuel Additives Company Limited Q.S.C.C. (QAFAC) for the year ended  
December 31, 2013**

We have performed certain Agreed Upon Procedures ("AUPs"), agreed with Qatar Fuel Additives Company Limited Q.S.C.C. ("QAFAC" or the "Company") and enumerated in this report, with respect to specific information included in the Sustainability Report of 2013 (the "Report"). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon-procedures engagements to ensure the accuracy of the specific information included in the Report, in accordance with the engagement letter dated March 1, 2014 (the "engagement letter"). In conducting our procedures, we have relied on data provided by various personal in QAFAC.

#### DISCLAIMER

This report is based on the information provided to us by Management of QAFAC, with the explicit undertaking and representation made to us that the information provided to us is complete and that any material information has not been knowingly concealed from us.

#### METHODOLOGY

We performed our work in accordance with the attached scope as outlined in our engagement letter dated March 1, 2014. Our work did not constitute an audit and accordingly we do not provide any audit assurance on the information included in this report.

We have detailed all our procedures performed and findings in sections 1 and 2 to this report.

Because the procedures and inquiries we have performed do not constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance of any kind on whether the report is correct and free from mistakes.

Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

#### Agreed-Upon-Procedures Report (Continued)

Our report is solely for the purpose of assisting QAFAC in determining that the report is reasonably supported by adequate documentation. This report relates only to the matters referred to in the engagement letter and does not extend beyond that.

#### SCOPE OF OUR WORK

The scope of the engagement is to check the accuracy of the indicators reported by QAFAC.

The scope of our work in preparing our report was limited solely to those procedures agreed with you as described above. Accordingly we do not express any opinion or overall conclusion on the procedures we have performed. You are responsible for determining whether the scope of our work is sufficient for your purposes and we make no representations regarding the sufficiency of these procedures for your purposes. If we were to perform additional procedures, other matters might come to our attention that would be reported to you.

Yours sincerely,  
For Deloitte & Touche  
Qatar Branch



Nizar Jichi  
Partner





شركة قطر للإضافات البترولية المحدودة  
QATAR FUEL ADDITIVES CO.LTD.

If you have additional questions or comments regarding this report and Sustainability at QAFAC, please contact us.

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## MATERIALITY MATTERS



Global Reporting Initiative™

AT THE TIME OF PUBLICATION THE G4-17 TO G4-27 DISCLOSURES WERE CORRECTLY LOCATED IN THIS G4 CONTENT INDEX AND FINAL REPORT.

