SUSTAINABILITY REPORT 2018

كفاك
QAFAC

شركة قطر للإضافات البترولية المحدودة
Qatar Fuel Additives Company Limited

FUELING A SUSTAINABLE WORLD

CONTENTS

His Highness
Sheikh Hamad Bin Khalifa Al Thani
Father Emir

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

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ABOUT THIS REPORT

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Welcome to QAFAC's 2018 sustainability report. We are delighted to share information on our achievements, successes, challenges and progress on our journey to sustainability.

This report covers the period 1 January to 31 December 2018. This report has been prepared in accordance with the GRI Standards: Core option. To view the GRI content index, please refer to Annex 1.

Based on our sustainability framework, this report is structured around and focuses on those issues that are most material to our business and our stakeholders. Throughout the report, we include employee interviews to provide a personal touch and reflect what sustainability means to QAFAC's most valued resource – our people.

The opinions of our stakeholders are important to us; we welcome any feedback on this report. Please contact us with any questions or suggestions using the following channels:

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Cautionary Statement:

This report contains certain "forward-looking statements" that express the way in which QAFAC intends to conduct its activities. QAFAC has made every effort to ensure the report is as accurate and truthful as possible, however, forward-looking statements are based on assumptions made using currently available information that is subject to a range of uncertainties that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond QAFAC's ability to control and therefore do not represent a guarantee of future conduct or policy. QAFAC assumes no obligation to publicly update any statements made in this sustainability report and does not guarantee the appropriateness, accuracy, usefulness or any other matter whatsoever regarding this information.

CHIEF EXECUTIVE OFFICER'S FOREWORD

I am delighted to present QAFAC's 2018 Sustainability Report. This annual report, in its eighth iteration, provides us with an opportunity to inform our stakeholders about our ongoing sustainability journey, and to demonstrate our continued commitment to the environment and the socio-economic development of Qatar.

Our achievements in 2018 have strongly emphasized our commitment to be recognized as a safe and reliable supplier of Methanol and MTBE, both locally and globally. The year saw us record our highest ever MTBE and our second highest ever Methanol production figures. During the year, we produced 1,091,340 MT of Methanol compared to 1,067,020 MT in 2017 (a 2.28% increase) with 100% plant reliability and 698,211 MT of MTBE compared to 674,982 MT in 2017 (a 3.44% increase) with 100% plant reliability. It gives me a great pleasure to announce that recently we were ranked by international experts as the number one operator in the Methanol industry. This couldn't have been achieved without the hard work and commitment of our dedicated workforce.

To ensure our team enjoys a safe and supportive working environment, we continue to focus on occupational health and safety and process safety as core values for us. The milestones that we have been progressively achieving stand testimony to the fact that we are moving on the right track towards reaching our primary goal of ensuring that QAFAC is a safe working place for everyone. We are proud to have achieved more than 11.5 million safe man-hours without a Lost-Time Incident (LTI), successfully completed seven years without a single heat stress case, and recently completed the construction of an additional firewater tank without any lost time incident.

One of the key safety initiatives that we undertook was the three-phase Process Safety Management (PSM) program called AMAN which was kick-started in 2015 and completed in 2018. Phase 1 targets were accomplished in 2016, Phase 2 in 2017 and Phase 3 in 2018. AMAN, which aims to promote a 'visibly felt leadership & safety culture' at QAFAC, has aligned our safety procedures in line with world-class practices.

Over the last three years, we have been successful in establishing a robust and well-integrated HSSE and PSM governance structure at QAFAC. As one major milestone in this regard, we established a PSM Central Committee, chaired by the CEO. It comprises of QAFAC top management and meets bimonthly to critically review the progress made on process safety and provides a platform for making high level decisions. The Committee helps to establish process safety guidelines, recommend process safety training for site personnel and audit the performance in all of the essential elements of process safety management to ultimately ensure continual improvement in the process safety system and performance.

In addition to focusing on safety, environmental stewardship and protection remains fundamental to our business. The installation of Selective Non-Catalytic Reduction (SCNR) Plant validates our unwavering commitment to comply with the guidelines laid down in the CTO (Consent to Operate) permit issued by the Ministry of Municipality and Environment regarding the NO_x emitted by our Methanol reformer. The SNCR project, which was initiated in April 2018 and is scheduled to be completed by the end of 2019, is expected to help us achieve the stipulated NO_x limit of 125 mg/Nm^3 and below in the flue gas leaving the reformer stack.

Our new Treated Industrial Waste water project is targeting an 85% water recovery rate. Our Near Zero Liquid Discharge (N-ZLD) plant will have systems in place to upgrade waste water to potable water grade and hence will positively impact our fresh water use. The project will help us reach our ambition of processing and reusing at least 85% of the total waste water.

2018 also constituted a year of planning for the year ahead. 2019 will be a critical year for our operational efficiency as we have lined up major plant turnarounds. These turnarounds are necessary for us to continue to ensure safety, reliability and the efficiency of our operations. We also reiterate our commitment towards investing in the most innovative operational and market practices in our drive towards providing sustained value and returns for all our stakeholders. Consolidating our market position, maximizing productivity and improving process efficiency will continue to be our key focus in our journey forward.

Finally, I would like to extend my sincerest appreciation to the entire QAFAC team and to all our stakeholders for their continuing trust and support, as we are approaching an exciting but equally critical year 2019.

Khalid Sultan Al-Kuwari
Chief Executive Officer

CHAIRMAN'S FOREWORD

The year 2018 showcased Qatar's remarkable resilience in the face of the challenging business climate, we look back at QAFAC's successes reflected in the high levels of production and plant reliability as well as our remarkable safety performance throughout the year.

As a contributor to the Qatari society and economy, we are committed to creating shared value for all our stakeholders and meeting the growing demand in the non-hydrocarbon sector. The sector now accounts for more than 50% of the economy, and is surging ahead with strong growth potential, driven by the construction, trade, logistics, manufacturing and agriculture sectors.

When looking at our industry, the demand for methanol is expected to increase at a rapid pace in the upcoming years. The International Energy Agency (IEA) estimates that methanol production will see the highest growth among primary chemicals, with output increasing by more than 50% by 2030 and almost doubling by 2050. Growing demand will largely come from the Asia Pacific, which accounts for 95% of our methanol exports, and most notably China, which is predicted to be responsible for nearly two-thirds of this growth. The growth is mainly owed to the many emerging applications for methanol, particularly as a fuel additive and its use as an intermediate for producing higher-value chemicals (HVC). Fuel-related applications currently account for about 35-40% of the demand, and are motivated by their capacity to reduce local air pollutants and improve the combustion performance of various fuels, both of which are likely to become increasingly important in the future in light of climate change.

MTBE on the other hand, has been growing at a slower pace, mainly due to the availability of substitutes like ethanol. However, changes in China's environment regulatory related to fuels used in the transportation sector are expected to have a major impact on the MTBE market. In 2018 we recorded our highest ever MTBE production, reaching 698,211 MT, which is mainly exported to the Asian markets.

As the market for petrochemical products expands further as the global economy develops, the future of the petrochemicals industry is of major significance for global energy security as well as environment management. We continue to align our operational philosophies with the main pillars of Qatar National Vision 2030, the National Development Strategy, as well as global sustainable development agendas, such as the UN Sustainable Development Goals. I invite you to read through this report and find out more about how we contribute to these initiatives, which will be driving our thinking as we enter a new strategic cycle in 2020.

Finally, I would like to thank the leadership team at QAFAC, board members, all our employees and business partners for their commitment, efforts, and contributions to our business in 2018.

Mohammed Nasser Al-Hajri
Chairman of the Board

2018 SUCCESS STORIES

11.5m

Safe work hours without any Lost Time Incident (LTI)

1.09m

Tonnes of methanol produced – the 2nd highest number ever

16%

increase in revenues

698,211

Tonnes of MTBE produced – the highest number to date

100%

Reliability of methanol plant

100%

Reliability of MTBE plant

334

Total number of employee

7.8%

Female employment

3%

Employee turnover rate

75%

Spending on local suppliers and contractors

28%

Qatarization

0.59

Greenhouse gas emission intensity (tonnes CO_2e/ tonne production)

8%

Total waste recycling rate

49%

Share of wastewater recycled to the Green Belt

2

ABOUT QAFAC

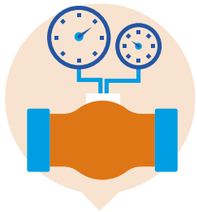
Qatar Fuel Additives Company, also known as QAFAC, is an outcome of the Nation's far-sighted strategic plan to diversify its petrochemical base and expand its downstream industries. The Company aims to optimize the utilization of the country's vast hydrocarbon resources through producing and exporting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

Methanol and MTBE are liquid chemicals used in thousands of everyday products, including plastics, paints, cosmetics and fuels. Methanol is also an emerging renewable energy resource, used in the marine, automotive, and electricity sectors. Our plant produces 1,000,000 tonnes of methanol and 610,000 tonnes of MTBE per year.

OUR HISTORY

1991

QAFAC is established by Emiri decree.



1992

Basic engineering for our facilities starts.

1993

Chinese Petroleum Corporation and Lee Chang Yung Chemical Industry Corporation (LCY-CPC) become shareholders of QAFAC.

1995

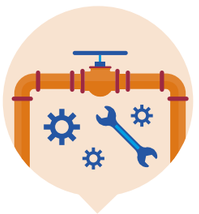
Project License Agreement is signed with Universal Oil Products (UOP) and Jacobs Engineering.

1997

EPC contract is awarded to Chiyoda.

1999

QAFAC starts operational activities.



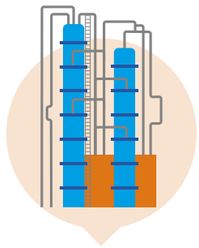
2012

Signing ceremony for a Carbon Dioxide Recovery Plant.

2014

Achieving 3 million man hours without a Lost-Time Incident (LTI)

Completed successful turnaround and commissioned CDR plant in July, 2014



2015

First full year of production of Carbon Dioxide Recovery Plant

2016

QAFAC's new corporate vision is launched.

2018

Achieving 11.5 million safe man hours without any Lost-Time Incident (LTI).

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OUR VISION, MISSION AND VALUES

By 2020, to become a world-class producer of Methanol and MTBE.

Our corporate strategy reflects our vision, which is performance oriented rather than focused solely on growth. Becoming a world-class producer means being ranked amongst the world's best by achieving the highest quality standards and operational excellence.

Our mission is to 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, and maximizing shareholders' value.

Our corporate strategy, mission and vision are underpinned by external, organizational and personal values.

EXTERNAL VALUES

Green Thinking

Environment friendly, energy savings, less pollution, sustainability

Safety

Continuous commitment towards being an HSE oriented company

ORGANIZATIONAL VALUES

Teamwork

Collaboration, synergies, mutual help, inclusive decision-making

Pursuit of Excellence

Quality, innovation, continuous improvement

PERSONAL VALUES

Trust

Mutual confidence between employees and between the company and the employees

Accountability

Focus on performance, deliver what we promise, clear objectives

OUR SHAREHOLDERS

50%

Industries Qatar (IQ)
IQ is a limited liability company registered and incorporated in the State of Qatar as a Qatari Shareholding Company (Q.S.C). Qatar Petroleum (QP) transferred all its shares in QAFAC to IQ in 2003.

20%

OPIC Middle East Corporation (OMEC)
OMEC is a wholly owned subsidiary of the Overseas Petroleum and Investment Corporation (OPIC), which in turn is beneficially owned by the CPC Corporation, Taiwan.

15%

International Octane LLC
International Octane LLC is part of the DUTCO Group of Companies that has interests in civil engineering, manufacturing, hotels, real estate and other fields both within the UAE and globally.

15%

LCY Middle East Corp. (LCY MEC)
LCYMEC is the wholly owned subsidiary of LCY Investments Corp. (LCY) that in turn is a wholly owned subsidiary of the Lee Chang Yung Group of Taiwan, one of the major suppliers of petrochemical products.

OUR GOVERNANCE AND STRATEGY

Our Directors

Mohammed Nasser Al-Hajri
Chairman

Sheikh Thani Bin Thamer Al-Thani
Vice-Chairman

Khalid Sultan Al-Kuwari
Director

Abdulaziz Khalil Al-Meer
Director

Huei-Jane Liao
Director

Chin-Jung Hsu
Director

Bowei Lee
Director

Tariq Al Baker
Director

Leadership Team

Khalid Sultan Al-Kuwari
Chief Executive Officer

Sultan Bakhit Al-Enazi
Chief Operating Officer

Anwar Farhan Al-Enazi
Chief Finance Officer

Khalifa Saif Al-Sowaidi
Chief Administration Officer

Rashid Nassib Al-Abdulla
Chief Procurement Officer

Khalid Nasser Al-Mannai
Chief Business Excellence Officer

Nicholas Fathers
Legal Manager

Corporate governance

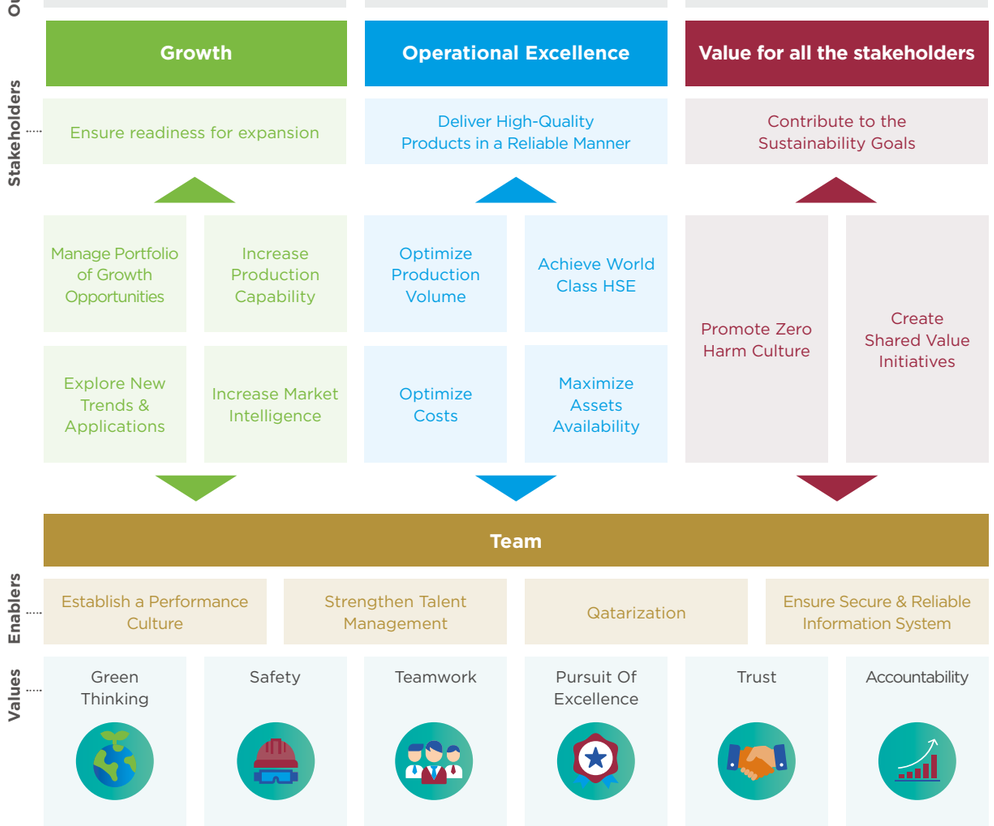
As we strive to be a truly sustainable company, we recognize that a robust corporate governance needs to be an integral component of our business and day-to-day operations. Our corporate governance framework includes a clearly articulated strategy and values, clear roles and responsibilities, well-defined management processes and systems, and an enterprise-wide approach to the management of risk.

Our Code of Ethical Conduct drives our business decisions and remain the cornerstone of the company's business conduct. The Code of Conduct provides a clear guidance to all employees on what it means to act ethically, professionally, and with integrity. It covers a wide range of topics including anti-bribery, conflict of interest, fraud, corruption, and compliance. Each year, our employees are required to make a Code of Ethical Conduct Declaration, indicating that they have read and clearly understood the code, and whether they have any actual or potential conflicts of interest. In 2018, we did not record any cases of corruption or ethical violations.

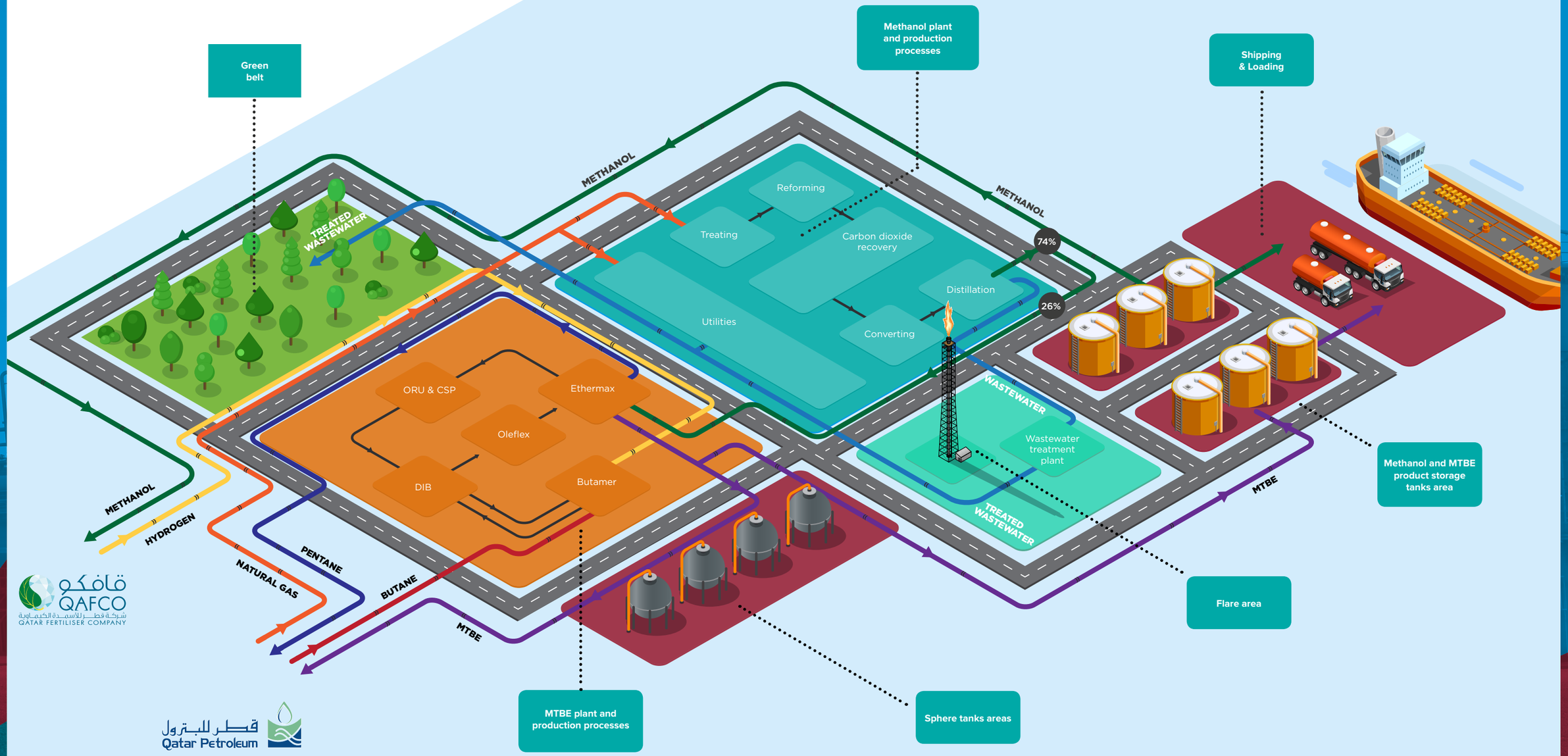
Our corporate strategy

Our corporate strategy identifies four strategic priorities for 2020: 1) Growth, 2) Operational excellence, 3) Value to all stakeholders and 4) Team, which we consider as our key enabler for the other three strategic priorities. For each area, we identified key indicators to help us focus on the metrics that matter the most to our company goals. For each area we identified internal processes and stakeholder interactions that play a critical role in the our strategic ambitions.

By 2020, to become a world-class producer of Methanol & MTBE



OUR VALUE CHAIN



Note: This diagram is for illustrative purposes only and does not necessarily reflect the exact layout of the plant or shape and design of equipment.

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We at QAFAC think the way forward is to invest in technologies that prevent damage and have a positive impact on the world, hence we seek to run our business as sustainable and efficient as possible. We believe in comprehensive planning and creating strong systems and processes for all our operations, including our sustainability management approach.

In a spirit of continuous improvement, we never stop seeking to learn and improve upon our approach to sustainability. By integrating our approach to sustainability with our corporate vision and strategic priorities, we are working to ensure it remains a core part of the way we do business, now and in the future.

—

MANAGING SUSTAINABILITY

[102-29]

Our sustainability framework

Our sustainability framework articulates the company's commitment to sustainable development. Each pillar of the sustainability framework represents a goal on our journey 'Toward Sustainability Leadership.' Reaching these sustainability goals depends on effectively addressing issues that are material for QAFAC and its stakeholders. It helps us focus on areas of our core business activities which impact the world and where we can positively influence outcomes.

TOWARDS SUSTAINABLE LEADERSHIP

- **Sustainable growth**
- **Caring for the environment**
- **Developing our workforce**
- **Strengthening our society**
- **Operating reliably and safely**

Our sustainability policy

Our sustainability policy is the roadmap that guides us towards fulfilling our sustainability goals, and developing internal management systems, procedures and tools that support the company in achieving its objective of operational excellence. The sustainability policy builds on the five-pillars of our sustainability framework and describes the high-level approach of addressing, implementing and evaluating progress across each pillar of the framework.

Sustainability Framework Pillar	Sustainability Policy Commitment
Sustainable Growth	• Expanding our market presence and operations and improving economic performance while contributing to Qatar's economic diversification. • Building strong relationships with both suppliers and customers in order to reach new levels of quality through process and product innovation.
Caring for the Environment	• Producing cleaner fuel and fuel derivative products, which will generate a reduced amount of emissions. • Managing the environmental impact of its operations through a world-class Environmental Management System (EMS) that addresses environmental issues such as energy consumption, fugitive emissions and flaring, water management, and waste management effectively.
Developing our Workforce	• QAFAC is committed to invest in the development of its most valuable asset – workforce – to support its development and wellbeing while maintaining equal opportunities for all.
Strengthening our Society	• Promoting Qatarization. • Developing a responsible supply chain with a focus on the local supply chain. • Investing in the community and promoting various sponsorship initiatives.
Operating Reliably and Safely	• Continually fine-tuning operations and investing in efficient advanced technologies. • Continually improving our health and safety management systems, while focusing on process safety and personnel safety of our employees and contractors.

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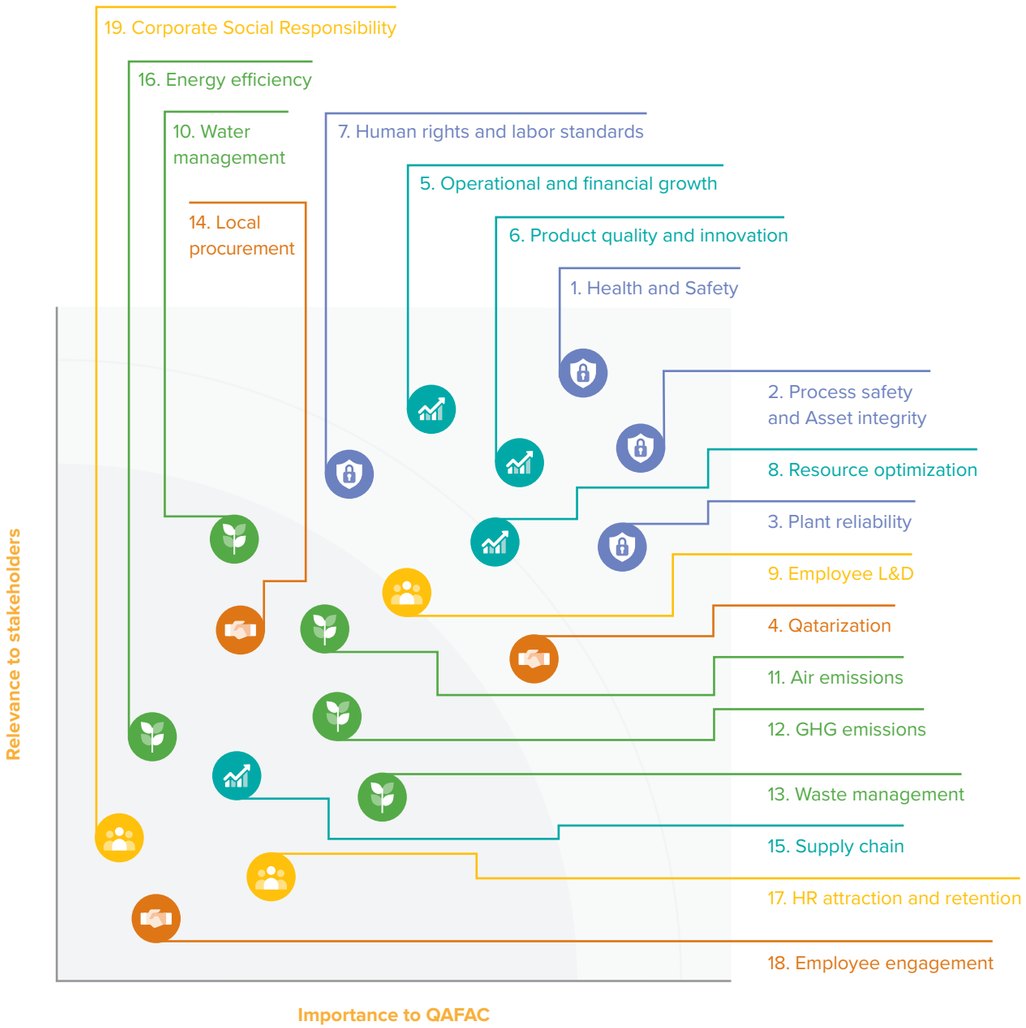
OUR SUSTAINABILITY FRAMEWORK

Through our stakeholder-driven approach to materiality, we determine the relevance of issues to address and report on, considering their significance to both our business and to stakeholders. Defining material topics helps to prioritize areas of the corporate strategy and operations, informs our sustainability framework and policy and forms the basis of our annual sustainability reporting.

The scope of materiality: Materiality covers issues of relevance for the company and its stakeholders. This includes issues over which QAFAC has a direct impact, as well as issues that are out of QAFAC's control but affect the company and its stakeholders.

The objective of materiality being responsive to the needs of stakeholders, QAFAC employs materiality analysis to align its business priorities with the priorities of its stakeholders.



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To keep our materiality assessment up to date, we periodically review our material topics against the changing context of the industry, emerging trends and the feedback we receive from our stakeholders. Our materiality assessment approach consists of the five steps:

1. Identifying material issues	We rely on multiple sources to help identify material issues of potential relevance for QAFAC and its stakeholders. The sources we refer to include: • Material issues identified by the Sustainability Accounting Standards Board (SASB) for the oil and gas refining sector. • Material issues identified by SASB for the chemical sector. • Material issues identified by several peer companies i.e. producers of methanol, MTBE and refining companies.
2. Organizing	We organize materiality issues around QAFAC's sustainability focus areas.
3. Categorizing	We categorize issues in accordance with the relevance for a given stakeholder.
4. Obtaining feedback	We communicate with our internal stakeholders regarding the priority of material issues relevant to them and to external stakeholders whom they communicate with on a regular basis, e.g. via interviews with all key functional areas of QAFAC operations.
5. Final prioritization	Material issues within each sustainability focus area are ranked in accordance with the feedback received during communication with stakeholders.

[102-21] [102-40] [102-42] [102-43] [102-44]

[102-21] [102-40] [102-42] [102-43] [102-44]

STAKEHOLDER ENGAGEMENT

We believe that constructive dialogue helps us to address and be responsive to issues of importance to our shareholders, customers, employees, the wider Qatari society and the environment. Hence, we continuously seek feedback from our diverse groups of internal and external stakeholders through a process of continuous stakeholder engagement. Thereby, we review the issues that are material to our stakeholders and in response implement corresponding actions via a variety of tailored programs, initiatives, and dialogue.

OUR SHAREHOLDERS & INVESTORS

Methods of Engagement
- Quarterly board meetings
- Active participation in QAFAC's Management Team
- Annual and sustainability reporting

Stakeholder Needs
- Financial targets and economic growth
- Legal compliance
- Governance
- Transparency and accountability
- Shareholders' sustainability mandate
- Ethics
- Operational innovation and efficiency

How We Respond to Them
- Board committees
- Monitoring of and ensuring compliance through Internal Audit Department and Ethics Committee
- Initiation of sustainability management program
- Business Excellence Department

OUR CUSTOMERS & MUNTAJAT

Methods of Engagement
- Participation in conferences and exhibitions
- Open communication and dialogue
- Monthly meetings with Muntajat

Stakeholder Needs
- Production and business continuity
- Product responsibility.
- Mutual aid and collaboration
- Supply chain management.
- Service excellence
- Open and effective communication
- Customer feedback

How We Respond to Them
- Regular dialogue with Muntajat and partners
- Membership in industry associations

THE ENVIRONMENT

Methods of Engagement
- Open and full communication with the Ministry of Municipality and Environment (MME)
- Continual monitoring and assessment of our impact on the environment
- Sustainability reporting

Stakeholder Needs
- Climate change mitigation.
- Efficient water consumption
- Resource management and optimization.
- Efficient energy consumption
- Waste management
- Compliance with environmental regulations
- Product impact and responsibility
- Supply chain impact
- Biodiversity

How We Respond to Them
- Investment in the CDR (Carbon Dioxide Recovery) plant
- Flare Management Program
- Environmental and waste management systems
- Steam Trap Management program
- Regular reporting of environmental performance
- Leak Detection and Repair (LDAR) program
- RATA (Relative Accuracy Test Audit) for CEMS (Continuous Emission Monitoring System)

QATARI SOCIETY

Methods of Engagement
- Open dialogue and collaboration with government agencies
- Career fairs
- Interaction with families of employees
- Participation in exhibitions and conferences
- Educational/HSSE awareness sessions

Stakeholder Needs
- Compliance with all regulations
- Recruitment and development of local talent
- Preparation of local community for the job market
- Job opportunities
- Community engagement
- Community contribution
- Awareness of our products' significance and impact
- Local sourcing

How We Respond to Them
- Development of CSR Policy
- Contribution to community needs
- Improvement of Qatarization rate

OUR EMPLOYEES

Methods of Engagement
- Employee satisfaction surveys (every two years)
- "Town Hall" style meetings with top management
- Informal career planning
- Intranet
- Email communications.
- Internal and external training
- Educational/HSSE awareness sessions
- QAFAC Newsletter
- HSSE Newsletter

Stakeholder Needs
- Workforce capacity and training
- Engagement and open communication
- Transfer of knowledge
- Employee satisfaction
- Safety in all operations
- Career and personal development planning
- Employee wellbeing
- Occupational health and fitness
- Rewards and recognition
- Emergency preparedness and trained safety staff
- Diverse and inclusive work atmosphere

How We Respond to Them
- Recognition and awards
- Employee/community activities
- Development and training
- Heat stress and health awareness campaigns
- Periodic medical checks
- Strong emergency preparedness measures
- Achievement of OSHAS 18001 certificate
- Process Safety Management (PSM) program
- Adoption of international safety standards and best practices (e.g. RoSPA)

DID YOU KNOW?

Methanol is a clean energy option that can be produced from natural gas, coal and a number of renewable resources including biomass, landfill gas and power plant or industrial emissions.

[102-21] [102-43] [102-44]

ENGAGEMENT IN ASSOCIATIONS AND CONFERENCES

As part of our engagement with stakeholders, we are an active member of the following strategic external associations:

The Royal Society for the Prevention of Accidents (RoSPA)

The Gulf Petrochemicals and Chemicals Association (GPCA)

Mary Kay O'Connor Process Safety Center (MKOPSC)

Methanol Institute (MI)

Asian Clean Fuels Association (ACFA)

The European Petrochemical Association (EPCA)

In addition, we regularly participate in international conferences on various subject matters. In 2018, we participated in the following international conferences:

36th Annual World Methanol Conference and Training Workshop: A team from QAFAC also attended the Conference organized by IHS Markit held in Vienna, Austria in early October. The Conference allows stakeholders to discuss key industry issues, get updates on market and technology developments and future outlooks, as well as to discuss opportunities for cooperation on a global level.

52nd European Petrochemical Association Conference: QAFAC participated in the Annual Meeting of the European Petrochemical Association (EPCA). The conference was dedicated to the theme "Petrochemicals and the Low-Carbon Economy: versatile Solutions for Greater Sustainability". The EPCA provides a unique platform for the global chemical business community to network, discuss collaborations and business development opportunities and hear from an impressive line-up of world-class speakers on recent industry developments.

ALIGNING OUR PRIORITIES

As a responsible corporation, we are keen to demonstrate commitment and promote the United Nations 2030 Agenda for Sustainable Development. We aim to contribute to meeting those Sustainable Development Goals (SDGs) that most directly relate to our business and where we can add most value.
We place particular importance on SDGs 8 and 9. SDG 8 seeks to promote decent work and support economic growth, through diversification, technological innovation, promoting youth development, and safe working conditions. We also focus on SDG 9 which strives to enhance technological capabilities, resource use efficiency and quality and sustainable infrastructure.
The table below outlines the alignment of QAFAC's sustainability pillars and contributions to the achievement of the United Nations Sustainable Development Goals (SDGs). Detailed information on QAFAC's contributions to the specific targets of each SDG can be found within the relevant chapters of this report.

Sustainability Pillars	QAFAC's contributions	Relevant UN SDG Targets
Sustainable Growth		
Economic performance	We continue to make significant economic contributions through the payments we make to contractors and suppliers and through the wages and benefits we provide to our own employees. In 2018, indirect economic value generated was 105,441,000 USD.	8
Operating Reliably and Safely		
Sustainable infrastructure	We continue to rehabilitate and expand our infrastructure based on the latest green building requirements; our goal is for newly constructed building to be GSAS certified. In 2018, we completed several projects to upgrade our infrastructure, including the installation of a special stand-alone industrial elevator and an additional firewater tank. We also started phase I of the QSSA project (QAFAC Support Services Area) with a view to continue to phase II later on. All these projects are designed to improve efficiency and support safe and reliable operations.	9
Reliable and efficient operations	We continually invest in human and non-human resources to improve plant reliability and maintain strong production. In 2018, we achieved the highest MTBE production figure in QAFAC's history and achieved 100% reliability in the Methanol plant and 99% in the MTBE plant. These achievements were accomplished as a result of the ongoing programs and initiatives, such as the advanced process control systems that help reduce energy and butane consumption within the MTBE plant in addition to the use of performance information dashboards that help to improve decision making in key areas of performance.	8, 12
Process safety	Our process safety management program aims to align our safety procedure with the world's best industrial practices. Our performance has been good in past years - with 0 process safety incidents - and we remain vigilant and active in our management of process safety risk. In 2018, we successfully completed our three-year AMAN program - an integrated process safety management system which helped build a robust and sustainable process safety culture at QAFAC.	8
Occupational health	We have a wide-ranging health and wellbeing programme for our employees. In 2018, we provided more than 6,437 HSSE training hours, covering a diverse range of topics such as emergency response training, first aid, heath stress awareness and permit to work processes. There were 0 fatalities in 2018 and 0 lost time incidents. We also work closely with our contractors to meet our safety standards and make no distinction between the standards we expect of employees and contractors.	3, 9
Developing our workforce		
Workforce diversity	We are proud to be an equal opportunity employer. We are committed to fostering diversity and building an inclusive corporate culture where employees can reach their potential regardless of gender or ethnicity. As a result, we promote equal employment, training and career development opportunities for women and seek to help address the challenge of youth unemployment through the different initiatives we've put in place. In 2018, employees aged 18-30 made up about 15.6% of our total workforce.	5, 10
Developing our people	We continue to invest in developing our people and in fostering a culture of learning, innovation, and excellence in QAFAC. In 2018, we provided 6,437 training hours for our employees with a focus on developing leadership and technical skills. A total of We have 11 QAFAC employees studying degree programs at overseas universities and 3 more are undertaking diplomas in various disciplines locally.	4
Caring for the Environment		
Climate change and energy efficiency	Climate change is one of the most critical global challenges, as it represents an urgent and irreversible threat to the planet. We seek to contribute to the fight against climate change, while providing our products to meet present and future demand. We seek to implement closed loop processes that result in cost savings, and reductions in emissions, waste and raw materials. Prime examples are our SNCR (Selective Non-Catalytic Reduction) plant at our Methanol Reformer and our Carbon Dioxide Recovery (CDR) plant which forms part of the methanol plant and uses production resources at maximum efficiency, while simultaneously avoiding significant emissions of carbon dioxide.	9, 13
Waste management	Our production processes do not generate significant volumes of hazardous and non-hazardous waste, as our operations are natural gas based. Nevertheless, we aim to reduce waste generation wherever possible, which is mostly focused on domestic sources where we continue to establish best waste management practices. We have programs in place to safely handle chemical waste and reduce waste generation through recycling.	12, 13
Water management	Water efficiency is of great importance to our business. To overcome our water scarcity challenges, we have waste water treatment units that enable us to treat water and reuse it in our operations and irrigation. Currently 35% of our waste water is recovered at our CDR plant, making up 16% of our total freshwater use. In 2020 our new near-zero liquid discharge N-ZLD plant is scheduled to be commissioned, targeting an 85% water recovery rate. In 2018, 49% of our wastewater was recovered and reused within the plant and for irrigation.	6, 13
Strengthening Our Society		
Indirect economic impact	We prioritize purchasing goods and services locally to help strengthen local economic development. QAFAC's procurement strategy requires that, at a minimum, 60% of procurement tenders are awarded to local vendors registered in Qatar. We give precedence to purely national companies. In 2018, 75% of total procurement spending was awarded to locally based contractors and suppliers.	12, 8
Qatarization	Our commitment to Qatarization is reflected in the educational and training support as well as the scholarship opportunities we offer to Qatari nationals.	4, 8
Contribution to research and innovation	We are always seeking to partner with local educational institutions to study relevant technical issues, such as the environmental impact of residual chlorine and thermal discharges into the Arabian Gulf. We also continue to participate in a brine study initiated by all MIC industries to test the effects of brine on marine ecosystems.	9, 14, 17
Supporting the needs of society	As a Qatari company, we strive to continuously contribute to the Qatari society. We are committed to supporting development programs with benefits that are based on the needs of communities, improve quality of life, and create a sustainable future. In 2018, we invested a total of QR 1,118,268 in community initiatives.	10, 11
Supporting the spirit of Qatar	QAFAC continues to support and celebrate Qatar's cultural heritage, paying tribute to the rich and diverse heritage and culture of Qatar by celebrating its National and Sports Day every year.	16

Sustainability Framework	Toward Sustainability Leadership	Sustainable Growth	Caring for the Environment
Sustainability Policy commitments		• Expanding market presence and operations, and improving economic performance while contributing to Qatar's economic diversification • Building strong relationships with suppliers and customers to reach new levels of quality through process and product innovation	• Producing cleaner fuel and fuel derivative products, which will generate lower emissions • Managing the environmental impact of operations through a world-class Environmental Management System (EMS) that addresses environmental issues such as energy consumption, fugitive emissions and flaring, water management, and waste management effectively
Corporate objectives	• Maximize revenues • Excel in lean production • Deliver value in line with QNV 2030 • Contribute to sustainability goals	• Ensure readiness for expansion • Manage portfolio of growth opportunities • Increase production capacity • Explore new trends & applications • Increase market intelligence • Optimize production volume • Optimize costs	• Achieve world-class HSSE • Contribute to sustainability goals
Material issues	• Sustainability Management	• Operational and financial growth • Resource optimization • Product quality and innovation • Supply chain	• Energy efficiency • Air emissions • GHG emissions (climate change) • Water management • Waste management
2018 Targets	• Achieve 85% on sustainability index	• Methanol plant reliability: 96% • MTBE plan reliability: 94%	• Energy intensity: 13.5 GJ/tonne production • Freshwater consumption: 1.5 million m3 • Waste water recycled: 80%
Progress During 2018	• Achieve 113% on sustainability index	• Methanol plant reliability: 100% • MTBE plant reliability: 99%	• Energy intensity: 13.3 GJ/tonne production • Freshwater consumption: 1.9 million m3 • Waste water recycled: 79.4%
2019 Targets	• Achieve 85% on sustainability index	• Methanol plant reliability: 82% • MTBE plan reliability: 88%	• Energy intensity: 13.5 GJ/tonne production • Freshwater consumption: 1.5 million m3 • Waste water recycled: 80% • Total GHG emissions (tons of CO_2): 920.000 • Total waste disposed (tons) hazardous only: 1,000
NDS 18-22		• Enhancing economic stability • Maximize the highest values from the extraction process of Qatar's oil and gas fields to ensure the continuation of revenue flows and to conserve the hydrocarbon wealth for future generations. Enhancing technical efficiency • A smart and sustainable infrastructure that supports urban and economic development in Qatar • National development efforts that contribute to promoting the sector strategies alignment with international standards • Effective human and institutional capacities for international cooperation	• Promote sustainable environmental practices • A less polluting environment that ensures the health of humans and ecosystems • Sustainable and diversified energy resources in the State of Qatar • Sustainable and diversified water resources • An environment that preserves biodiversity to ensure sustainable development and human health and well-being
QNV 2030	• Promoting sustainable prosperity • Reasonable and sustained rates of economic growth that secure a high standard of living for this and future generations	• Long-term maintenance of strategic reserves of oil and gas to meet the needs of national security and sustainable development. • A business climate capable of attracting foreign funds and technologies and encouraging national investments	

Sustainability Framework	Developing our Workforce	Strengthening our Society	Operating Reliably and Safely
Sustainability Policy commitments	• QAFAC is committed to invest in the development of its most valuable asset – our workforce – to support its development and wellbeing while maintaining equal opportunities for all	• Promoting Qatarization • Developing a responsible supply chain with a focus on the local supply chain • Investing in the community and promoting various sponsorship initiatives	• Continually fine-tuning operations and investing in efficient advanced technologies • Continually improving our health and safety management systems, while focusing on process safety and personal safety of our employees and contractors
Corporate objectives	• Establish a performance culture • Strengthen talent management	• Contribute to the sustainability goals • Create shared value initiatives • Qatarization	• Deliver high-quality products in a reliable manner • Achieve world-class HSE • Maximize assets availability • Ensure secure and reliable information system • Promote zero harm culture
Material issues	• Employee leadership and development • Human resource attraction and retention • Employee engagement	• Local Procurement • Corporate Social Responsibility • Qatarization	• Health and safety • Human rights and labor standards • Process safety and asset integrity • Plant reliability
2018 Targets	• Zero human rights violations reported • 100% of employees have a tailored set of objectives • 8 hours of training per employee (average)	• 35% Qatarization • Deliver 2 activities in line with Qatar's sustainable goals	• 0 process safety incidents • 0 LTA • 0 TRIR
Progress During 2018	• Zero Human rights violations reported • 95% of employees have a tailored set of objectives • 19.7 hours of training provided per employee	• 28% Qatarization • 5 activities delivered in line with Qatar's sustainable goals • 60% of shared value initiatives completed • 75% spending on local suppliers and services	• 0 process safety incidents • 0 LTA • 0.64 TRIR
2019 Targets	• Turnover Rate: 2% • 100% of employees have a tailored set of objectives • Average training hours per employee per year: 20	• 35% Qatarization • 2 activities delivered in line with Qatar's sustainable goals • 75% spending on local suppliers and services	• 0 process safety incidents • 0 LTA • 0 TRIR
NDS 18-22	• Equip the Qatari companies, which manage and operate oil and gas fields, with higher technical and operational skills. • A labour market that encourages investment in human capital development • A labour market that provides skilled and highly productive expatriate labour • Increase the number of science, math, technology and engineering graduates in government scholarship programmes by at least 50% by 2022. • Enhance productivity levels across priority sectors	• Promote vibrant entrepreneurship and innovation culture, especially among Qatari nationals • An integrated, effective and sustainable social welfare system • Implement initiatives and programmes to support meeting the youth needs and aspirations by the end of 2022 • Petrochemical and refining industry with greater value added that achieves the highest possible income and supports Qatar's strategic options • Develop contracting and procurement processes that optimize efficiency and value • A high level of community cultural and sport participation	• Healthy and safe employees • Enhanced health promotion and disease prevention • Enhanced health protection
QNV 2030	• Promoting human development • Establish a secure and stable society operating on the principles of justice, equality, and the rule of law • Protecting the rights of expatriate labor • High quality training opportunities for all citizens, corresponding to their ambitions and abilities • Recruitment of the right mix of expatriate labor	• Incentives for Qataris to enter professional and managerial roles • Taking and integrated approach to sound social development • A vigorous oil and gas sector that generates advanced technological innovations and contributions to the development of human resources and economic capacity throughout Qatar	• A skilled national workforce capable of providing high quality health services • Protecting the safety of expatriate labor

4

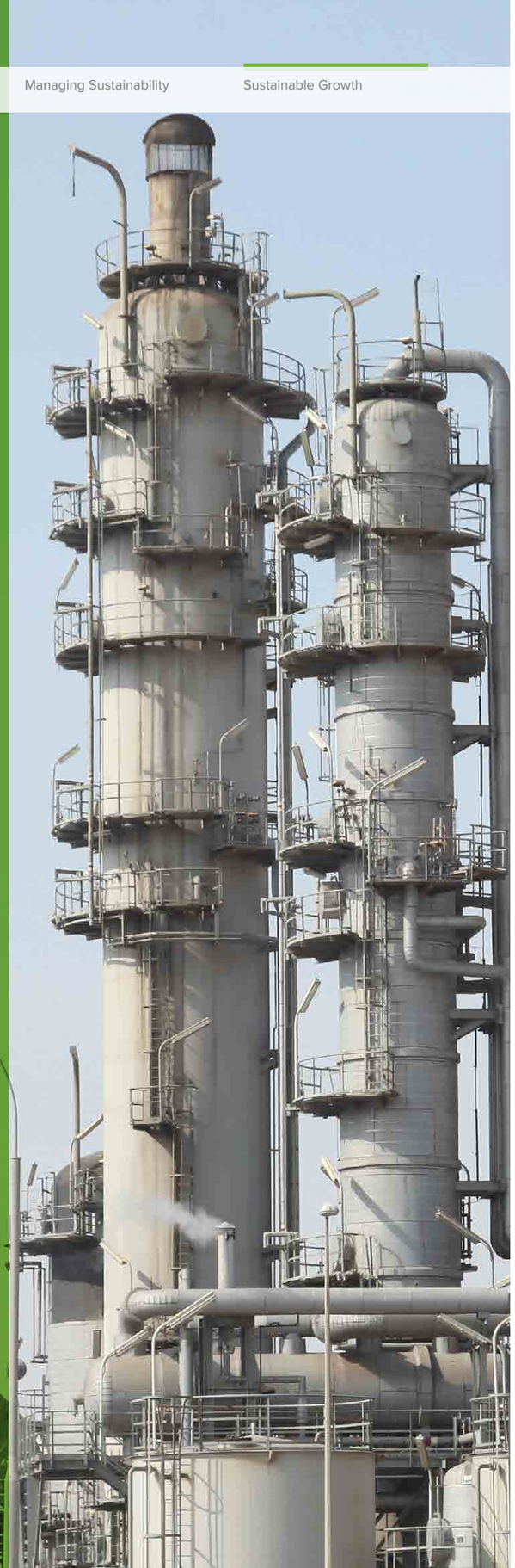
SUSTAINABLE GROWTH

Sustainable growth at QAFAC means conducting our business in a way that promotes durable financial development, a healthy environment, vibrant communities, and focusing consistently on high-value and reliable products.

While demand for methanol is expected to increase in the upcoming years owing to its wide variety of end-user applications, global and particularly regional economic conditions remained a challenge, particularly the volatility of oil prices as well as the blockade of Qatar by its neighboring countries. Throughout this period, we have remained resilient, withstanding price competition and focusing on increasing our operational efficiency and reliability and improving the quality of our products.

Material issues covered in the section:

- **Operational and financial growth**
- **Resource optimization**
- **Product quality and innovation**
- **Supply chain**



[201-1]

OUR PRODUCTION PERFORMANCE

Our methanol plant is designed to produce 3,000 metric tonnes per day of US Federal Grade AA methanol. We also produce approximately 1,830 tonnes of MTBE (Methyl Tertiary-Butyl Ether) per day. In 2018, methanol production increased by almost 2%, and MTBE production increased by 3.4% compared to 2017, reaching our highest MTBE production rate and second highest ever methanol production figures.

Production by main products

Methanol (tonnes)

2014	869,271
2015	1,118,210
2016	903,767
2017	1,067,020
2018	1,091,340

MTBE (tonnes)

2014	600,342
2015	688,450
2016	664,835
2017	674,982
2018	698,211

Pentane (tonnes)

2014	8,194
2015	11,035
2016	11,195
2017	12,288
2018	11,433

[201-2]

SUSTAINABLE USE OF OUR PRODUCTS

Our products are used daily, both directly and indirectly. We serve a wide range of industries, including automotive, agriculture, construction, furniture, oil and gas, textiles, adhesives, pharmaceuticals, and many more.

Methanol

Methanol is a clear, colorless, water soluble, readily biodegradable and flammable liquid with a characteristic odor, manufactured from wood, petroleum, naphtha and natural gas.

Methanol has been one of the world's most widely used industrial chemical and is key component for the production of countless everyday products. It is used a raw material by the automotive, electronics, paints and solvents as well as construction industry for many items we use every day, such as:

- **Plastics, including polyester fibers and PET plastics**
- **Propane suppliement in cooking gas, and aerosol spray-can propellant**
- **Adhesives, resins and glues**
- **Furniture and carpeting**
- **LCD TV and computer screens**
- **Plywood subfloors**
- **Silicons, windshield and washer fluid**
- **Vaccines and other pharmaceuticals**

As methanol considered a cleaner alternative to conventional fuel produced from natural gas, it is increasingly recognized as an attractive **energy alternative** and employed around the globe in a number of innovative ways to meet our growing energy demand:

- **Transportation: a clean–burning fuel to replace diesel in cars, trucks and buses**
- **Fuel cells: a key component (hydrogen carrier) to develop different types of fuel cells**
- **Marine: a sulphur free, low emission fuel with higher energy efficiency to power vessels and ships**
- **Electricity: a viable replacement to oil as a fuel for backup generators or during peak times**
- **Dimethyl ether (DME) and bioDME: a replacement for propane in liquid petroleum gas (LPG) products**
- **Boilers & cookstoves: a clean-burning, safe, affordable replacement for biomass and wood**
- **Bio diesel: a key component in the process to convert oils and fats into biofuel**

In addition, methanol plays a crucial role in reducing environmentally-damaging effluent that is discharged by wastewater treatment facilities. Through a process known as "denitrification", methane converts the harmful nitrate into nitrogen gas which is then vented into the atmosphere. It therefore has the potential to help increase water quality, by eliminating causes for algal bloom in watersheds which block oxygen and sunlight from reaching marine life below the surface.

MTBE

Methanol is also used to produce methyl tertiary-butyl ether (MTBE) which is a colorless flammable and clean-burning liquid. Hence, it is mainly used as a fuel additive in motor gasoline to reduce the tail gas pollution generated by motor vehicles, such as volatile organic compounds (VOC) and particulate matter (PM), which in turn improves air quality due to more complete combustion.

DID YOU KNOW?

Methanol is used as a key component in the development of different types of fuel cells – which are quickly expanding to play a larger role in our energy economy. From large-scale fuel cells to power vehicles or provide back-up power to remote equipment, to portable fuel cells for electronics and personal use, methanol is an ideal hydrogen carrier.

Source: Methanol Institute

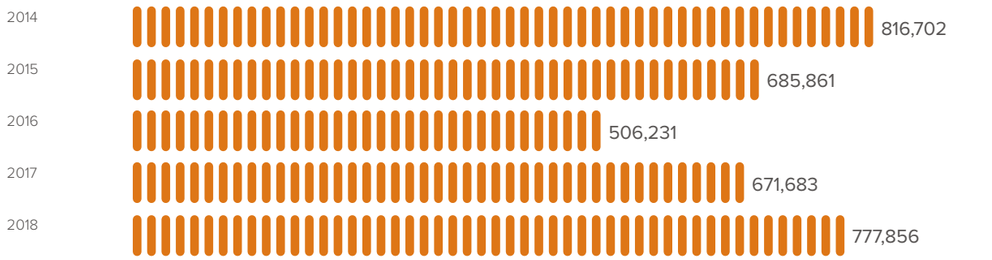
QAFAC's state-of-the-art Carbon Dioxide Recovery plant, operational since 2014, has increased our production by utilizing pure CO_2 in our synthesis loop in the methanol plant. Additionally, it has reduced our emissions of CO_2 by 500 tons/day.

[201-1]

ECONOMIC PERFORMANCE

Despite a challenging environment, our revenues increased by approximately 16% in comparison to 2017, as a result of higher average product prices and record production levels. More than three quarters of our methanol is exported, 95% of which to Asian markets, which will remain a major driver of growth.

Financial performance



Supply chain management continues to play a vital role in the reliability of our operations, ensuring that all materials, parts and equipment are available when needed. We work with our suppliers to ensure we achieve the best possible value for money, hence we started the **Ta'win Synergy Development** program in collaboration with Q-Chem, Qatalum, QAFCO, Qatar Steel and QAPCO in 2017. The program is aimed at creating sourcing synergies to reduce costs by focusing on large aggregate orders across companies for preferential pricing, for example, in the procurement of health and safety equipment and health insurance packages. This effort has involved mapping procurement spend, identifying areas with the potential for savings, creating topic specific task forces, and launching pilot projects. Additionally, in 2018, the Procurement Department developed a vendor categorization system where all active vendors are categorized into specific categories and commodities in the SAP system based on their specializations, which has resulted in reduced purchasing costs, competitive prices from potential vendors, and reduced risk in the supply chain as well as increase overall value from the supply base. Quick win savings have already been made, and best practices shared. This synergy program will continue into 2021-22, with the goal of making these synergistic projects business as usual.

MANAGING RISK

Risk management forms an integral part of our business success and serves as the beacon of our strategic planning. As a result of our continuous efforts to enhance and integrate our risk management processes across all departments, we became the first petrochemical company in Qatar to receive ISO 22301 certification for business continuity management. We conduct risk assessments periodically to reflect new risks in the scope, and perform a business impact analysis (BIA), identifying and assessing critical processes impact on the business, every three to four years. In 2018 we revamped our enterprise risk management (ERM) and business continuity management (BCM) frameworks, mainly as a response to the blockade. As a result of our recent risk assessment, we plan to implement a number of initiatives related to vulnerability assessment and penetration testing, data classification, leakage prevention, data integrity as well as identifying back-up suppliers to increase resilience in the supply chain.

Audit

We consider internal audit to be one of our risk management lines of defense. We are a member of the Information Systems Audit and Control Association (ISACA), the EC-Council, and adhere to the Institute of Internal Auditors (IIA) framework. We carry out a quality assessment during shareholder audits to ensure continuing conformance with IIA standards. Our Audit department interacts with our Board on a quarterly basis and follows a 3-year audit plan that specifies areas of focus for each year.

As part of our Process Safety Management (PSM) 'AMAN' project we also developed a new PSM system audit procedure and full suite of protocols that will ensure the tracking and monitoring of the management system effectiveness and compliance. Relevant QAFAC personnel were trained on the auditing of the new PSM system and 13 audits of the new PSM procedures were completed.

Certifications

We continuously seek to standardize our operations, and to operate in a safe and reliable manner to meet the stringent requirements of several ISO certifications including:

- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- BS OHSAS 18001:2007 Occupational Health and Safety Management System
- ISO/IEC 27001:2013 Information Security Management System
- ISO 22301:2012 Business Continuity Management System

In 2018 we also completed the second self-assessment to attain Responsible Care® certification, the chemical industry's global initiative to continuously improve environmental, health, safety and security performance, and business operations. The goals and principles of Responsible Care are directly relevant to our core operations and as a member of the Gulf Petrochemical Association (GPCA), which adopted the initiative in 2006, we have been working to uphold its guidelines.

DID YOU KNOW?

Methanol has a long history of use in racing vehicles where it is valued both for its power producing properties and its safety aspects relative to gasoline: it is harder to ignite, it burns more slowly, it emits no black smoke and emits lower radiant energy, which makes surrounding materials less likely to catch fire.

Source: Methanol Institute

[203-1] [302-5]

IT SUPPORT

At QAFAC, we believe that an effective IT system is a business imperative and key enabler in achieving our strategic business objectives. Hence, we aim to align our IT systems with our corporate strategy and the company's corporate objective of "Informed Decision Making", and integrate core risk control processes across the company.

Our approach to IT is underpinned by six strategic principles which define the operating mechanism and culture of our IT system: IT as Investment, Centralization, Standardization, Reuse, Efficiency & Effectiveness and Information Security. They set a rule-based framework, while delivering maximum value to the business at optimum cost and risk.

In 2018 we started enforcing the new Information Security & Compliance Policy, working on real time to control information and cyber security incidents from internal as well as external threats, to protect organization's information assets and systems. We also developed a new website, including more content and highlighting areas such uses of methanol, safety and environment.

Our new corporate intranet – Manarah2, a comprehensive all-in-one application – went live in 2018. The platform features an impressive suite of tools to effectively enhance communication and collaboration, improve business processes while serving as a centralized hub of information and ultimately promoting a social culture. We also recently implemented SAP Fiori, a new mobile app for accessing SAP applications, such as functions such as Apply Leave, Approve Leave, Access Payslips, Approve Shopping Carts, Employee Lookup and Team Calendar.

In addition, Al-Salamah ensures that contractors' healthiness, certifications, training, induction, and insurances are all properly vetted before they are permitted at QAFAC sites. The automated system also provides and supports an end-to-end visitor management process including the necessary approvals before a visitor is granted the requested site access. The system was deployed at the QAFAC Mesaieed Plant and the QAFAC Head Office at the Gate Mall in 2018, and is planned to be rolled out to other areas of the plant in 2019.

Lastly, we also implemented various projects to ensure business continuity, e.g. related to uninterrupted power supply in Mesaieed Industrial City, disaster recovery testing and external monitoring at night and on weekends.

AUTOMATIC HEADCOUNT SYSTEM INSTALLATION

Our Al-Salamah project, a multi-faceted headcount and surveillance project implemented together with the HSE department, continued throughout 2018. Al-Salamah system leverages state-of-the-art technology from Honeywell and RightCrowd to ensure that all employees, contractors and visitors are safe and secure, both during normal operation and in the event of an evacuation. Among other benefits, the system gives us the ability to monitor employees and contractors for safety factors such as fatigue and heat stress. The system ensures that only people who are trained and certified to work in specific and potentially hazardous areas are granted access to the respective locations via a single access while also tracking the time automatically.

SUSTAINABLE INFRASTRUCTURE

To improve our financial and operational performance, we continue to rehabilitate and expand our infrastructure based on the latest green building requirements. Our goal is for all newly constructed buildings to be in accordance with the Global Sustainability Assessment System (GSAS), which aims to create a sustainable built environment that minimizes ecological impact while addressing specific regional needs and Qatar's environment, such as energy demand, water consumption, land conservation, material disposal, cultural conservation and support to the national economy.

In 2018, work continued on several projects to upgrade our infrastructure, including the completion of an additional fire water tank, conducted with zero accidents or injuries, as well as the commissioning of a new MTBE pipeline to QP. We also successfully installed a natural gas cyclone filter in the feed line from QP, which helped resolve the issue of carbon in the natural gas feed and improved performance of the natural gas feed heater and plant resin.

The establishment of our Carbon Dioxide Recovery (CDR) plant and our SNCR (Selective Non-Catalytic Reduction) plant at our methanol reformer are two other successful previous projects that stand testimony to our efforts in this direction. All these projects are designed to improve sustainability, efficiency and support safe and reliable operations.

Looking forward, we are fully engaged in the planning of our major turnaround activities in 2019. As turnaround projects have a significant impact on plant availability, we are working to make sure the process the scope is clearly defined, and the work is conducted efficiently and safely. We will also continue to work on the installation of a third boiler for steam production to cut our NO_x emissions, and to commission our near-zero liquid discharge system by the end of 2020, which will help us recover 85% of our waste water.

Further information is provided in the 'Caring for the Environment' section of this report.

New Fire water tank constructed in year 2018

Nehad El-Shammaa

Position: Senior Executive Secretary for CEO

Started working at QAFAC in: 2011

What do you most like about working at QAFAC?

I really appreciate the family-oriented atmosphere at QAFAC, which is really great when you are an expat from another country and you don't necessarily have your family and friends around you. Everyone at QAFAC is so helpful and supportive and encourages you to do grow on the job, and there are great opportunities to develop and improve your skills. I took the chance to improve my skills via the corporate e-learning program, which is open for every employee, and the company awarded my efforts by giving me more responsibilities. You can choose whichever courses you want and even receive a certificate for those courses you complete, which is always good to have.

What are some of the initiatives that have helped enhance sustainability at QAFAC?

The PSM AMAN project has been a milestone in process safety.

How has your knowledge about sustainability at work affected your personal life?

I completed a first-aid program at QAFAC, and I am looking forward to the upcoming first-aid program which will be specifically designed for ladies. We learned things like how to help injured people or how to react in choking and heart-attack incidents, and now I feel much better equipped and confident to react in cases of emergency.

5

Safety continues to be our core value. Operating in a reliable and safe manner is a critical component in our business decision making and lies at the heart of our company. It is vital that we meet the highest health and safety standards in all our operational activities to ensure 'zero harm' for all our employees, contractors, visitors, customers, and shareholders.

We manage safety across our businesses through a combination of rigorous systems, procedures, and by building a culture of safe operations. Our standards and operating procedures define the controls and physical barriers we require to prevent incidents. QAFAC manages safety risks in line with company policy and procedures, and local laws. Contractors must abide by the terms of their contracts with relevant permits and approvals.

We invest consistently in our people, plants, and processes to reduce operational risk and drive continuous improvement. In all our projects, we foster Health, Safety, Security and Environment as core values. Each person is encouraged to understand the importance of good health and their role in creating a safe workplace.

Material issues covered in the section:

- **Health and Safety**
- **Human rights and labor standards**
- **Process safety and asset integrity**
- **Plant reliability**

OPERATING RELIABLY AND SAFELY

[404-2]

RELIABLE AND EFFICIENT OPERATIONS

Reliable and efficient operations are fundamental to ensuring top performance. In 2018, reliability in our Methanol plant was 100% (against our internal target of 96%) while reliability in our MTBE plant averaged 100% (against our internal target of 94%).

Monitoring production

Daily and monthly production dashboard meetings form the core of our operational management at our methanol and MTBE plants. The dashboards help us track and review performance improvements at all operational levels and enable us to initiate improvement actions where necessary. They provide a basis for face-to-face discussions about performance, which is valuable for creating a mindset of continuous improvement. Clear and accessible production information also enables us to set and monitor performance against targets - in the context of our goal of becoming a world-class producer of MTBE and methanol.

Enhancing plant reliability

To maintain strong production, we continually invest in human and non-human resources to improve plant reliability. Over the performance years, our initiatives have delivered value by reducing operational interruptions, generating higher production levels and delivering good HSSE performance.

These initiatives and programs include:

- The creation and use of performance information dashboards, at executive level. These provide real time performance information that help to improve decision making in key areas of performance.
- An approach to risk-based inspection, which provides for dynamic and planned inspection and maintenance activity and enable us to keep a firm grip on operational risks.
- Advanced process control, which introduces systems to reduce the energy and butane consumption within the MTBE plant, as well as enhance production volume by reducing fluctuations affecting plant operation. Since the three major controllers were put into operation in 2016, benefits have ensued in terms of smoother plant operation, reduction of process deviation alarms, improvement in production, and steam savings.
- Our Operator Training Simulator (OTS) is a tool to train and enhance the competency of plant operators, allowing them to train and enhance their competency on regular intervals on real time scenarios at replicas of our methanol and MTBE plants. This will facilitate us to excel in safe, reliable and continuous plant operation. OTS units have been procured and will be ready for use by the end of 2019.
- Developed an overarching Mechanical Integrity & Quality Assurance Manual (MIQA) manual, focusing on installing, maintaining (and improving) assets as per the specifications of the equipment design basis. A comprehensive set of sub procedures guides the MIQA program in managing process management safety critical equipment and associated tasks

PROCESS SAFETY

Our process safety management program aims to align our safety procedure with the world's best industrial practices, helping us to identify, understand and control process hazards to prevent process-related injuries and incidents. Process safety and ensuring the physical integrity of our assets is a fundamental priority at QAFAC and underpins the achievement of excellence in our performance. Good process safety ensures continuity of business operations, safeguards healthy and safe working conditions for our employees and contractors, minimizes the impact of production activities on the environment, and results in greater acceptance among local society.

In our operations, we follow the OHSA 1910.119 Management of Highly Hazardous Chemicals model to analyze our safety practices, identify gaps, and implement recommended process safety improvements that would help us achieve excellence in HSSE practices. This standard defines the minimum requirements that must be in place to ensure deficiencies are adequately addressed. Such deficiencies can lead to unacceptable risks to safety, health and the environment or losses of assets and/or production.

Over the last three years, we have been successful in establishing a robust and well-integrated HSSE and PSM governance structure at QAFAC, with the help of our external consultant DuPont. In 2018 we completed our landmark three-phase Process Safety Management (PSM) program called 'AMAN', which was kick-started in 2016. Phase 1 targets were accomplished in 2016, Phase 2 in 2017 and Phase 3 in 2018. AMAN, which aims to promote a 'visibly felt leadership & safety culture' at QAFAC, has aligned our safety procedures in line with world-class practices. On December 16th 2018 a Reward & Recognition Ceremony was held to recognize the tremendous efforts of QAFAC employees from all disciplines and departments made towards achieving this milestone and timely completion of the program.

The programs objectives are:

1. Embedding a risk-based approach to process safety management,
2. Building a consistent risk culture and mindset across the organization,
3. Developing the right capabilities to maximize knowledge retention, in particular for process safety critical roles
4. Establishing an effective organizational learning process.

The graphic on the next page highlights the key milestones and initiatives of the program under each Phase.

Overall, process safety performance at QAFAC facilities has been excellent over the years, with no loss of containment / process safety incidents over the past two years, and all safety incidents being fully investigated. However, we remain vigilant and active in our management of process safety risk

DID YOU KNOW?

Methanol is ideal for fuel transportation applications due to its efficient combustion and low cost in comparison to other fuels. Replacing reformulated gasoline with methanol will reduce many harmful and toxic by-products, making it a more environmentally friendly fuel. When combustion of methanol fuel takes place, emissions of unburned carbons and carbon monoxide are lower, less reactive, create less ground-level ozone and smog, and result in fewer NO_x emissions than regular fuels.

Source: Methanol Institute

Process safety performance	2014	2015	2016	2017	2018
Loss of containment (LOC) / Process safety incidents	0	1	1	0	0
Safety incident investigation initiated	2	2	2	3	1
Safety incident investigation completed	2	2	2	3	1

Cholaperumal Subramanian

Position: Reliability Manager

Started working at QAFAC in: 2009

What do you most like about working at QAFAC?

If I had to choose one thing it would be appreciative and understanding management – and the fact that you have the freedom to implement your ideas, which is not a given quality in every company. Also the team culture here is great, it's all about getting things done.

What are some of the initiatives that have helped enhance sustainability at QAFAC?

As a Root Cause Analysis (RCA) Champion, our RCA Team has carried out root causes analysis of plant incidents which affect equipment integrity and reliability. The recommendations put forth by our team will be implemented during Turnaround 2019.

How has your knowledge about sustainability at work affected your personal life?

The Process Safety Management project definitely brought changes in people. Now they not only think about their personal safety, but about the others as well. We all should carry this learning home and be more conscious about the safety of other people.

QAFAC PSM AMAN PROGRAM OUTCOMES

Our vision

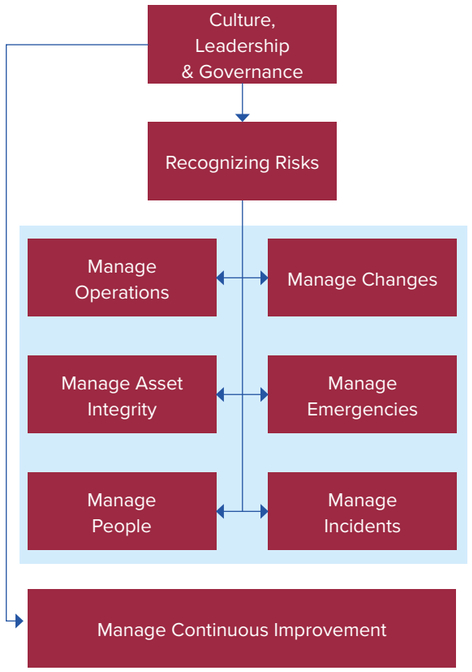
Here at QAFAC we are moving forward into the challenging future with the clear vision of becoming a world-class producer of Methanol and MTBE by 2020. One of the key components in our action plan to realise this vision has been the AMAN program. As you know, this is a comprehensive program aimed at laying a solid foundation towards achieving major and sustainable improvements in QAFAC HSE culture and performance (particularly in the area of Process Safety Management, PSM).

This program is founded on the belief that ALL injuries; occupational illnesses; process safety, workplace safety, and environmental incidents are preventable. With this clearly in mind it is our aim to relentlessly pursue the goal of zero injuries and occupational illnesses; also process safety, workplace safety, and environmental incidents

Assessment

- Safety culture maturity survey
- 22 element assessments to assess the current state
- Leadership workshop to Envision the Future State
- Develop implementation road map to plan the transition

Risk-based PSM model



2015

2016

PHASE 1

Leadership and Culture

- Safety as core corporate value that is felt, communicated and lived by the entire organization
- 9 Life Saving Rules that are instilled as a core value and overarch all other internal considerations within the organization
- Introduced a customised Behavioral-Based Safety (BBS) Observation program that drives the overall safety culture

PSM Competency Development

- Developed a Competency Matrix tool encompassing the full suite of PSM elements
- Identified the critical PSM roles across the organization forming the foundation for the new PSM Competency matrix tool
- Determined the level of competency required for each of the PSM critical roles

SOP/ SWP

- Updated selected SOP's to include essential process and safety information to ensure that personnel recognize and manage the risks in an efficient manner
- Upgraded Job Hazard Analysis and workshop safety procedures

Performance Management

- Developed QAFAC's PSM Performance Management Procedure including a list of leading and lagging PSM indicators
- Achieved an increased awareness of HSSE & PSM performance across the organization

Integrated Organization

- Updated HSSE policy incorporating PSM vision and principles to guide strategic and tactical decisions
- Introduced QAFAC's new 9 HSSE Principles
- Developed QAFAC's new HSSE and PSM integrated organization procedure to establish a sound governance for HSSE and PSM; and, in particular, capable of managing the PSM implementation

PSI/PHA

- Developed a Process Safety Information Management Procedure
- Trained key stakeholders on the PSI procedure
- Conducted a workshop on the criticality of PHA in the context of PSM
- Increased awareness and common understanding of PSI/PHA

Incident Investigation

- Reviewed and updated QAFAC's incident investigation procedure and Flow Chart (Enhanced definitions, clearer roles and responsibilities, and a structured investigation process have led to a better understanding and appreciation of the importance of conducting incident investigations)
- Trained QAFAC personnel on the upgraded incident investigation procedure
- Reviewed and updated QAFAC's incident investigation procedure and Flow Chart
- (Enhanced definitions, dearer roles and responsibilities, and a structured investigation process have led to a better understanding and appreciation of the importance of conducting incident investigations)
- Trained QAFAC personnel on the upgraded incident investigation procedure

PHASE 2

Leadership and Culture

- Improved the capability and effectiveness of Executives and the Top Leadership group in their role as safety leaders, setting standards and driving change
- Developed a Reward & Recognition procedure that promotes positive safety behaviors and encourages operational discipline

Performance Management

- Facilitated the development of a well-defined set of leading and lagging HSSE / PSM KPIs that are monitored, analysed and reported in a systematic manner

Integrated Organization

- Significantly improved the understanding and clarity around best-practice HSE accountabilities and responsibilities of Line Management versus the HSSE Team

Management of Change (Technology/Facility) and PSSR

- Upgraded the MOCT&F and PSSR Procedures and Forms
- Developed capability on revised procedures through training, practical workshops on real MOC / PSSR selected cases

2017

Process Safety Information (PSI) / Process Hazard Analysis (PHA)

- Developed a PHA Overarching Standard and Sub-Procedures providing comprehensive requirements for the overall PHA program
- Developed a PSI register for pilot area with a clear implementation plan
- Customized a suite of PHA/PSI training sessions for QAFAC personnel on key PHA sub elements (PHA, HAZOP, SIL & LOPA, Human Factors and Inherent Safer Design)
- Conducted HAZID training workshop to
- identify key risks and updated site hazard and risk register, risk heat map and bowties

Safe work practices

- Upgraded Permit-To-Work (PtW) procedure and supporting forms
- Strengthened the visualization and communication of Work Permits
- Developed a Mechanical LOTO (Lock-out tag out) system that strengthened the isolation processes, using Locks and Lock boxes on all energy sources
- Upgraded the Confined Space Entry procedure

PSM Competency Development

- Assessed the current PSM competencies for PSM critical roles to prioritize training needs
- Developed an MOC-P procedure to ensure that any movements of personnel, either into or out of key PSM critical roles, are considered and managed in a way that does not adversely impact QAFAC's safety performance

Standard Operating Procedures

- Gave comprehensive guidance on how to write SOPs in a structured manner that ensures ease of reference and maximizes operational discipline
- Facilitated the development of SOCs to act as a crucial element of overall PSI and SOPS
- Introduced an audit program and a set of KP Is for periodic review of system effectiveness

Root-Cause Analysis

- Developed reference examples for best practice RCAs and incident investigation reports based on QAFAC real incidents and support capability building.

Contractor Safety Management (CSM)

- Significantly upgraded:
  - the Contractor HSE Performance Management procedure to comprehensively cover the best-practice
  - 6-Step CSM Process, and the Contractor HSE Requirements document
- Created and developed a QAFAC Head of Contractors role {Essential in order to oversee and coordinate compliance with, and continuous improvement of, the 6-Step Contractor Safety Management process - in relation to ALL Contractors engaged by SNAM on Engineering Services, Maintenance, Capital Projects, and Facilities).
- Introduced a CSM board meeting process to collaboratively interact with Contractor Leaders on HSE improvement initiatives
- Engaged contractors in QAFAC's PSM related initiatives aiming at increasing awareness and mitigating risks

PHASE 3

2018

Emergency Response (ER)

- Developed an overarching ER Manual, and a set of Sub-Procedures to guide the ER team in managing the system effectively
- Developed upgraded Emergency Response (ERP) and Pre-Plan procedures as per best-industrial practices to drive world-class 'state of preparedness' for the ER team
- Strengthened ER capabilities through training and one-to-one coaching sessions

Mechanical Integrity & Quality Assurance

- Developed an overarching MIQA Manual, and a comprehensive set of sub procedures to guide the MIQA Program in managing PSM critical equipment and associated critical tasks
- Standardized the material receiving inspection program by introducing equipment specific check lists
- Trained the MIQA practitioners with respect to the manual and updated program

Audits

- Developed a new Process Safety Management System Audit procedure and full suite of Protocols that will ensure the tracking and monitoring of the management system effectiveness and compliance
- Trained the relevant QAFAC personnel on the auditing of the Process Safety Management System
- Developed the PSM auditing competency of QAFAC personnel by facilitating the initial detailed PSM audits of 13 new QAFAC PSM procedures

AMAN PSM REWARD & RECOGNITION CEREMONY

The AMAN Process Safety Management Improvement Program Reward & Recognition Ceremony was held on Dec 16th, 2018 in Dana Club, Doha. The ceremony recognized the tremendous efforts of QAFAC employees from all disciplines and departments in achieving this milestone and timely completion of the AMAN PSM program at QAFAC over a period of three years. This was testimony of QAFAC's management's commitment towards process safety.

OCCUPATIONAL HEALTH & SAFETY

At QAFAC, personal safety is the unconditional, non-negotiable part of business. Every life is precious, and the safety of our employees, customers and the public is paramount. Every person is committed to ensure a hazard free and safe working environment. This involves rigorous implementation and achieved through leadership engagement, risk mitigation, people involvement and work performance. Besides keeping people safe, our commitment to incident free operations ultimately contributes to improved operations, reliability, lower costs and higher productivity. We were very proud to have reached 11.5 million safe work hours in 2018 - a remarkable achievement that underlines the effectiveness of our management systems and practices.

Overall, personal safety performance at QAFAC has been excellent over the years, with long strings of zero injury periods for both our employees and contractors. Over the past five years we did not encounter any fatalities, lost-time injuries, occupational illnesses or heat stress events among both our employees and contractors. 2018 also marked yet another outstanding year in our exemplary track record of health and safety performance, as we achieved more than 11.5 million safe man-hours without a Lost-Time Accident (LTA). All these successes are a clear reflection of the pronounced emphasis we continue to place on a foolproof safety culture at QAFAC.

Health and safety performance	2014	2015	2016	2017	2018
Employee fatalities	0	0	0	0	0
Contractor fatalities	0	0	0	0	0
Employee lost-time injuries	0	0	0	0	0
Contractor lost-time injuries	0	0	0	0	0
Employee total recordable injuries	0	0	0	0	0
Contractor total recordable injuries	1	0	1	1	1
Employee occupational illnesses	0	0	0	0	0
Heat stress events	0	0	0	0	0

Safety Programs

To complement our process safety management, we follow a comprehensive approach to the management of personal safety, implemented through a wide range of safety programs, such as flag systems, red card systems, tool box meetings with safety officers, Behavioral Based Safety (BBS) and HSSE observations. These programs are underpinned by our HSSE Principles. The nine principles provide a platform and foundation for all systems and activities at the company.

Life Saving Rules

Our Life Saving Rules are an integral part of our Safety Management Program and seek to protect personnel against life threatening injury or illness and life threatening hazards. Any infringement of the Life Saving Rules is treated as a high potential incident, subject to a detailed investigation adopting root cause analysis, and can potentially lead up to employment termination as a part of disciplinary action. QAFAC tracks all process safety events and conducts a detailed root cause analysis when appropriate. These events include both accidents and near misses. As part of the PSM AMAN program, we updated our incident investigation system on the API 754 standard.

Behavioral Based Safety (BBS)

BBS encourages employees to adopt the right behavior when faced with different types of risks. It helps employees identify and correct any divergence from the proper ways of working. It is a mechanism that coaches and trains employees to achieve higher standards and continuously learn from their behaviors. In 2018, 330 BBS observations were reported.

Health, Safety, Security and Environment (HSSE) Observations

All our employees and contractors are encouraged to record HSSE observations, such as unsafe acts or conditions, throughout the year. These observations help to identify job site hazards, controls, and conditions to manage and reduce exposure to risks. Everyone is advised to stop any job if they feel it is unsafe and can advise those involved on how to do the job in a safer manner, which ultimately reduces injury rates. We encourage participation by presenting monthly awards for the best quality and quantity of observations. In 2018, a total of 1,265 HSSE observations were recorded, 881 by employees and 384 by contractors, an average of 105 per month (compared to an average of 80 in 2017).

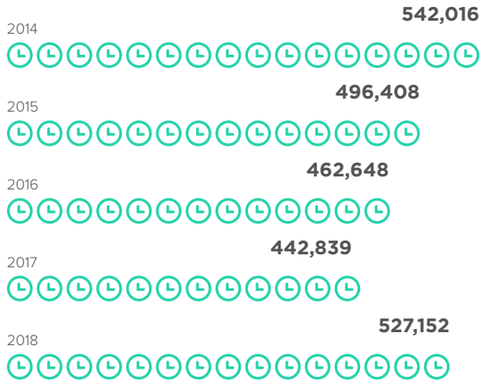
Health and Safety Training

Managing health and safety extends beyond solely ensuring our workers' safety on site. Safety is instilled into our employees from their first day at the job and we place great emphasis on providing health and safety related training and education.

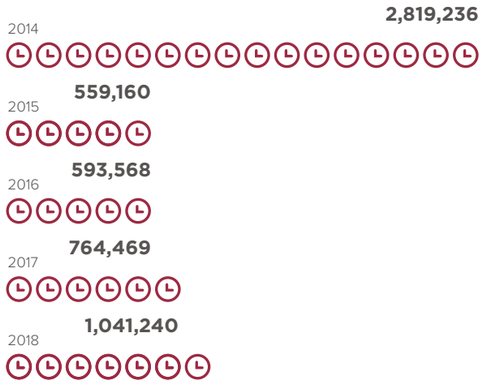
Our employees receive appropriate health and safety training, not only to protect their own wellbeing, but also to protect their colleagues. Our aim is to build and sustain a positive safely culture. This begins from the earliest days of an individual's time at QAFAC: all new employees must undergo a dedicated HSSE Induction training which includes information on risk assessment, waste management, environmental awareness, and the emergency response plan.

In 2018, we provided more than 6,437 HSSE training hours, covering a diverse range of topics such as emergency response training, first aid, heath stress awareness, hazardous material, energy control procedures, food safety and permit to work processes.

Work hours (employees)



Work hours (contractors)



Health awareness campaigns

To raise awareness about the need for healthy lifestyles, including a balanced diet and regular exercising, we regularly run information campaigns throughout the year. In 2018 we focused on issues such as cancer awareness, hearing protection, heat stress, hepatitis, influenza and smoking.

Before joining QAFAC, prospective employees are given a health check to determine their fitness for performing their role. Once they joined, we require everyone to undergo periodic medical checks at the MIC clinic to allow us to carefully monitor and manage any potential health risks. In 2018 210 such medical checks were conducted.

One of the key highlights of our health awareness drive was the flu vaccination program that was arranged for our employees on Sundays, Mondays, Tuesday and Thursdays at Messaieed Medical Center and from Sunday to Wednesday at the QP Centre for Health and Wellness. We also offer our employees a well-structured Weight Management Program (BMI reduction) with the aid of our 'In Body 370' machines. The clinic also provides our employees with CVD screenings to minimize the risk of illness and leads health monitoring activities such as drinking water sampling, hygiene inspections, nurses training and first aid training. We conducted 72 hygiene inspections at the plant, 26 at the canteen and dining areas and 24 monthly inspections of our first aid boxes were conducted, including corrective actions made.

Heat stress

We have a comprehensive approach to heat stress management in order to support our employees' and contractors' ability to work in highly challenging, hot weather conditions. We use a monitoring heat index and flag system to keep everyone aware of the heat conditions and the precautions to be taken.

We regularly conduct various heat stress awareness sessions for employees and contractors, distribute heat index cards and conduct fatigue assessments to check the efficacy of the measures at site. 326 Fatigue assessments were carried out by the shift nurses for employees working at various tasks. For the past seven years, we have not suffered any heat stress incident, which is a positive performance given that our people work in conditions where long heat waves are common.

Managing the safety and wellbeing of contractors

Contractors form an integral part of our workforce and are involved during maintenance and upgrade work at our industrial facilities. We work closely with our contractors to meet our safety standards and make no distinction between the standards we expect of employees and contractors. Everyone, whether employee or contractor, must meet the best industrial practices and international standards at all times.

Enhancing the contractor safety management system at QAFAC has been identified as one of the key objectives of the PSM Aman project. In this regard, it has been decided that contractors have to be involved right at the beginning of any project, from planning and bidding to contracting and implementation, in order to develop a proper understanding of the project environment and facilitate the existence of a world-class safety culture at every phase of the project implementation.

Therefore we established a dedicated Contractor Safety Board in 2018 to visibly demonstrate our collaborative management commitment and encourage QAFAC and contractor employee involvement in contractor safety performance improvement. The Board constitutes industry best practice within the local industry and community, and will help to develop a contractor safety improvement strategy and action plans, based on findings from monitoring and reviewing contractor safety performance. Members include senior management from QAFAC and our main contractors. Two Contractor Board meetings were held in 2018, one in January and one in June, with meetings being held at least on a half yearly basis. As a first result, a dedicated role for the management of contractors was established as 'Head of Contractors'.

EMERGENCY MANAGEMENT

Having an effective framework for emergency management is an integral part of protecting our employees, the environment, and our business operations from external factors such as natural disasters, or incidents resulting from internal business activities such as spills. We seek to mitigate our risks wherever possible and ensure that we can respond to them immediately and effectively. This means being in a state of readiness to respond to any critical situation, which is essential given of the dangers inherent within the hydrocarbon industry.

QAFAC has First Aid Unit, licensed by the Qatar Supreme Council of Health. This basic first aid unit gives support to our employees and contractors for basic first aid. In addition, our QAFAC Clinic is manned 24 hours, our four nurses ensure that our employees and contract staff can get initial first aid response within a few minutes. The nurses are part of our ERT (Emergency Response Team) and participate during exercise and training of employees. All cases the need further medical attention are referred to MIC clinic. We also have one Ambulance ready to respond any time to safeguard anyone in our company in case of emergency. To appreciate the work of the Emergency Response Team, an event was held to honor ERT members. The CEO distributed mementos to all the team members, including the highly dependent Fire Marshals, as a symbol of appreciation for the significant role they continue to play in times of emergency at QAFAC.

"Our Emergency Response Team is a critical component of the safety infrastructure of any organization. I am quite proud of our Team, who has time and again, demonstrated their expertise and experience in emergency preparedness. They are an invaluable asset to our company and I have no doubt that they are well prepared to handle any kind of emergency in a safe and efficient manner."

Khalid Sultan Al-Kuwari
Chief Executive Officer

In 2018 we conducted a fire safety audit that did not flag any major concerns and conducted a total of 14 emergency exercises, one of which together with the fire team at MIC. There are two types of exercises that we regularly undertake: discussion-based, which are typically table-top exercises aimed at familiarizing participants with current plans, policies, agreements and procedures and developing new ones, and operations-based exercises. These simulated exercises are used to validate plans and procedures, clarify roles and responsibilities, as well as to practice prevention, mitigation, preparedness, response and recovery capabilities that would be expected in a real emergency. Specific operations-based exercises include drills, functional exercises and full-scale exercises and include emergency activities related to all credible risk scenarios, such as firefighting, managing hazardous materials, patient rescue and care salvage and decontamination.

To further strengthen our safety infrastructure, we commissioned a new fire water tank this year, which holds a capacity of 16,000 m3 of water. At a maximum flow rate of 4,300 m3 per hour, the capacity is sufficient to cater to the fire water demand and provides more than 4 hours of fire water supply. During normal conditions, fresh water from Ras Abu Fontas Water Treatment Plant is utilized for fire water supply, for prolonged fire emergencies however a sea water back-up supply system is provided. The construction was completed with zero accidents or injuries, which underlines QAFAC's stringent safety procedures.

In addition, we constructed a new elevator due to a fainting incident that occurred while an employee was climbing up stairs, and continued work around our QAFAC Support Services Amenities (QSSA) project. Once ready, by end of 2020, the project will encompass an extension of the fire water network and a provision of extra hydrants, in addition to new buildings housing a brand-new lab as well as the Security, HSE and Fire departments teams.

As part of the PSM AMAN project, we developed an overarching Emergency Response (ER) manual, including and a set of sub-procedures to guide the ER team in managing the system effectively, upgraded our Emergency Response and Pre-Plan procedures as per best-industrial practices and strengthened our ER capabilities through training and one-to-one coaching sessions.

Our plans for 2019 include constructing and implementing a new fire protection system for electrical substations, replacing the existing 2-outlet hydrants in plants with 4-outlet ones to meet QP requirements and automating the mechanical loading for ships to reduce human interaction and hence risk of injury.

Emergency management performance

2014	2015	2016	2017	2018
x12	x12	x12	x13	x14

6

At QAFAC, we focus on talent development and growth. We help our employees build their skills and careers, and provide them with a safe, secure, and engaging work environment. The pronounced emphasis that we place on attracting, developing and retaining quality human capital is not only serving our company, but also the economy and society overall.

Material issues covered in the section:

- **Learning & development**
- **Employee Leadership & Development**
- **HR attraction and retention**
- **Employee engagement**

DEVELOPING OUR WORKFORCE

WORKFORCE DIVERSITY

We believe that a diverse and inclusive workforce helps us deliver more innovative and effective business outcomes. We are committed to fostering diversity and building an inclusive corporate culture where employees can reach their potential regardless of gender or ethnicity.

We promote equal employment, training and career development opportunities for women. In 2018, women represented 7.8% of the total workforce, and 10% of senior management.

We also seek to help to address the challenge of youth unemployment through various programs. Presently eleven of our employees are pursuing graduation courses at various overseas universities and three employees are undergoing diploma programs. We also offer qualified, young Qatari students scholarship opportunities at national and international educational institutions. In 2018, people aged 18-30 made up 15.6% of our total workforce. Further information regarding our Qatarization efforts can be found in the section 'Strengthening Our Society'.

Workforce composition	2014	2015	2016	2017	2018
Total workforce	398	382	337	327	334
By employment level					
Senior management	13	13	11	10	10
Middle management	21	21	18	17	22
Staff	364	348	308	300	302
By nationality					
Expatriates	266	284	241	236	241
Qatari nationals	98	98	96	91	93
Qatarization (% of Qatari employees in the total workforce of QAFAC)	26.9%	25.7%	28.5%	27.8%	27.8%
By age					
Employees aged 18-30	72	78	60	55	52
Employees aged 31-40	79	77	68	63	70
Employees aged 41-50	124	117	105	104	104
Employees aged 51-60	88	110	104	100	108
Employees aged 61 and above	35	0	0	5	0
Youth employment rate	19.8%	20.4%	17.8%	16.8%	15.6%
By gender					
Number of female employees	33	36	26	24	26
Female employment rate (%)	9.1%	9.4%	7.7%	7.3%	7.8%
Women in senior management	1	1	1	1	1
Ratio of women in senior management	7.7%	7.7%	9.1%	10.0%	10.0%

RECRUITMENT AND RETENTION

We seek to hire talented people who will take our company forward. We are proud to be considered one of the most preferred employers in the petrochemical industry in Qatar. Our aim is to remain an employer of choice, ensuring that all new hires are equipped with the right tools to succeed at their jobs and are welcomed as part of the company. To attract the best in a highly competitive market, we offer carefully devised vocational training, on-the-job training, and align their values to the company's values.

One such program is our graduate engineering program, which was first introduced in 2015. Through this two-year program, freshly graduated engineers from Qatari universities can join QAFAC and rotate across maintenance and production functions, learning from the finest minds and using cutting-edge technologies. This initiative is not exclusive to Qatari nationals but applicants must be born and raised in Qatar. Upon completion, graduates may be asked to join QAFAC as permanent employees. During 2018, we were able to confirm eight of our developees as fulltime employees.

Once people joined QAFAC, managing our talent is essential to ensure we have the right people in the right jobs, and to make sure our business can grow and meet its objectives. With approximately one third of our workforce aged over fifty, we need clear succession plans for all critical roles to ensure business continuity. To prepare for the retirement of a large cohort of our workforce over the coming few years, we already identified those critical roles that will be difficult to fill quickly through external hire or internal succession. We already have, and will continue to, actively identify junior personnel suitable for development in these areas and equip them with the necessary tools and knowledge for success in a given role.

DID YOU KNOW?

Methanol represents 7% of china's total transportation fuel pool. Over the past few years, 470,000 taxis, trucks and buses have been converted to run on 'high proportion' methanol fuels in China.

Source: Methanol Institute

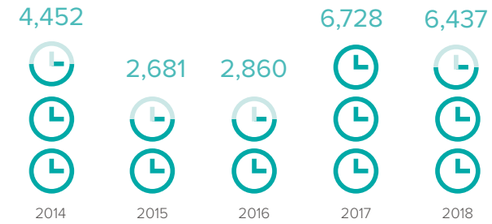
DEVELOPING OUR PEOPLE

Training and development are fundamental to how we develop our people. We provide our employees with diverse opportunities at managerial and specialist levels to develop their skills and experience. One of the key drivers of our ongoing human resources success stories are the well-structured training and development programs that we have in place. We were the first company in Qatar to establish a technical e-learning portal and are presently in the final phase of implementing the 'Success Factor' software which aims to automate our entire training and development process.

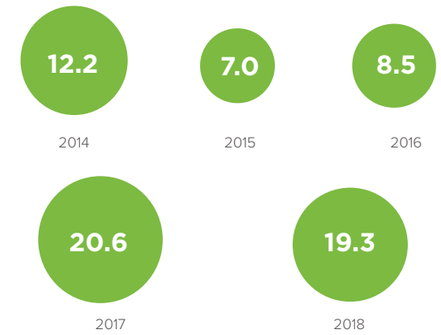
In 2018, three employees finished their Masters degrees, ten further employees, including two women, graduated their diploma programs, another female employee was accepted in the leadership program and one senior manager attended the leadership program at London Business School. Currently eleven of our employees are pursuing graduation courses at various overseas universities and three employees are undergoing diploma programs. With a view towards attracting Qatari human capital to QAFAC, we continue to be actively involved with many academic institutions in Qatar as well as in a wide range of career fairs.

In 2018, we invested approximately QR 7.6 million in training and development, providing our employees with 6,437 hours of training, an average of 19.3 per employee.

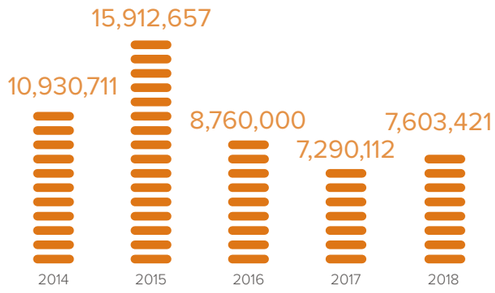
Total number of training hours for employees



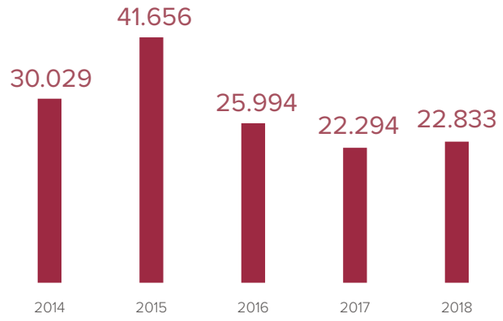
Average hours training per employee per year



Total cost of training (QR)



Average cost of training per employee (QR)



QAFAC CEO Rewards the Qatar University Summer Training Team

On 3rd October 2018 a recognition ceremony was organised in appreciation of those who successfully conducted the annual Qatar University summer training program, which allows university students to conduct a summer internship at one of our departments.

The summer training team comprised of members from various departments of QAFAC, with the Training Department taking the lead in all the preparations. Other departments who played a proactive role in hosting and training the interns from Qatar University were FSS Department, Technical Department, Materials Department and Production Department.

QAFAC Bids Farewell to COO

Members of QAFAC ELT and Management as well as employees of the Mesaieed and Doha offices gathered together at bid farewell and to celebrate the monumental career of Mr. Khalid Mubarak Al Hitmi, QAFAC's Chief Operating Officer. A key landmark in his career this year, Mr. Al Hitmi commissioned the Carbon Dioxide Recovery (CDR) plant, the first of its kind facility in Qatar to convert carbon dioxide into methanol. The QAFAC team would like to express our sincere gratitude to Mr. Khalid Mubarak Al Hitmi for his outstanding contributions to the company over the past 20 years, most notably in his recent role as COO, and wish him all success in his next assignment with Qatar Petroleum.

RETAINING OUR PEOPLE

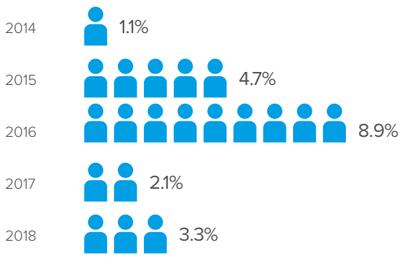
Motivated and engaged employees are a major driver of innovation and development, hence we are keen to retain individuals who care about and want to contribute to our everyday success. Our employee turnover rate was low in 2018, at 3.0%, reflecting both our success at providing people with a rewarding work environment and external uncertainties in the labor market resulting from challenging economic conditions.

To appreciate and recognize the loyalty and commitment of our employees, we reward our long-lasting employees for completing five, ten, 15 and even 20 years of service in our annual Long Service Awards. In 2018 we awarded a total of 84 employees. 27 of which have been working with QAFAC for 20 years. This is a clear reflection that QAFAC is an organization that offers its employees excellent opportunities to build long- lasting careers.

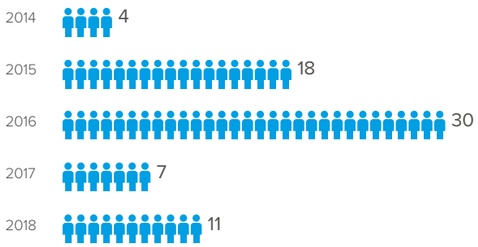
As our contribution to a healthy and happy workforce, we annually conduct a company-wide badminton and volleyball tournament, held at Al Reem Sports Hall during the first week of May. Both events attracted large crowds of Employees of QAFAC and their families, who were drawn into different teams, fiercely competing with each other for the coveted trophies.

We also carry out an employee engagement survey every other year, which gives employees an opportunity to communicate their feelings about the organization and their work.

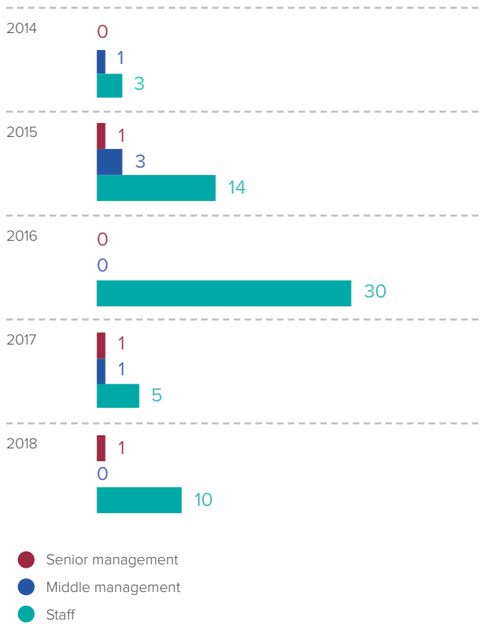
Employee turnover rate



Total number of employees who left the organization



Turnover by employment level (number)



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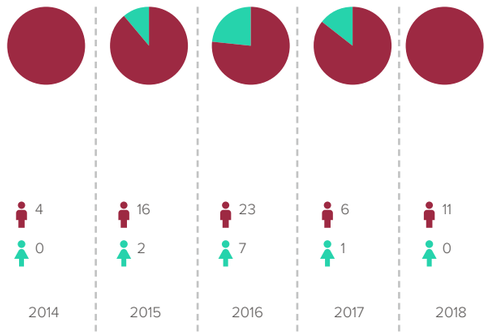
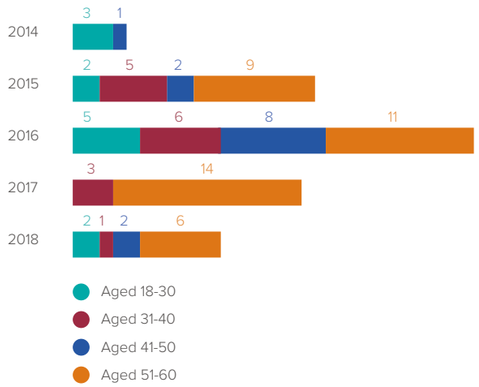
Turnover by gender (number)



Turnover by age (number)



"We, at QAFAC, are proud to align ourselves with the fitness objectives of the nation. We believe that the fitness of our citizens and residents will have a direct impact on the progress and prosperity of the nation. Hence, we always encourage our employees and their families to stay fit. After all, only healthy bodies can create healthy minds, and only healthy minds can create a healthy nation."

Khalid Sultan Al-Kuwari
Chief Executive Officer

Saoud Al Mushiri

Position: Project Management Officer
Started working at QAFAC in: 2002

What do you most like about working at QAFAC?
Working at QAFAC is like family where interacting with my colleagues and my managers is very easy to do. The company offers great development opportunities for developees. I myself started as a developee technician in the Maintenance Department in 2002. This program allowed me to attend university in the UK and get a Bachelor's degree in Instrument Engineering. After graduation, upon returning to QAFAC, I was promoted to the role of Instrument Supervisor. Subsequent to the implementation of Operational Excellence at QAFAC, I joined the Business Excellence Department as Project Management Officer. In my current role, I am responsible for managing the key projects that affect QAFAC operations..

What are some of the initiatives that have helped enhance sustainability at QAFAC?
The monthly project KPI dashboard discussion for project coordination immediately comes to my mind. We go through the operational KPIS with the COO, which not only helps to ensure things run smoothly and are on track but also fosters teamwork between various departments. Things like listening and learning in a cross functional environment are key to finding solutions together, and contribute to a no blaming culture. It's great to see that over time people have become more proactive. And of course our world class CO_2 to Methanol Unit is a real demonstration of QAFAC's contribution towards sustainability and QNV 2030.

How has your knowledge about sustainability at work affected your personal life?
Definitely around safety – I am so much more aware of it in my personal life now, the whole safety mind-set and culture of the company has spilled over and I am much more cautious when it comes to moving heavy objects, driving, etc.

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We recognize that our operations may have potential negative environmental impacts, but believe the way forward is to invest in technologies that prevent damage, and make production processes as green and efficient as possible. We believe in comprehensive planning in order to create strong systems and processes for all of our operations. Our Environmental Management System (EMS) encompasses all the environmental policies and procedures that govern our processes, and provides a structured approach to all major environmental issues. We are proud to play our part in cutting harmful industrial gases and taking a leading role as an environmentally conscious company, preserving and protecting the natural environment around us.

Material issues covered in the section:

- **Energy efficiency**
- **Air emissions**
- **GHG emissions (climate change)**
- **Water management**
- **Waste management**

CARING FOR THE ENVIRONMENT

[302-1] [302-2] [302-3] [302-4] [305-1] [305-2] [305-3] [305-4] [305-5]

CLIMATE CHANGE AND ENERGY EFFICIENCY

Climate change is a critical global challenge, representing an urgent and irreversible threat to the planet. To contribute to the fight against climate change, we recognize the importance of reducing our energy consumption while providing our products to meet present and future demand. We continuously track and record our annual energy consumption, seeking to implement measures to reduce future consumption.

Closing the loop in our processes will help us reduce emissions, waste and raw material use, and ultimately result in cost savings. Despite increasing production levels, our total energy consumption remained relative stable, decreasing slightly in 2018, hence we do see a positive trend in our energy intensity since 2016 back to 2014 levels.

Energy consumption (GJ)	2014	2015	2016	2017	2018
Direct energy consumption (natural gas diesel, purge gas, and off gases used as fuel)	18,761,283	23,442,665	21,506,200	22,980,107	22,952,923
Indirect energy consumption (electricity)	739,512	874,080	821,444	864,108	882,396
Total direct and indirect energy consumption	19,500,795	24,316,745	22,327,644	23,844,215	23,835,319
Energy intensity (GJs/tonne production)	13.20	13.38	14.13	13.59	13.23

We strongly believe that our efforts in mitigating the CO_2 emissions from our plant is contributing to the positive value capture of CO_2 in a sustainable manner. Our Carbon Dioxide Recovery (CDR) unit, which forms part of the methanol plant, effectively reduces greenhouse gas emissions. Even more so, we have succeeded in converting the CO_2 emissions from our production processes into methanol. During 2018 we successfully captured 185,595 tonnes of CO_2 from the reformer flue gas and converted it into clean methanol. In addition to increasing methanol production, the plant also reduces water consumption by around 10% through recycling recovered water vapor from flue gases which in turn results in lower NO_x emissions. Leveraging our experience in this area, and capturing a significantly larger quantity of CO_2 and converting it into Methanol is an area that is worth further exploration and studies. Overall, our emissions remained stable compared to 2017.

GHG emissions (tonnes CO_2e)	2014	2015	2016	2017	2018
Direct GHG emissions (diesel and fuel gases, scope 1)	856,445	1,059,287	974,770	862,325	853,773
Indirect GHG emissions (electricity, scope 2)	100,696	119,020	111,853	207,058	211,440
Total direct and indirect GHG emissions	957,141	1,178,307	1,086,623	1,069,383	1,065,213
GHG intensity (tonnes CO_2e/ tonne production)	0.65	0.65	0.69	0.61	0.59

[305-7]

NON-GREENHOUSE GAS AIR EMMISIONS

Our production processes generate non-greenhouse gas aim emissions such as sulphur dioxides (SO_x), oxides of nitrogen (NO_X) and particulate matter (PM). We have a new state-of-the-art Ambient Air Quality Monitoring System (AAQMS) in place that helps us to better assess the air quality and meeting local regulatory requirements. The monitoring system is capable of monitoring lower atmosphere ozone, sulphur dioxides, polycyclic aromatic hydrocarbons (PAH), solar radiation, particulate matter (PM2.5 and PM10), nitrogen oxides and other metrological parameters like wind direction, wind speed, temperature and relative humidity. This monitoring system has the capacity to integrate with central data collection systems run by the Ministry of Municipality and Environment (MME), which will help in monitoring ambient air quality at the state level.

QAFAC and all other MIC industries have initiated air capacity studies under the direction of the MME. The objective is to prepare an initial inventory of the odor sources along the identified operational areas of Mesaieed.

To meet MME requirements, we seek to reduce our NO_X emissions through various projects. One of them is our selective non-catalytic reduction (SNCR) project to reduce NO_X emissions generated by fuel combustion in the methanol reformer below the required 125 mg/Nm^3. QAFAC aims to achieve this objective through a selective non-catalytic reduction technology offered by M/S BD Energy. The process involves injection of a 19% ammonia solution to the high temperature flue gas exiting from the methanol steam reformer. Ammonia injection will be monitored and controlled so as to limit the ammonia in flue gas to less than 5 PPM, which is the limit specified by MME. Engineering for the project is in progress, with a phased approach to its development before scheduled commissioning in mid 2019.

Another project relates to reduce our flue gas NO_X from existing utility boilers. Utility steam required in methanol and MTBE plants is currently generated by two utility boilers. To improve the plant reliability and to meet the higher steam demand necessitated from production improvement initiatives, QAFAC intends to install a third boiler of higher capacity (116% of the existing boilers). The 3rd boiler shall comply with the flue gas NO_X limit of 55mg/nm^3 mandated by MME. Since our emission levels of the two existing boilers are currently higher than the limit specified by MME, and previous reduction efforts did not yield the desired results, we contracted with AMEC FW (manufacturer of the boilers) to perform a study of the existing boilers and to recommend modifications to reduce flue gas NO_X. After certain necessary approvals and conducting a detailed HAZOP modifications suggested by AMEC, FW will be implemented in both boilers.

In 2018, our total SO_x emissions declined by about 4% compared with 2017, continuing its downward path seen over the past five years. Our NO_X emissions continue to increase, however our SNCR system is expected to help us achieve the stipulated NO_X limit of 125 mg/nm^3 and below in the flue gas leaving the reformer stack. Above that, we will continue our efforts to reduce air emissions, in line with MME requirements and best practice.

Non-GHG air emissions

	2014	2015	2016	2017	2018
SO_x (tonnes)	94	108	117	116	111
NO_X (tonnes)	1,254	1,371	1,237	1,185	1,446

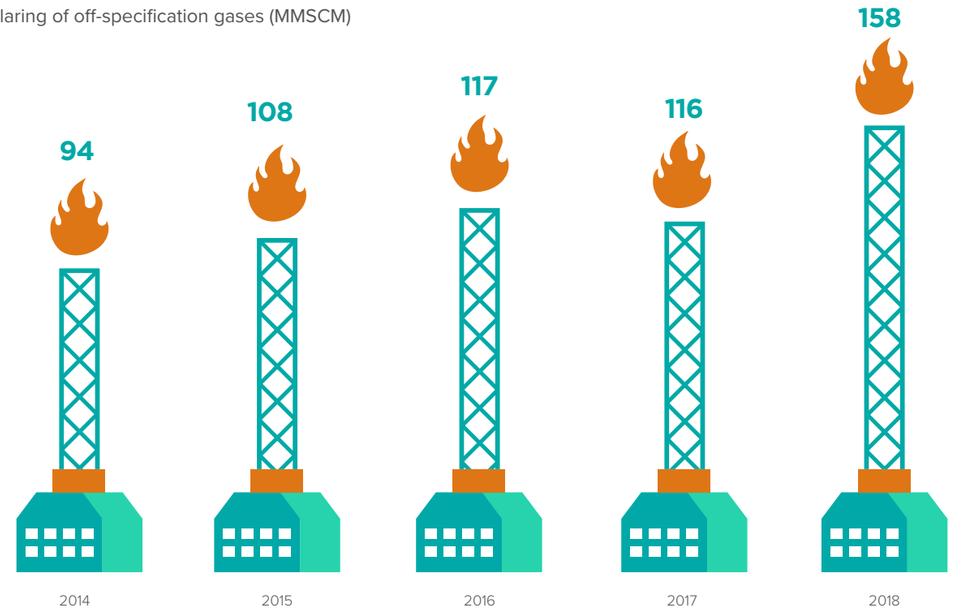
FLARING

Our production processes require a degree of flaring to ensure the safety and reliability of our operation. Flaring is a common means of disposing of off-spec-gas that otherwise could pose a hazardous threat to people nearby. In addition, flaring is often used as a safety measure to depressurize process units and eliminate the risk of combustive incidents. Nonetheless, we work hard to minimize the flaring associated with our production processes, wherever practical. We are also part of QP's efforts in reduction of methane emissions in Qatar.

We are applying the hydrogen recovery approach to minimize flaring, which allows us to re-inject hydrogen instead of flaring. In addition to minimizing flaring, this approach also reduces the use of raw materials. Through our Regenerate Gas Scrubbing (RGS) project, which aims to treat and recover the regeneration gas used at the Oleflex unit of the MTBE plant, we are continuing our efforts to remove hydrogen sulphide (H_2S) from RED regeneration net gas by installing caustic scrubbing units. The recovered regenerate net gas will be used as fuel in the fuel network, hence helping to minimize waste as well. We are also planning to install a caustic treatment plant to treat the spent caustic before sending it to the effluent treatment plant. The tie ins of the project will be undertaken during the 2019 turnaround and project will be commissioned by the end of 2020 approximately. Benefits of the project include the reduction in flaring of regenerate net gas, saving of equivalent natural gas due to reduced resource consumption as well as minimization of waste due to reusing the gas as fuel. With equal production levels of MTBE, the natural gas saving potential amounts to 2,450 MT per month, while flaring is expected to decrease by as much as 70% compared to current levels.

Flaring

Flaring of off-specification gases (MMSCM)



[306-1]

INDOOR AIR QUALITY

Indoor Air Quality (IAQ) refers to the air quality within buildings and structures, especially as it relates to the health, productivity and comfort of building residents. The US EPA has listed IAQ as one of the top 5 public health risks. Due to extreme environmental conditions in Qatar, people spend majority of their time indoors. Whether children in schools, adults in offices, malls or at home, there is a higher probability of being exposed to indoor air pollutants over outdoor air pollutants. These cumulative effects highlight the importance of monitoring, analysing and reporting IAQ accurately.

We have conducted two rounds of indoor air quality monitoring, the purpose of which was three-fold: (1) to maintain indoor quality within acceptable limits according to consensus guidelines developed by NAAQS/EPA and OSHA; (2) to identify any potential health hazards and (3) to provide information to personnel with IAQ concerns on what to expect. We installed state-of-the-art portable indoor air quality monitoring analyzers in all QAFAC building complexes. Additionally, certain buildings were selected for continuous monitoring for 8 hours where 12 air quality parameters were measured. To date, all parameters are normal in relation to industrial guidelines for indoor air quality

Environmental monitoring equipment displayed at HSSE awards ceremony

WATER MANAGEMENT

Since we operate in a country in one of the highest water stressed regions of the world, water efficiency is an integral part of our environmental management approach. To overcome our water scarcity challenges, our wastewater treatment units enable us to treat water and reuse it in our operations and for irrigation.

In response to a request by the Ministry of Municipality and Environment (MME) asking all plant operators to comply the requirement of zero (or the least near zero) liquid N-ZLD discharge to the environment, we are implementing a project together with M/S SUEZ Water Technologies. Our N-ZLD plant will have systems in place to upgrade waste water to potable water grade and hence will positively impact our fresh water use. Technology provider for NZLD project is already selected and soon construction will start after finalization of EPC contractor. This will help us reach our ambition of processing and reusing at least 85% of the total waste water. Currently 35% of our waste water is recovered at our CDR plant, making up 16% of our total freshwater use.

We continue to participate in a brine study initiated by all MIC industries to test the effects of brine on marine ecosystems as well as the point of dilution in both winter and summer months. The study is expected to be completed by the end of 2019.

Our overall freshwater consumption remained stable compared to last year. Meanwhile almost 43% of our freshwater comes from within the company, and almost one third of it from our CDR plant. Almost half of our waste water is reused for the irrigation of the trees around our plant facilities and the main road leading to QAFAC, known as the ‘Green Belt.’

Water consumption and wastewater discharge (in m^3)	2014	2015	2016	2017	2018
Fresh water used, purchased	1,219,204	1,132,829	1,054,688	1,088,820	1,076,111
Fresh water used, company generated	125,615	814,680	723,250	782,531	803,204
of which water recovered and reused from CDR plant	125,615	315,360	222,563	275,590	300,293

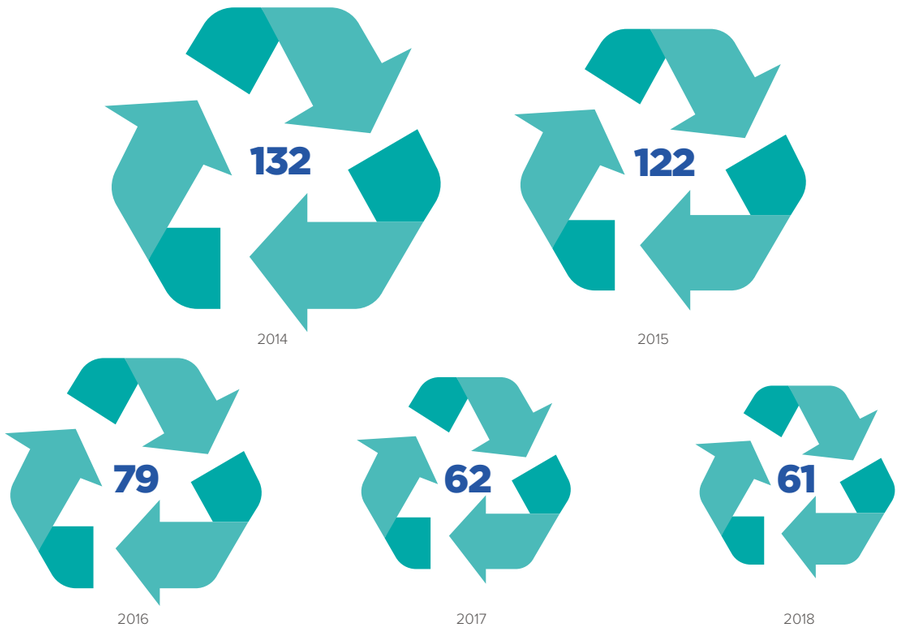
	2014	2015	2016	2017	2018
Total wastewater generated, including non-contact cooling water	**484,961**	**567,859**	**501,902**	**529,694**	**547,956**
Share of wastewater recycled to the Green Belt	46.7%	51.3%	50.0%	49.6%	49.3%
Share of water discharged	53.3%	48.7%	50.0%	50.4%	50.7%

WASTE MANAGEMENT

As our operations are natural gas based, our production processes do not generate significant volumes of hazardous and non-hazardous waste. Nevertheless, we aim to reduce waste wherever possible, which is mostly focused on domestic sources where we continue to establish best waste management practices.

Waste generation and recycling (in tonnes)	2014	2015	2016	2017	2018
Total waste (industrial waste, amine waste and domestic waste)	658	695	1,074	801	825
Total industrial waste (hazardous) disposed to MIC Hazardous Waste Treatment Center	493	508	825	485	503
Reclaimed amine waste sent for incineration	19	43	55	60	62
Domestic waste	146	144	194	256	260
Waste sent for incineration	21	45	58	65	62
Oil waste recycled	66	58	24	17	19
E-waste recycled	0	0	9.6	1.9	1.8
Total waste recycled	132	122	79	62	61

Total waste recycled



‘Waste Free Environment’ Campaign to clean-up Al Wakra Family Beach

Waste Free Environment Day is dedicated to promoting recycling, encouraging a more responsible attitude towards litter disposal and urging the community to proactively respond to environmental issues. The initiative was launched by the Gulf Petrochemical and Chemical Association (GPCA), and organised by Qatar Petrochemical Company (QAPCO) and other member organizations in February 2018. More than 1,500 participants from various industries, schools as well as public and private sector companies were part of this year’s beach clean-up campaign.

Awareness-building is at the core of the initiative. Everyone should be ardently following the 3R’s: Reuse-Reduce-Recycle! The responsibility for sustaining our planet ultimately falls on our children, and then to theirs. Hence it is paramount that we educate our children on the importance of recycling and creating a litter-free environment.

We aim to change the mind-set of both the old and the young by creating awareness on how waste can be reused as well as on different ways to take care of our environment. Initiatives like this, which gives businesses and the community the opportunity to get actively involved in, aims to promote a greater sense of responsibility that can be passed on to future generations.

[203-2]

8

We recognize that how we conduct our business can have wide-ranging socio-economic impacts on local communities. In support of our country's leadership vision, we aim to create shared value for all our stakeholders, across our value chain and for the people of Qatar. Our efforts not only extend to contributions to society through our CSR programs, but also to support local businesses and help develop the national economy, by creating long-term jobs and hiring Qatari talent to ensure the development of Qatar's human capital, improving quality of lives, and ultimately addressing the needs of the local community.

Material issues covered in the section:

- Qatarization
- Local procurement
- Corporate Social Responsibility

STRENGTHENING OUR SOCIETY

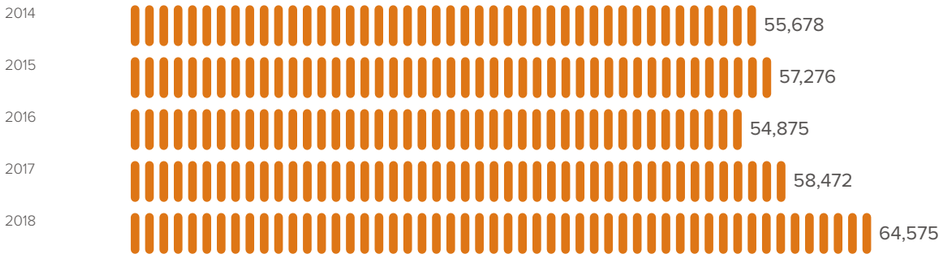
[203-2]

INDIRECT ECONOMIC IMPACT

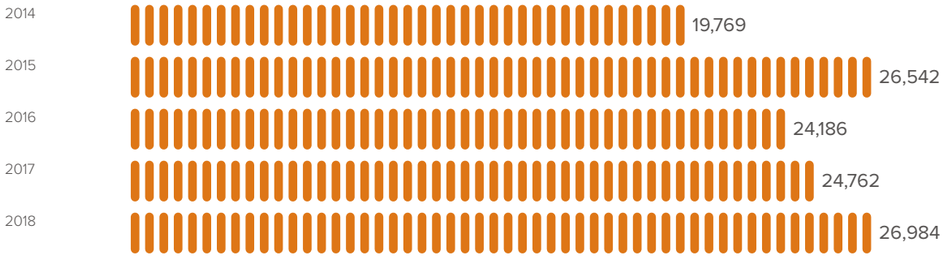
Our economic impact stretches beyond our production and sale of our products. We continue to make a significant indirect economic contribution through the payments we make to contractors and suppliers and through the wages and benefits we provide to our own employees. In 2018, we spent a total of USD 105 million on suppliers, contractors and employee wages and benefits.

Indirect economic value generated (in USD 000s)

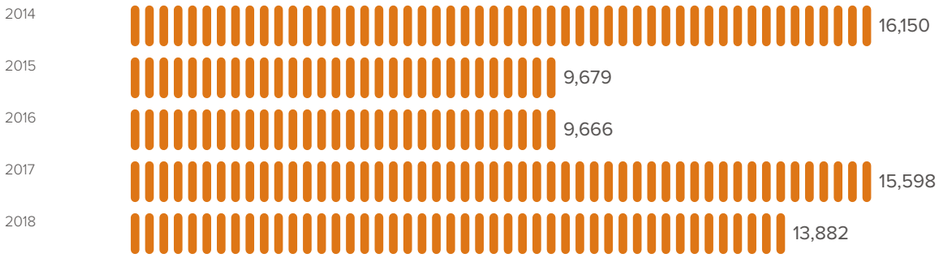
Employee wages and benefits



Contractors paid



Suppliers paid



[203-2] [204-1]

LOCAL PROCUREMENT

We prioritize purchasing goods and services locally to ensure that local businesses and communities benefit from our business activities, and by doing so, help to strengthen local economic development.

QAFAC's procurement strategy requires that, at a minimum, 60% of procurement tenders are awarded to local vendors registered in Qatar. We give precedence to purely national companies, even if their prices are up to 10% higher than other competitors.

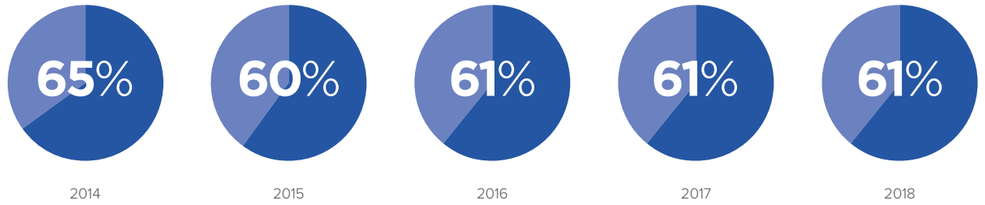
Since 2015, we have been following a more strategic purchasing approach. The strategy forms part of our cost optimization and business excellence programs, in which procurement is now playing an active role in creating synergies with other companies located in Mesaieed Industrial City (MIC), including our Ta'win Synergy Development program.

In 2018, 75% of our total procurement spending was awarded to locally based contractors and suppliers, a 3% increase compared to 2017.

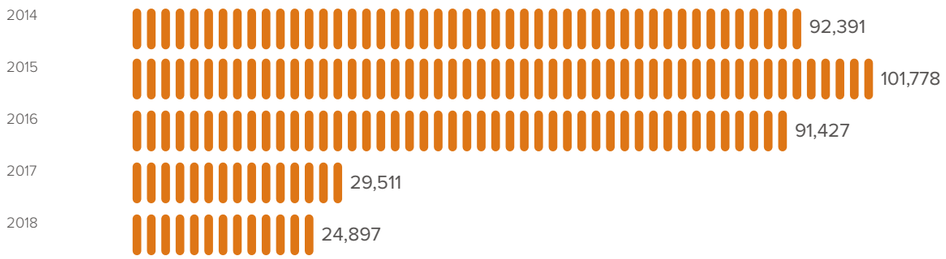
Procurement will continue to play an important part in the success of the plant turnarounds planned in early 2019. Successful purchase planning, especially for long-lead items, will enable a smooth transition by ensuring equipment is available as per schedule, eliminating delays. We have continued with these plans throughout 2018.

Supporting local suppliers

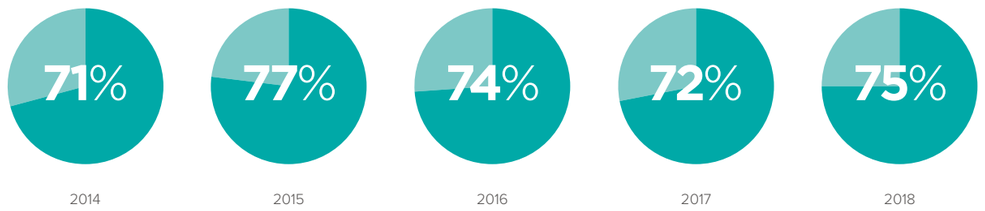
Percentage of locally based suppliers (% of total suppliers)



Local suppliers paid amount – total (QR '000)



Local suppliers paid amount – total (QR '000)



[203-2]

QATARIZATION

Qatarization at QAFAC means identifying and developing talented and capable Qataris to take permanent long-term careers in the company. By promoting the professional development of the local workforce, we are also furthering the future intellectual capital of the country and demonstrating our commitment to Qatar's National Vision 2030.

We are making steady progress towards our goals in attracting, developing and retaining the best Qatari talents, by pursuing initiatives that give Qatari employees the opportunity to reach their full potential.

Mr. Ahmad Abdulrahman Al-Hajri (Head of Fire and Safety - Developee) completed BEng with honor in Oil & Gas Safety Engineering in 2018 from University Of Central Lancashire

Our commitment to Qatarization is reflected in the educational and training support we offer to Qatari nationals. We provide assistance to those employees who wish to continue their education in areas that are consistent with their career development plans. We also offer qualified, young Qatari students scholarship opportunities at national and international educational institutions.

During 2018, we were able to confirm eight of our developees as fulltime employees. With a view towards attracting Qatari human capital to QAFAC, we continue to be actively involved with many academic institutions in Qatar as well as in a wide range of career fairs. QAFAC supported the academic community with the provision of 22 internships, and we support 3 local schools in internal activities. In 2018 our workforce comprised 28% Qataris, and we succeeded to recruit four Qataris.

DID YOU KNOW?

Methanol is broken down naturally if discharged into nature and can be diluted with water in the case of major discharges.

Source: The Danish Technological Institute

Developing Qatari talent	2014	2015	2016	2017	2018
Qatarization (% of Qatari employees in the total workforce of QAFAC)	26.9%	25.7%	28.5%	27.8%	27.8%
Number of Qatari students sponsored to study in universities abroad	9	9	21	-	11
Number of Qatari students sponsored to study in university/technical school in Qatar	8	8	12	-	6
Number of trainees and interns at QAFAC	20	13	17	-	22
Number of QAFAC employees supported to complete their education	33	40	33	-	32
Total cost for supporting Qatari students and QAFAC employees in their education (in QR)	N/A	5,832,605*	7,984,719*	4,939,994	4,943,318

[203-1] [203-2] [404-2]

SUPPORTING THE NEEDS OF SOCIETY

As a Qatari company, we play an important role in contributing positively to Qatari society. We strongly believe that in addition to operating responsibly and ethically, we can make a broader contribution to the local communities we operate in. In line with the Qatar National Vision (QNV), we are committed to supporting development programs that address the needs of local communities, improve the quality of life and create a sustainable future for society.

Our CSR policy, which has been in place since 2015, prioritizes the issues of most importance to our stakeholders and which are most likely to have a positive impact on the community. It focuses on meeting society's needs in our four focus areas: Health, Education, Environmental awareness and Sports. Our Corporate Social Responsibility Committee screens all community activity proposals that fall under these areas, supporting those programs aligned with the QNV 2030 and addressing the needs of all segments of society.

Supporting the spirit of Qatar

On 17th December Qatar National Day was celebrated at QAFAC with a wide range of activities at both our Head Office as well as our Mesaieed plant, paying tribute to the rich and diverse heritage and culture of Qatar. The celebrations were flagged off by our CEO Mr. Khalid Sultan Al-Kuwari by cutting a celebratory cake at the Head Office in the presence of the senior management and the employees of QAFAC. Meanwhile, Mr. Ali Ahmed Al-Suwaidi, our Facilities & Support Services Manager led the celebrations at our Mesaieed plant by cutting a cake in commemoration of the occasion. This year's celebrations were well attended by our employees and contractors.

Mr. Khalid Sultan Al-Kuwari, CEO of QAFAC led the senior management and other employees of QAFAC in reiterating the company's unwavering commitment to the socio-economic progress of the nation under the farsighted leadership of HH Sheikh Tamim Bin Hamad Al Thani, Emir of the State of Qatar.

Contributing to research and innovation

Research and innovation at QAFAC is underpinned by strong partnerships with local academic institutions, which develop the talents of local academics and contribute to innovation.

We cooperate directly with local educational institutions on technical issues relevant to QAFAC processes. For example, we have teamed with Texas A&M University at Qatar (TAMUQ) to study the environmental impact of residual chlorine and thermal discharges into the Arabian Gulf.

Community investment (in QR)	2014	2015	2016	2017	2018
Community investment	17,315,992	7,826,000	1,144,917	1,118,268	1,118,506
Community investment by areas of impact					
Educational initiatives	601,139	2,020,000	900,124	971,059	952,585
Environmental initiatives	836,476	928,200	38,399	105,976	57,743
Safety initiatives	2,376,589	291,200	32,928	13,350	73,921
Health initiatives	6,751,248	928,200	140,519	24,280	32,105
Other	6,750,540	3,658,400	32,947	3,603	2,152

[203-2]

QAFAC joins the Nation in celebrating National Sport Day 2018

Keeping with the tradition of previous years, QAFAC joined hands with a number of Mesaieed-based QP-affiliate companies and celebrated National Sport Day 2018 atAl Reem Club, Mesaieed on 13th February 2018.

Mr. Khalid Sultan Al-Kuwari, CEO of QAFAC, Mr. Nasser Al-Kuwari, CEO of Q-Chem and Dr. Mohammed Yousef Al-Mulla, Managing Director and CEO of QAPCO attended the day-long celebrations along with the employees and families.

Attendees were invited to actively participate in a wide range of indoor and outdoor sports and fitness activities that were organized during the day. The key attractions of the event were the football, volleyball, badminton and basketball matches, which drew large crowds, cheering in support of their respective teams. Prizes were distributed to all winners and souvenirs and gifts were handed over to all the participants who made the event a commendable success.

Saif Al Jaber

Position: HSSE Specialist

Started working at QAFAC in: 2008

What do you most like about working at QAFAC?
The work environment. Everyone at QAFAC is so supportive and helpful, there is a great team spirit and overall good working relationships.

What are some of the initiatives that have helped enhance sustainability at QAFAC?
When I was in the Maintenance Division back in 2013, a shutdown was done on the reformer to replace the equipment for business continuity reasons. The shutdown was accomplished on budget and in less time than planned – we managed to save 4-5 days. That's just one example of the great achievements that happen at QAFAC every year, and are a reflection of the hard work the everyone puts into their jobs.

How has your knowledge about sustainability at work affected your personal life?
Mostly around safety related matters that I learned in the fire marshal and general occupational safety courses at QAFAC. I do encourage my wife and kids to wear seatbelts all the time, or hold on to handrails when going up and down the stairs. I even taught my wife how to use the fire extinguisher and the first aid kit in our home, or how to react in case one of the kids is choking. Oh, and I stopped smoking, I am very proud of that.

APPENDICES
ANNEX A: GRI CONTENT INDEX

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.
For the SDG Mapping Service, GRI Services reviewed that the disclosures included in the content index are appropriately mapped against the SDGs.

GRI Standard	Disclosure	Page number(s) and/or direct answers	Sustainable Development Goals
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational profile	Design pages	
	102-1 Name of the organization	Qatar Fuel Additives Company Limited	-
	102-2 Activities, brands, products, and services	12, 18, 19, 34-35	-
	102-3 Location of headquarters	Doha, Qatar	-
	102-4 Location of operations	QAFAC operates only in Qatar	-
	102-5 Ownership and legal form	15	-
	102-6 Markets served	QAFAC products are sold in Asia and in the Middle East	-
	102-7 Scale of the organization	18, 19	-
	102-8 Information on employees and other workers	55	SDG 8
	102-9 Supply chain	18-19, 36, 73	-
	102-10 Significant changes to the organization and its supply chain	No significant changes	-
	102-11 Precautionary Principle or approach	Embedded in QAFAC's approach to sustainability management	-
	102-12 External initiatives	QNV 2030, UN SDG	-
	102-13 Membership of associations	26	-
	Strategy		
	102-14 Statement from senior decision-maker	8, 9	-
	102-15 Key impacts, risks, and opportunities	8, 9, 17, 20-21	-
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	14	SDG 16
	102-17 Mechanisms for advice and concerns about ethics	17	SDG 16
	Governance		
	102-18 Governance structure	16	-
	102-21 Consulting stakeholders on economic, environmental, and social topics	22-26	SDG 16
	102-22 Composition of the highest governance body and its committees	16	SDG 5, SDG 16
	102-23 Chair of the highest governance body	16	SDG 16
	102-25 Conflicts of interest	17	SDG 16
	102-26 Role of highest governance body in setting purpose, values, and strategy	17	-
	102-29 Identifying and managing economic, environmental, and social impacts	20-21, 30-31	SDG 16
	102-30 Effectiveness of risk management processes	37	-
	102-31 Review of economic, environmental, and social topics	30-31	-
GRI 102: General Disclosures 2016	Stakeholder engagement		
	102-40 List of stakeholder groups	24-25	-
	102-41 Collective bargaining agreements	"Collective bargaining is not permitted within Qatar."	-
	102-42 Identifying and selecting stakeholders	24-25	-
	102-43 Approach to stakeholder engagement	22-26	-
	102-44 Key topics and concerns raised	22-26	-
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	Financial statements include the activities of QAFAC and no other entity	-
	102-46 Defining report content and topic boundaries	7, 22-23	-
	102-47 List of material topics	22	-
	102-48 Restatements of information	No restatements	-
	102-49 Changes in reporting	No significant changes	-
	102-50 Reporting period	January 1, 2018 - December 31, 2018	-
	102-51 Date of most recent report	2017	-
	102-52 Reporting cycle	Annual	-
	102-53 Contact point for questions regarding the report	7	-
	102-54 Claims of reporting in accordance with the GRI Standards	7	-
	102-55 GRI content index	76-80	-
	102-56 External assurance	Not assured	-

GRI Standard	Disclosure	Page number(s) and/or direct answers	Sustainable Development Goals
Material Topics			
GRI 200 Economic Standard Series			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32, 36	-
	103-2 The management approach and its components	36	-
	103-3 Evaluation of the management approach	36	-
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	33, 36	SDG 2, SDG 7, SDG 8, SDG 9
	201-2 Financial implications and other risks and opportunities due to climate change	34	SDG 13
	201-4 Financial assistance received from government	No financial assistance received from the government	-
Market Presence			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31, 55	-
	103-2 The management approach and its components	31, 55	-
	103-3 Evaluation of the management approach	31, 55	-
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	55	SDG 8
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31, 70-71	-
	103-2 The management approach and its components	31, 70-71	-
	103-3 Evaluation of the management approach	31, 70-71	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	39, 74	SDG 7, SDG 9, SDG 11
	203-2 Significant indirect economic impacts	70-75	SDG 8, SDG 10
Procurement Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31, 72	-
	103-2 The management approach and its components	31, 72	-
	103-3 Evaluation of the management approach	31, 72	-
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	72	SDG 12

Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17	-
	103-2 The management approach and its components	17	-
	103-3 Evaluation of the management approach	17	-
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	17	SDG 16
	205-2 Communication and training about anti-corruption policies and procedures	17	SDG 16
	205-3 Confirmed incidents of corruption and actions taken	17	SDG 16
GRI 300 Environmental Standards Series			
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30, 63	-
	103-2 The management approach and its components	30, 63	-
	103-3 Evaluation of the management approach	30, 63	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	63	SDG 7, SDG 8, SDG 12, SDG 13
	302-2 Energy consumption outside of the organization	63	SDG 7, SDG 8, SDG 12, SDG 13
	302-3 Energy intensity	63	SDG 7, SDG 8, SDG 12
	302-4 Reduction of energy consumption	63	SDG 7, SDG 8, SDG 12
	302-5 Reductions in energy requirements of products and services	39, 65	SDG 7, SDG 8, SDG 12
Water and Effluents			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	67	-
	103-2 The management approach and its components	67	-
	103-3 Evaluation of the management approach	67	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	30, 67	-
	303-2 Management of water discharge-related impacts	30, 67	-
	303-3 Water withdrawal	67	-
	303-4 Water discharge	67	-
	303-5 Water consumption	67	-
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30, 63	-
	103-2 The management approach and its components	30, 63	-
	103-3 Evaluation of the management approach	30, 63-65	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	63	SDG 3, SDG 12, SDG 13
	305-2 Energy indirect (Scope 2) GHG emissions	63	SDG 3, SDG 12, SDG 14
	305-3 Other indirect (Scope 3) GHG emissions	63	SDG 3, SDG 12, SDG 15
	305-4 GHG emissions intensity	63	SDG 13
	305-5 Reduction of GHG emissions	63	SDG 13
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	64-65	SDG 3, SDG 12, SDG 13
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30, 68	-
	103-2 The management approach and its components	30, 68	-
	103-3 Evaluation of the management approach	30, 67-69	-
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	67	SDG 3, SDG 6, SDG 12, SDG 14
	306-2 Waste by type and disposal method	68	SDG 6, SDG 12
	306-3 Significant spills	68	SDG 6, SDG 12, SDG 14, SDG 15
	306-4 Transport of hazardous waste	68	SDG 3, SDG 12
Environmental Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	37	-
	103-2 The management approach and its components	37	-
	103-3 Evaluation of the management approach	37	-
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Zero incidents	SDG 16

GRI 400 Social Standards Series			
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31, 59	-
	103-2 The management approach and its components	31, 59	-
	103-3 Evaluation of the management approach	31, 59	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	59-60	SDG 5, SDG 8
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	59	SDG 8
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40, 42, 48	-
	103-2 The management approach and its components	40, 42, 48	-
	103-3 Evaluation of the management approach	40, 42, 48	-
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	31, 42-43, 48	-
	403-2 Hazard identification, risk assessment, and incident investigation	31, 42-43, 48	-
	403-3 Occupational health services	31, 42-43, 48	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	48-52	-
	403-5 Worker training on occupational health and safety	45, 48-52	-
	403-6 Promotion of worker health	50-51	-
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42-50	-
	403-9 Work-related injuries	48	-
	403-10 Work-related ill health	48	-
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31, 48, 55, 57	-
	103-2 The management approach and its components	25, 48, 54, 55, 57	-
	103-3 Evaluation of the management approach	25, 48, 55, 57	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	57	SDG 4, SDG 5, SDG 8
	404-2 Programs for upgrading employee skills and transition assistance programs	41, 46, 57, 74	SDG 8
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31, 55	-
	103-2 The management approach and its components	31, 55	-
	103-3 Evaluation of the management approach	31, 55	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	55	SDG 5, SDG 8
Non-discrimination			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31	-
	103-2 The management approach and its components	31	-
	103-3 Evaluation of the management approach	31	-
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Zero incidents reported.	SDG 5, SDG 8, SDG 16
Child Labor			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	QAFAC does not have operations where there is significant risk of child labor. The company does not hire anyone under the legal working age in Qatar.	-
	103-2 The management approach and its components	17, 23, 31	-
	103-3 Evaluation of the management approach	17, 23, 31	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Zero risk of incidents.	SDG 8, SDG 16
Forced or Compulsory Labor			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	QAFAC adheres to all laws relating to worker rights and follows international guidelines. QAFAC takes significant steps to help ensure that there are no violations of worker rights, including forced or compulsory labor among contractors.	-

	103-2 The management approach and its components	17, 23, 31	-
	103-3 Evaluation of the management approach	17, 23, 31	-
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Zero risk of incidents.	SDG 8
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31, 70, 74-75	-
	103-2 The management approach and its components	31, 70, 74-75	-
	103-3 Evaluation of the management approach	31, 70, 74-75	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	71-75	-
	413-2 Operations with significant actual and potential negative impacts on local communities	71-75	-
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38	-
	103-2 The management approach and its components	38	-
	103-3 Evaluation of the management approach	38	-
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Zero incidents.	SDG 8, SDG 16
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	17	-
	103-2 The management approach and its components	17	-
	103-3 Evaluation of the management approach	17	-
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Zero incidents	SDG 16

ANNEX B: REPORTING SCOPE AND BOUNDARIES OF MATERIAL TOPICS

Material Topic	Material within QAFAC	Material outside QAFAC	GRI Material Topic
Operational and Financial Growth	Yes	Customers, Environment, Society	Economic Performance
Resource Optimization	Yes	Environment, Society	Materials
Product Quality and Innovation	Yes	Society	Product and Service Labelling, Research and Development
Supply Chain	Yes	Suppliers, Customers	Procurement Practices
Health and Safety	Yes	Environment	Occupational Health and Safety
Human Rights and Labor Standards	Yes	Society	Labor Practices and Decent Work
Process Safety and Asset Integrity	Yes	Environment	Asset Integrity and Process Safety
Plant Reliability	Yes	Customers	Availability and Reliability, Access
Energy Efficiency	Yes	Environment, Customers, Environment	Energy
Air Emissions	Yes	Environment, Society	Emissions
GHG Emissions (Climate Change)	Yes	Environment, Society	Emissions
Water Management	Yes	Environment, Society	Water
Waste Management	Yes	Environment, Society	Effluents and Waste
Employee Learning and Development	Yes		Training and Education
Human Resources Attraction and Retention	Yes	Society	Employment, Labor Practices and Decent Work
Employee Engagement	Yes		Employment
Qatarization	Yes	Society	Market Presence
Local Procurement	Yes	Suppliers	Procurement Practices, Indirect Economic Impacts
Corporate Social Responsibility	Yes	Society	Local Communities

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Qatar Fuel Additives Company Limited