

the Jewels of Growth

SUSTAINABILITY REPORT  
**2010**





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



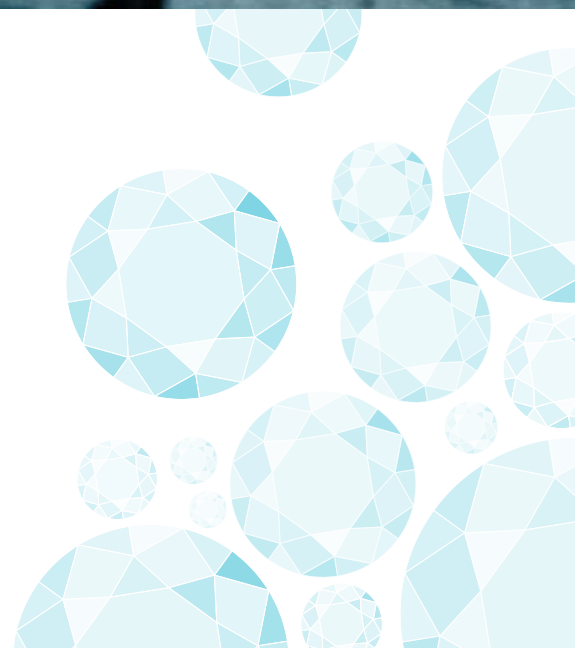
*His Highness*  
**Sheikh Hamad Bin Khalifa Al-Thani**  
*Emir Of the State of Qatar*







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## Our Approach to Reporting

This is the first Sustainability Report produced by Qatar Fertiliser Company ("QAFCO"). It covers our responsibilities to our stakeholders and the contributions we have made to sustainable development. Previously, we have reported elements of our Corporate Sustainability performance on our website.

### About this Report

- QAFCO commissioned comprehensive stakeholder analyses and materiality tests to identify and highlight major issues of interest to our stakeholders and develop our approach to these issues.
- This Sustainability Report highlights our strategies, achievements and future plans for sustainability management especially in the areas of sustainable environmental management, community and social contributions, ethics in marketplace and corporate culture.
- The Report has been examined by OWW Consulting Sdn Bhd to measure its reliability. Their conclusions are presented in an Assurance Statement that can be found at the end of this Report.
- We have continued our commitment to provide detailed disclosure with indicators and clear performance trends. In this Report we have also tracked data and statistics of our performance to date and evaluated our progress in achieving targets.
- Our transparency efforts are not limited to this Report. Other material issues, such as Corporate Governance, and detailed data on our internal operations and business activities are reported in other publicly available documents, such as our internal documents and website, and are

#### Reporting Scope:

The QAFCO Sustainability Report covers our entire organisation and includes quantitative and qualitative data for Financial Year 2010. Some indicators are partial and only relate to certain divisions or activities as indicated in the text.

#### Reporting Period:

January 1st to December 31st 2010

#### Reporting Cycle:

Once a year

#### Reporting Framework:

GRI G3 Guidelines

#### Reliability of Information Disclosed

We strive continually to improve the materiality and reliability of the information presented and have adopted an approach aligned with the Global Reporting Initiative and the UN Global Compact. This report has been verified by an external third party and has also been assessed by the Global Reporting Initiative (GRI) for how comprehensively we have applied the latest GRI-G3 guidelines, achieving the top Application Level of A+.

Our approach to sustainability is also widely endorsed by our stakeholders. We have not won any awards in this reporting period as we have been focusing all our efforts on improving our Sustainability processes including working towards and achieving Responsible Care certification.

#### Feedback

This report is available to all stakeholders in hard copy on request and can be downloaded from our website. For further information and comments, please contact QAFCO [please refer back cover inside]



The QAFCO-5 expansion project will raise QAFCO's annual production capacity to 3.8 million MT of ammonia and 4.3 million MT of urea. This will make QAFCO the world's largest single-site producer of both ammonia and urea.





## About QAFCO

QAFCO was founded in 1969 as a joint venture between the Government of Qatar and a number of foreign shareholders. The country's first large-scale venture in the petrochemical sector, QAFCO, was established with a view to diversify the economy and utilize the nation's enormous gas reserves. After successfully implementing several expansion projects over the past three decades, the Company has evolved into a world-class fertiliser producer. QAFCO is now owned 75% by Industries Qatar (IQ) and 25% by Yara Netherland.

With a sizable annual production capacity of two million metric tonnes (MT) of ammonia and three million MT of urea from four Ammonia and four Urea plants, QAFCO is now the world's largest single-site producer of urea. The QAFCO-5 expansion project, which will be completed in late 2011, will raise QAFCO's annual production capacity to 3.8 million MT of ammonia and 4.3 million MT of urea. This will make **QAFCO** the world's largest single-site producer of both ammonia and urea. The QAFCO-6 project, which is expected to be taken over by QAFCO in 2012, will increase the Company's annual production capacity of urea to 5.6 million MT. Consequently the project will strengthen the Company's position as a key player in the global fertiliser market.

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

Currently, QAFCO exports ammonia and urea to more than 35 nations across the globe, with its primary markets being the countries of South East Asia, North America, Australasia and Southern Africa.

We pursue a policy of retaining existing customers while forging ties with new ones. This has enabled the Company to maintain a large network of distributors, with utmost care being taken to ensure that all are satisfied with the quality of our products, services and level of commitment.



## Our vision

To become the world's largest producer of Quality Ammonia and Urea

## Our mission

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

## Our main objectives

Our main objectives are to:

- Achieve the highest possible production at comparatively low cost.
- Operate the plants with maximum online factor.
- Design and operate the plants in a safe, secure and environmentally responsible manner.
- Meet customer's expectations with regard to Quality and Timely Delivery.

We are committed through our Occupational Health and Safety, Environmental, Quality and Responsible Care Integrated Management Systems to:

- Lead QAFCO in ethical ways that increase the benefits to society by protecting our people, environment and community.
- Increase the competency of personnel and use of adequate technology to enhance Customer Satisfaction while improving environmental, safety, health and security performance.
- Prevent pollution and control operational and security risks in order to protect the environment, the safety and health of our employees, contractors, visitors, the neighbours and the community.
- Steward our products and services through each life cycle stage in order to protect people and the environment.

- Implement Occupational Health and Safety, Environmental, Quality and Responsible Care Integrated Management Systems as a prime-line responsibility at all levels of our organization and continually improve their performance and effectiveness.

- Involve and consult with our employees on matters related to our Integrated Management Systems.

- Comply with all relevant Qatari Legislations, Regulations and Standards adopted by the Company.

- Communicate this Policy and systems performance measures to our employees, contractors and other stakeholders including the public and make it available to them and other interested parties.

- Monitor, study and record the environmental impacts of our operations caused by discharges to the sea and emissions to air for possible reductions.

- Encourage re-use and recycling and manage our solid waste to reduce environmental impacts.

- Conduct regular reviews of relevant Occupational Health, Safety, Security, Environmental, Quality and Responsible Care activities for compliance with the adopted Standards.

- Open information, communication and share experiences with all parties affected by or interested in our activities on safe use, transportation and disposition of our products and to recognize, respect and respond to our community concerns about our products and operations.

- Work with Governments, Agencies and Associations at all levels in the development of effective and efficient health, safety, security and environmental laws and industry standards and support research.

**COMPREHENSIVE MANAGEMENT APPROACH  
SET TARGETS WHERE RELEVANT  
DISCLOSE OUR PERFORMANCE IN ACHIEVING THE GOAL**



## Strategy and Analysis

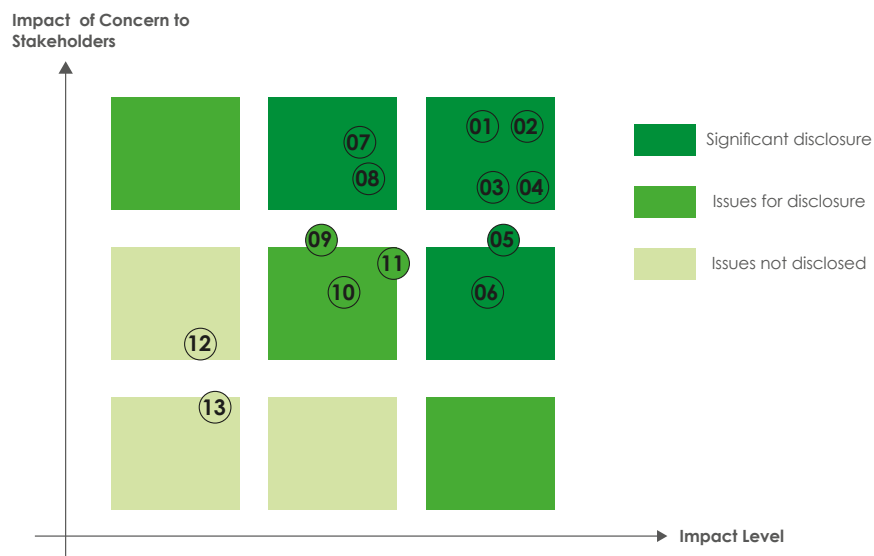
### Materiality Mapping

We conducted materiality analysis using a materiality map to determine the priority of issues that we should address in the long term. The map was created by plotting various issues we faced along the two axes of materiality to stakeholders ("Level of Concern to Stakeholders") and materiality to QAFCO ("Level of Impact"). As such, it inherently reflects the principles of materiality and inclusiveness, and where they are captured in the development of sustainable competitive advantage.

We use a materiality matrix to map these issues and focus our efforts on each area according to the following criteria:

1. **High:** We report our comprehensive management approach, set targets where relevant and disclose our performance in achieving the goal
2. **Medium:** Issues covered in this area are reported but not necessarily with quantitative performance indicators
3. **Low:** These issues have been identified as low materiality and are not reported in detail

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





	ITEM DESCRIPTION	SELECTION
1	Occupational Health and Safety	Labour Practices and Decent Work
2	Impact on the Environment	Environment
3	Human Capital Development	Training and Education
4	Community	Society
5	Customer Health and Safety and Product Labelling	Product Responsibility
6	Environmental Performance Indicators	Environment
7	Product Stewardship	Product Responsibility
8	Qatarization	Labour Practices and Decent Work
9	Biodiversity	Environment
10	Public Policy	Society
11	Stakeholder Engagement	N/A
12	Corporate Governance	Corporate Governance
13	Direct Comparison	N/A

## Stakeholder Engagement

We have been diligently working towards obtaining the Responsible Care certification throughout 2010. This commits chemical companies to be open and transparent with stakeholders at the local, national and international level. **Identifying and selecting stakeholders is based on the level of interaction and impact from or to our business.** Dialogue and cooperation helps our industry work much more closely with local communities, governments, trades unions, international organizations, environmental groups and others to understand and address their concerns. We also promote co-operation with governments and organizations in the development and implementation of effective regulations and standards. This helps companies meet or exceed these requirements.

## QAFCO Stakeholder Engagement Programme

STAKEHOLDERS	ISSUE OF CONCERN	QAFCO APPROACH
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Product information</li> <li>• Quality and cost of services</li> <li>• Response to complaints</li> <li>• Safety Information</li> </ul>	<ul style="list-style-type: none"> <li>• We ensure that all our customers are well-informed about our products and their satisfaction is monitored regularly</li> </ul>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>• Shareholder value</li> <li>• Transparency and good Governance</li> <li>• Return on Investment (ROI)</li> <li>• Benefits, prospects and historical trends</li> </ul>	<ul style="list-style-type: none"> <li>• We acknowledge risk associated with investment and inform our shareholders and investors on the projection of return</li> </ul>
<b>Analysts and Media</b>	<ul style="list-style-type: none"> <li>• Ability to find information</li> <li>• Disclosure and media coverage</li> <li>• Attendance and event agenda</li> </ul>	<ul style="list-style-type: none"> <li>• We continue to engage in a wide media network to ensure transparent disclosure of our activities and events</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Qatarization and local hiring</li> <li>• Employee benefits</li> <li>• Communication with management</li> <li>• Decent labour practices (non-discrimination, career mobility and training)</li> <li>• Response to issues, future plans, current positioning and available prospects</li> </ul>	<ul style="list-style-type: none"> <li>• We are committed to maximising the number of Qatari Nationals in our workforce.</li> <li>• We respect employee rights and individuality while valuing diversity in the workplace</li> <li>• We implement fair remuneration and promote short- and long-term employability</li> </ul>
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>• Income generation, lobbying issues and compliance with laws</li> </ul>	<ul style="list-style-type: none"> <li>• We comply with local and international laws in addition to a fair contribution to the Government</li> </ul>
<b>Value Chain Partners</b>	<ul style="list-style-type: none"> <li>• Transparent and logical procurement channels</li> <li>• Supplier training content, method of communication, sustainability supply chain and coverage of training</li> </ul>	<ul style="list-style-type: none"> <li>• We include Sustainability as part of our supplier audit process</li> <li>• We engage actively with suppliers to ensure a smooth sustainable supply chain process</li> </ul>
<b>Industry Peers</b>	<ul style="list-style-type: none"> <li>• Fair trade and competition practices</li> <li>• Partnerships</li> <li>• Scope of industry peers</li> </ul>	<ul style="list-style-type: none"> <li>• We support fair competition among peer companies</li> <li>• Joint effort with peer companies</li> </ul>
<b>The Public</b>	<ul style="list-style-type: none"> <li>• Impact of products</li> <li>• Communication with management</li> <li>• Environmental Awareness Programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Impact analysis was conducted on our projects</li> <li>• We implement good corporate citizenship and dialogue with the public and NGOs</li> <li>• Environment Corner at Flower Show, QP Environment Fair and School Awareness Programmes</li> </ul>

## Commitment to UN Global Compact

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

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

### Human Rights

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

### Labour

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


### Environment

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

### Anti-Corruption

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





We remain steadfast in our commitment to helping feed the world. With the phenomenal rise in population predicted and the ever-depleting land resources, we have a big role to play as a fertiliser producer in the coming years.



## MESSAGE FROM THE CHAIRMAN

I am delighted to introduce our first Sustainability Report. The year 2010 was an extremely good year for QAFCO. Sustainability has become a primary focus of our business discussions. We became a signatory of the UN Global Compact on 25th January 2010 and we are fully committed to upholding the ten principles in the areas of human rights, labour, the environment and anti-corruption.

During 2010, we were in the process of achieving "Responsible Care" certification which I am delighted to announce we have now achieved. This is our commitment to promoting sustainable development, with due care for future generations and bringing further benefits to our people, the environment and community. Our product stewardship initiative has inculcated environmental protection into the product itself. We have a close engagement with stakeholders especially our suppliers, customers, distributors and user groups in communicating responsible care and product stewardship.

Our employees are our most important asset. I am delighted to announce that records were made without a single lost time accident for five million man-hours. This is a huge achievement by our safety staff and I would like to thank them for setting exemplary safety standards and ensuring nobody gets hurt. We are pleased to be able to offer our employees a happy workplace with attractive benefits, career development plan and effective two-way communication system so every work feels respected and valued.

We have continued to contribute to the development of our country in many ways. We have helped build the nation through education, sports and women empowerment and nurtured a wide diversity of cultures through our clubs and local amenities.

We have worked hard to fight corruption while aiming to eliminate anti-competition, anti-trust and monopolistic behaviour.

We remain committed to preserving the environment in which we live. Our Environmental Management System (EMS) is benchmarked against international standards including ISO14001 and we have been systematic in the collection and monitoring of all environmental indicators including water, energy, waste and emissions.

We remain steadfast in our commitment to helping feed the world. With a phenomenal rise in population predicted and the ever-depleting land resources, we have a big role to play as a fertiliser producer in the coming years. I hope more such milestones are achieved and we come closer to realising the vision of His Highness Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar and His Highness Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani, the Heir Apparent. I am grateful to the guidance given by HE Abdulla Bin Hamad Al Attiyah, Deputy Premier & Chief Of Amiri Diwan and HE Dr. Mohammad Bin Saleh Al Sada, Minister of Energy and Industry and the QAFCO board. I express my gratitude towards Industries Qatar, Yara International and QAFCO Management and staff who have helped QAFCO to the pedestal it is on today.

**Abdulaziz Bin Ahmed Al-Malki**  
Chairman





We realise that sustainability requires our concerted efforts to conserve and contribute to the environment. In 2010, we continued to mitigate the burden of our business activities on the environment while developing a sustainable society.





## MESSAGE FROM THE VICE CHAIRMAN AND CEO

On behalf of QAFCO, I am pleased to present our first Sustainability Report, which highlights our contribution to sustainable development and the effects that our actions have on our main stakeholder groups – customers, shareholders, employees, business partners, society and the environment at large. At QAFCO, Corporate Social Responsibility (CSR) is deeply integrated into all aspects of our operations.

Sustainability is at the heart of our business. We consider the socio-economic impact of our actions as part of our effort in creating value for our stakeholders. In an intensely competitive and rapidly evolving fertiliser industry, sustainable development plays an essential role in ensuring our viability. We realise that sustainability issues can affect our investment value, our risk profile and potential liabilities. As a result, the Board of Directors and senior management are increasingly focused on ensuring the sustainability of all our activities. To us, sustainability is a value proposition that augments our inherent strengths while reinforcing the positive impact we make on the communities in which we have a presence.

We believe in safeguarding the long-term interests of our stakeholders in order to ensure our own viability. Sustainability has been built into our corporate DNA. What's more, our sustainability has been intricately linked with that of the nation, and we feel duty bound to maintain this.

### Commitment to Better Disclosure and Transparent Reporting

In preparing this report, we have been guided by the Global Reporting Initiative (GRI) which evaluates sustainable development according to the three parameters of economic, social and environmental performance. By and large, these parameters correspond to the areas that support our CSR programmes in our employment practices, health and safety, human rights, society, product responsibility and the environment.

We have achieved an excellent result by being awarded an Application Level A+ in accordance with the GRI-G3 framework for Sustainability Reporting. The independent assessment by GRI in Amsterdam confirms that QAFCO has reported on all required core indicators under GRI-G3 which measures disclosure and transparent practices in business.

We have integrated a responsible code of conduct into our strategy and activities. This is also part of our commitment to continue improving our management decision making in achieving greater transparency. This Sustainability Report presents our Corporate Social Responsibility achievements in the year 2010 and clearly sets out the actions we have planned to build on our solid performance in the future. We have extended our efforts in identifying the gaps and formulated our strategy to fill these gaps.

## Our Milestones in Achieving Greater Sustainability

We were in the process of achieving "Responsible Care" (RC) certification during 2010 which is a comprehensive Health, Safety, Security and Environment (HSSE) performance improvement initiative. I am pleased to announce we have subsequently achieved this target. Our commitment goes beyond this as Qatar Melamine Company, which received the consent to operate this year, is in the final stages of certification for Quality, Occupational Health & Safety and Environmental Management Systems based on ISO 9001, OHSAS 18001 and ISO 14001 standards. We strive to be a leader across all aspects of sustainability. We realise that sustainability requires our concerted efforts to conserve and contribute to the environment. In 2010, we continued to mitigate the burden of our business activities on the environment while developing a sustainable society.

We value the contribution of each employee and their safety is of paramount importance. I am pleased to announce that during 2010, we celebrated five million working hours free of lost time accidents; our Frequency Rates and Accident Severity Rates were zero. I am pleased to report that the hard work from our Safety Team has paid off.

Looking forward, we have designed a fish hatchery which we hope to build soon. Large numbers of fish eggs are artificially fertilized and the fry will eventually be released into the open sea to increase wild stocks. We are also looking at feasible ways of introducing technologies which reduce nitrogen oxide emissions and we hope to work with the authorities to roll this out to the whole of Qatar and ultimately all GCC countries.

In protecting the biodiversity and conservation of our nature, QAFCO has continued to be actively involved in greening activities including the Sahara Forest project which is a large reforestation activity and the ecological conservations of Al-Besheriya island.

QAFCO is committed to build the momentum and confidence in the mindset of national citizens. Whilst there have been a number of initiatives across all aspects of sustainability over the past twelve months, the key focus has

been on building the nation. For the record, we have annually provided the largest number of jobs to Qatari citizens and we provide the right employment opportunities, in conjunction with the Qatarization policy.

## Acknowledgements

None of the initiatives highlighted above would have achieved the required results if not for the dedication of our most important stakeholders - our employees. Our own efforts to create a conducive and rewarding work environment for our employees are detailed in the Labour Practices and Decent Work section in this report. Needless to say, we truly appreciate the hard work and commitment of all our employees, to whom I would like to express my heartfelt gratitude. I would also like to thank all our business associates, partners and customers for their continued loyalty. Finally, I would extend a word of acknowledgement to the regulators and government authorities for their constant support over the years. This Sustainability Report is dedicated to all of you. We hope you find it useful and informative and welcome feedback on how we can improve our operations, hence our sustainability.



**Khalifa Abdullah Al Sowaidi**

Vice Chairman And Chief Executive Officer



Our Board of Directors is committed to adopting the highest standards of Corporate Governance as a fundamental part of our responsibilities of managing the business and affairs of the Company.



## Corporate Governance

### Highlights

- Structured Corporate Governance systems in-line with the Corporate Governance Code introduced by the Qatar Financial Markets Authority (QFMA)
- Fair and balanced level of independence on the Board
- Clear operational structure with effective mechanism in place to support the operations, monitoring and reporting

Corporate Governance defines the framework and process by which companies regulate their business activities. This framework is vital to ensure safe business operations which comply with the relevant laws and regulations. Good transparent Corporate Governance systems are rapidly becoming accepted as being fundamental to an organisation's competitiveness and success which facilitates the creation of shareholder value through sustainable business practices.

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

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

## BOARD OF DIRECTORS

### Duties and Responsibilities

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

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

## QAFCO BOARD OF DIRECTORS

Seven out of eight of our Board members are independent, non-executive members.



**H.E. Abdulaziz Bin Ahmed Al-Malki**  
Chairman



**Mr. Khalifa Abdullah Al-Sowaidi**  
Vice Chairman/CEO



**Mr. Hamad Rashid Al-Nuaimi**  
Member



**Mr. Jorgen Ole Haslestad**  
Member



**Mr. Nasser J. Al-Kuwari**  
Member



**Mr. Meshaal M. Al-Mahmoud**  
Member



**Mr. Saeed Mubarak Al-Kuwari**  
Member



**Mr. Egil Hogna**  
Member

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

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

## Board Committees

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

Committee	Duties and Responsibilities
Internal Audit Committee	Oversees areas such as the Company's financial statements, compliance with legal and regulatory requirements, internal control framework and the management of internal and external auditor's activities.
Project Steering Committee	Oversees expansion projects, i.e. Urea 1 Revamp, Melamine Project and QAFCO 5 & 6 Projects.
General Tender Committee	Oversees the tendering and contract award process for all Purchase Orders and Contracts above QAR 10 Million and below QAR 50 Million.
Limited Tender Committee	Oversees the tendering and contract award process for all Purchase Orders and Contracts above QAR 500,000 and below QAR 10 Million.
Small Tender Committee	Oversees the tendering and contract award process for all Purchase Orders and Contracts above QAR 100,000 and below QAR 500,000.
Project Approval Committee	Oversees the approval of internal projects for capacity enhancement, safety, environment, minor plant modifications etc.
Concept Screening Committees	Oversees the screening of "Project Ideas" (Concepts) initiated by various groups within the organisation to be passed onto the Project Approval Committee for further deliberation and decision making.

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

The Board met a total of four times during 2010 and all Directors attended more than half of the meetings held during the financial year. Issues discussed include financial and other information deemed suitable such as new statutory and regulatory requirements concerning their duties and responsibilities; risk management and risk management updates; customer satisfaction; product and service quality; market share and market trends; manpower and human resource; and environmental issues. The Board meetings are governed by a structured formal agenda and schedule of matters arising for approval or documentation with sufficient time given for consideration.

Our shareholders nominate their representatives on the QAFCO Board of Directors which provides them with a mechanism to present their recommendations or direction to the governance body (i.e. QAFCO Board). We are in the process of implementing a whistle-blower process which will provide employees an opportunity to highlight their recommendations or concerns to the governing body (i.e. Audit Committee).

### **Remuneration System of the Board**

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

### **CONFLICT OF INTEREST**

The Directors continue to observe the Company Directors' Code of Ethics in carrying out fiduciary duties and responsibilities. We ensure high ethical standards are upheld and the interest of our stakeholders is always a priority. We have implemented appropriate controls to ensure the systematic identification of potential conflicts of interest and procedures and have mechanisms to address such conflicts of interest if they arise.

We have in place a 'Fraud Awareness Framework' and we have implemented an annual conflict of interest declaration that is obtained from all employees. The internal audit process operates independently and reports directly to the Internal Audit Committee who reviews all business activities based on a risk based audit plan.



## Business and Financial Performance

### Our Business:

### Our Shareholders: Qatar Fertiliser Company

Qatar Fertiliser Company (S.A.Q) was incorporated on 29 September 1969 as a Shareholders All Qatari Company (S.A.Q) in the State of Qatar. The Company is engaged in the production and sale of Urea and Ammonia. The shareholders and their shareholding interests in the Company are as follows:

Name of the Shareholder	Country of Incorporation	Interest
Industries Qatar (IQ)	Qatar	75%
Yara Netherland BV	Netherland	25%

**Total number of employees: 1,334 employees**

IQ is the immediate parent of the Company, which is a 70% owned subsidiary of Qatar Petroleum (QP). Thus, QP is the ultimate parent of the Company.

### Our Shareholders: Downstream

#### Gulf Formaldehyde Company

Gulf Formaldehyde Company (S.A.Q) was incorporated on 3rd March 2003 as a Shareholders All Qatari Company in the State of Qatar. The Company is engaged in the production and sale of Urea Formaldehyde Concentrate ("UFC"). The Shareholders and their interests in the company are as follows:

Name of the Shareholder	Interest
Qatar Fertiliser Company Q.S.C.C	70%
Qatar Industrial Manufacturing Company. (S.A.Q)	15%
United Development Company P.S.C	10%
Amwal Investment Company	5%



### Qatar Melamine Company

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

Name of the Shareholder	Interest
Qatar FERTILISER Company Q.S.C.C	60%
Qatar Holding	40%

### Financial Highlights

#### Consolidated Statement of Financial Income – Year End 31 December 2010

	2010 (QR)	2009 (QR)
Sales-net	3,880,038,408	(1,359,622,027)
Cost of Sales	(1,438,507,686)	(1,359,622,027)
<b>GROSS PROFIT</b>	<b>2,441,530,722</b>	<b>1,946,978,109</b>
Other Income	116,237,189	196,964,008
Selling and distribution costs	(64,572,783)	(55,118,244)
Administrative expenses	(372,377,731)	(392,791,623)
<b>PROFIT FOR THE YEAR</b>	<b>2,120,817,397</b>	<b>1,696,032,250</b>
Attributable to:		
Equity holders of the parent	2,117,669,656	1,692,742,786
Non-controlling interest	3,147,741	3,289,464
	<b>2,120,817,397</b>	<b>1,696,032,250</b>

A more detailed financial statement can be found in our Annual Report 2010.

### Financial Opportunities due to Climate Change

During 2010, we signed an agreement with Mesaieed Power Company Limited to annually supply 13,000 tonnes of aqueous ammonia. This agreement is for 24 years and the aqueous ammonia solution will be used in the power generators at the Mesaieed Power Plant. We intend to supply aqueous ammonia to various companies and gas-operated industrial plants in Qatar and utilize it as an agent to reduce NOX emissions and help comply with the Qatari environmental regulations. We also signed a similar agreement with Ras Qirtas Power Plant and we are planning to tender for new contracts with a number of leading industries in the country to reduce the national NOX emissions. Aqueous ammonia, a chemical compound composed of 19% ammonia, is used as an agent to absorb nitrogen oxides produced on the utilization and burning of gas in power generators and industrial plants. We have not received any significant financial assistance from the government.



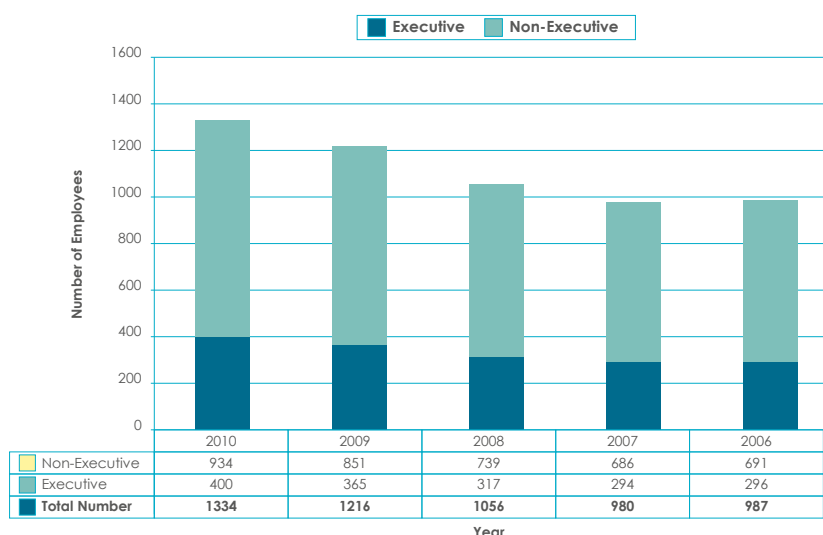
## Labour Practices and Decent Work

### Highlights

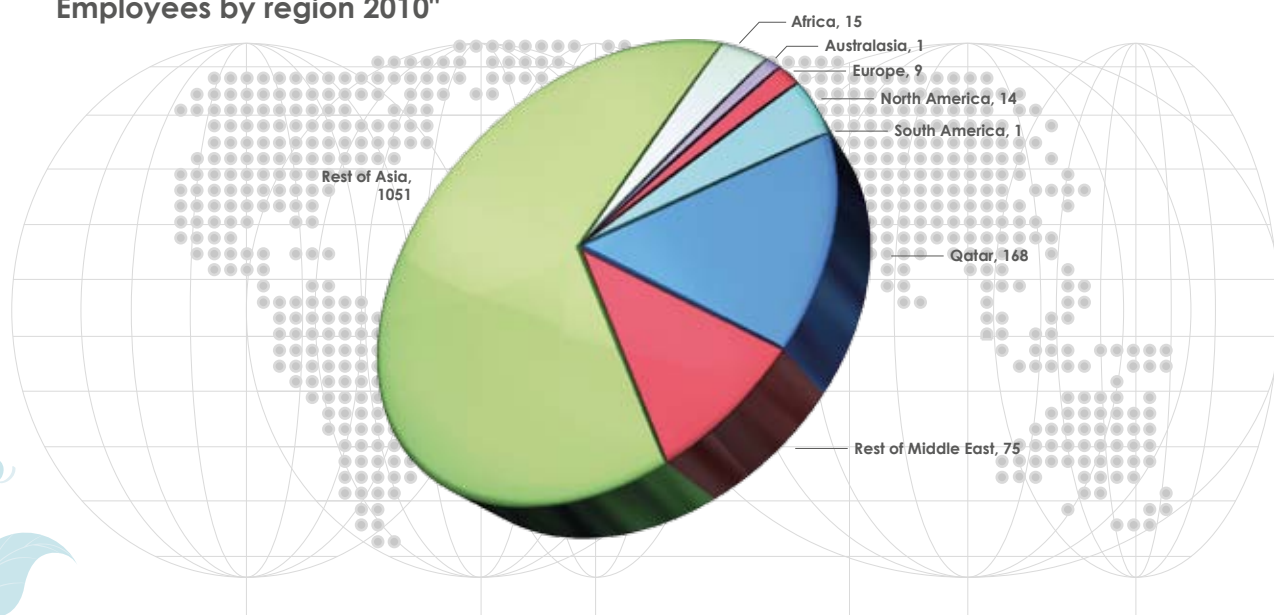
- Happy workplace with attractive benefits, career development plan and effective two-way communication system
- Focus on achieving the success of Qatarization
- Zero accident severity and frequency rate during 2010

Our success relies on the dedication and engagement of our 1,334 employees across all divisions of our Company. All of our employees work in Qatar and we are committed to creating a workplace where employees are valued and have the opportunity to maximise their full potential. Our workforce has grown sustainably each year since 2007 as can be seen in the graphs below.

**Breakdown of Employees (Executive and non-executive) from 2006 to 2010**



**Breakdown of QAFCO Employees by region 2010"**



## Employment and Benefits

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

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

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

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

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

Travel assistance is also provided for employees. All expatriate employees are eligible for an air ticket from home to Doha upon appointment and a return ticket home on final departure. This is extended to the employee's spouse and children provided they have stayed in Qatar for at least six months during the previous 12 months. Incidental travel expenses are also provided to employees upon final repatriation to their base countries. There is a provision for reimbursement of airfreight for the first arrival and final departure which extends to spouses and children if the employee is married.

We also provide generous travel expenses to our employees travelling outside of Qatar. An allowance is paid for each day/night of absence (inclusive of travel time) to cover accommodation, meals and incidentals. An advance on travel expenses is also available upon application.

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

The table below shows our employee turnover by gender and nationality from 2006 to 2010.

Employee Turnover by Gender 2006 to 2010					
	2010	2009	2008	2007	2006
Male	72	63	88	77	78
%	5.48%	5.27%	8.47%	7.98%	8.04%
Female	8	2	0	1	1
%	40%	10%	0%	6.67%	5.88%
<b>Total</b>	<b>80</b>	<b>65</b>	<b>88</b>	<b>78</b>	<b>79</b>
<b>Total %</b>	<b>6%</b>	<b>5.35%</b>	<b>8.33%</b>	<b>7.96%</b>	<b>8.00%</b>



**Employee Turnover by Nationality 2006 to 2010**

	2010	2009	2008	2007	2006
Qatari	6	5	8	7	8
Non-Qatari	74	60	80	71	71
Total	80	65	88	78	79

### **Employee Performance Appraisal System**

Our Employee Appraisal System (EPAS) is formalised as part of our Personnel Procedures Guide. It is our policy that the performance of all employees shall be formally appraised once each year with the aim of maximizing their competence in contributing to the achievement of our objectives. The EPAS applies to all employees occupying established positions including secondees and staff under development such as developpees and trainees. A single performance appraisal system is used for all employees regardless of their categories and staff class.

EPAS employs seven performance factors in its method of appraisal: job performance; discipline safety awareness; management systems (quality and environment); personal qualities; cost effectiveness; and on-the-job training and development. The EPAS aims to improve performance through fair and constructive feedback. Employees' performance is measured against objectives and performance factors. EPAS provides a mechanism to motivate employees' output and usefulness to our Company. This process helps employees understand their role and what is expected of them. It also identifies training requirements to narrow skill gaps and for the enrichment of skills. Each of these seven performance factors is scored 'Outstanding', 'Excellent', 'Good', 'Average' or 'Needs Improvement'.

EPAS provides a grievance procedure to ensure fairness by internally reviewing EPAS decisions questioned and raised by employees. All employees may appeal a decision through this procedure.

### **Qatarization Local Hiring Policy**

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

We are committed to this programme by maximizing the number of Qatari Nationals in our workforce. We focus on the development of existing Qatari Nationals together with ongoing efforts to recruit fresh Qataris in various engineering, technical, vocational and administrative disciplines. Various Qatarization programmes we follow include:

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

These programmes have been successful within QAFCO. Each year we managed to recruit an increasing number of Qataris, including employees and vendors, although we have not reached our target of 50% within the Company. The Company also aims to increase the number of Qataris among senior management level which is currently below 50%. This is due to our rapidly growing business which requires the employment of new employees quickly for our expanding business. This effect has been magnified by the commissioning of QAFCO 5 and QAFCO 6.

We are regular supporters of the Qatar Career Fair which offers Qatari students education, recruitment, training opportunities and development in order to enhance their abilities and strengthen their skills. This enables them to meet the challenges in national development. We attend this event annually to provide the largest number of jobs to Qatari citizens, provide the right employment opportunities and meet the objectives of the Qatarization policy.

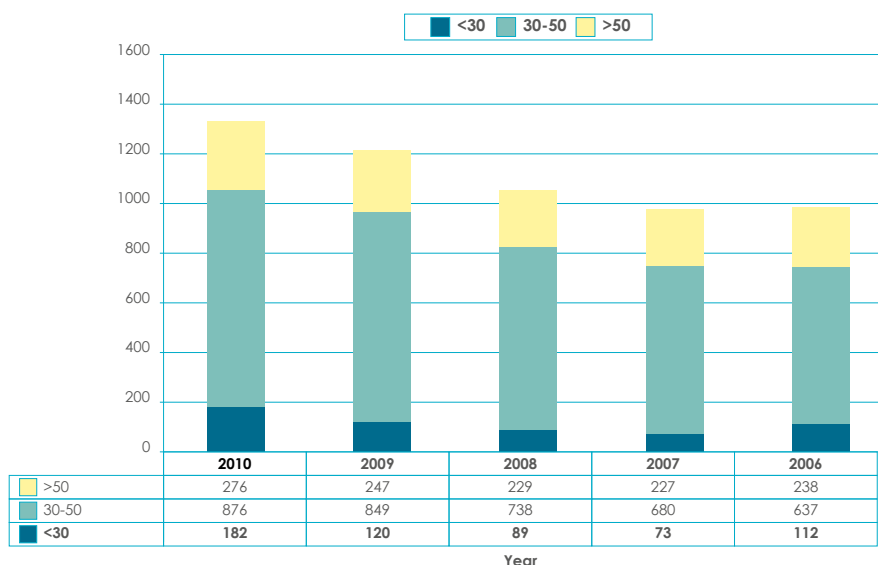
There are no disparities in pay between men and women. We pay fairly regardless of gender. Our salary ratio between men and women is 1:1. The table below shows the breakdown of employees by gender:

**Employee Breakdown by Gender 2006 to 2010**

	2010	2009	2008	2007	2006
Female Employees	20	20	17	15	17
%	1.50%	1.64%	1.61%	1.53%	1.72%
Male Employees	1314	1196	1039	965	970
%	98.50%	98.36%	98.39%	98.47%	98.28%
<b>Total</b>	<b>1334</b>	<b>1216</b>	<b>1056</b>	<b>980</b>	<b>987</b>

Although there is no minimum wage law in Qatar, we follow a very competitive remuneration system that is practiced within the downstream companies. There is no discrimination in position between men and women within QAFCO.

**Breakdown of Employees by Age from 2006 to 2010**



## Labour/management relations

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

## Occupational Health and Safety and Environment Policy

In QAFCO, we recognise that enhancing the well-being of our employees is crucial in sustaining a healthy and safe workplace. Low morale can hurt productivity, increase work errors, increase "sick days", decrease cooperation between teams and departments, and if left unchecked can lead to larger problems. We acknowledge the importance of creating the connection between employees and management. We continue to nurture a common purpose and common goals throughout the entire workforce. One of the ways we practice to connect with our employees is by spending time with them. Our CEO and other members of the management level regularly have lunch or breaks with the employees. This goes a long way towards maintaining the connection we value.

We give a high priority to excellence on all fronts and adhere to international standards of quality, safety, occupational health and environment protection. We boast three ISO Management System Certifications: ISO 9001: 2000 Quality Management System; ISO 14001: 2004 Environmental Management System; and OHSAS 18001 Occupational Health and Safety Management System. With these certifications, we enjoy the prestige of a globally recognised manufacturer in the field of chemical process industry.

## Mission

We shall operate the plants Efficiently, Safely, and in an Environmentally Responsible manner to Produce and Supply Ammonia and Urea at the Quality required by our Customers

and to carry out investments to Maximize Shareholder Return.

## QAFCO Safety and Environment Committee

We have established a high level "Safety & Environment Committee" (QASEC) under the Chairmanship of the CEO to discuss, promote and consider policy matters in occupational health and safety and environmental issues of significant importance to QAFCO.

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

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

QASEC consists of 11 permanent members; Vice Chairman and Chief Executive Officer (Chairman), Production Manager, Maintenance Manager, Technical Services Manager, Head of Material Handling, Head of Mechanical Section, Head of Electrical Section, Head of Medical Section, Head of Environment Section, Head of Safety Section (Secretary) and the Occupational Health and a Safety (OH&S) Employees Representative. There are also three section heads selected from the production plants on a rotational basis. The entire workforce is represented by this committee and 0.01% of the total workforce is represented directly by the Employees' Representative.





## Our Contractors' Safety Requirements

Our stringent safety requirements also extend to our external contractors. We aim to ensure the protection of life and property and foster construction efficiency through the selective use of safe work practices and the establishment and maintenance of working conditions. Contractors are required to follow the "QAFCO Contractor's Safety Rules and Regulations" and document the specific responsibility, authority and interrelation of all personnel who implement this policy. It is the responsibility of the contractor to ensure all sub-contractors and others comply with the approved safety programme.

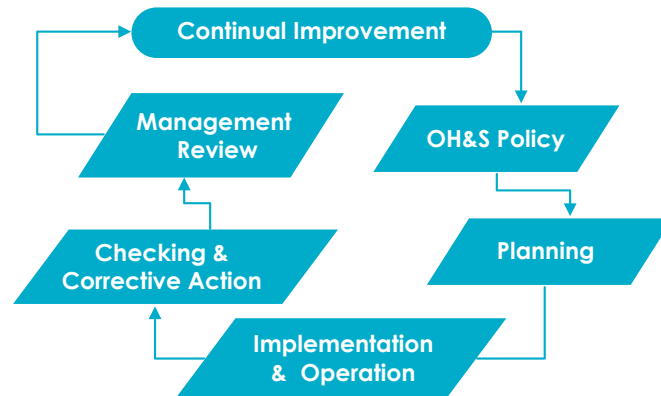
We require that each contractor ensures that all personnel for whom they are responsible receive a thorough safety orientation which includes:

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

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

Our Successful Occupational Health and Safety Management System (OH&S) can be seen below. The process aims to continuous improvement of our OH&S policy.

### ***Elements of Successful Occupational Health and Safety Management (OH&S) at QAFCO***

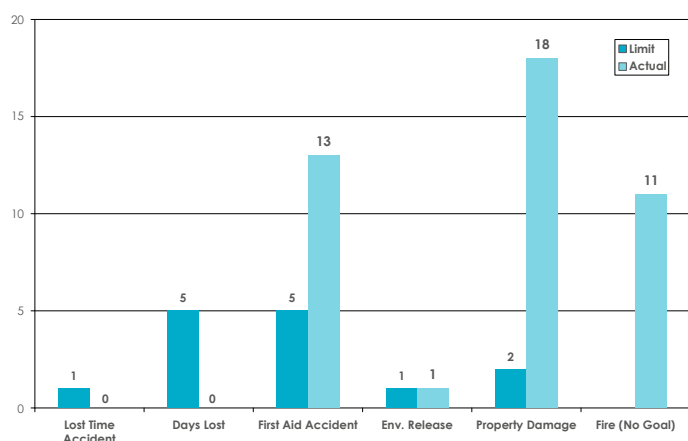


The testing of Emergency Alarms (Sirens) is conducted on the 1st Sunday of every month: the testing of Fire alarm (Local Bell/sounders) in buildings is on each Friday from 15.30 to 16.30.

### **Incident Statistics in QAFCO**

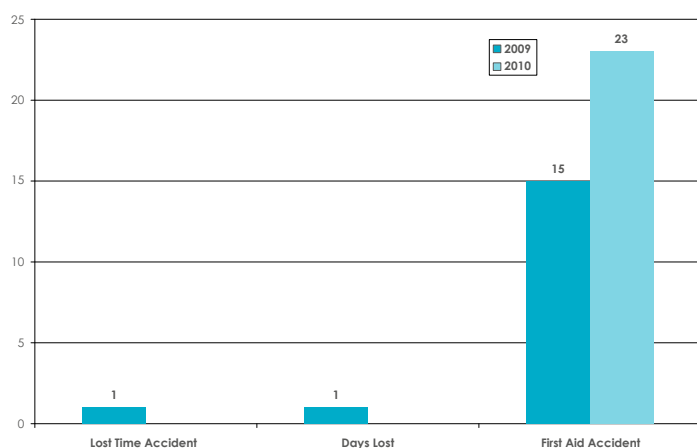
In 2010, QAFCO celebrated five million working hours free of lost time accident on 29th November 2010. This demonstrates our commitment to the importance of safety in QAFCO. The table [page 31] shows our Incident Statistics against Goal during 2010.

### QAFCO Incident Statistics against Goal 2010



Several contractor accidents were reduced considerably because of various awareness and training campaigns that were conducted on heat stress, shutdown safety and housekeeping. We also achieved "zero" lost time accidents during the QAFCO 4 major shutdown. The chart below compares our contractor incidents in 2010 with 2009.

### Contractor Incident Statistics Comparison 2009 and 2010



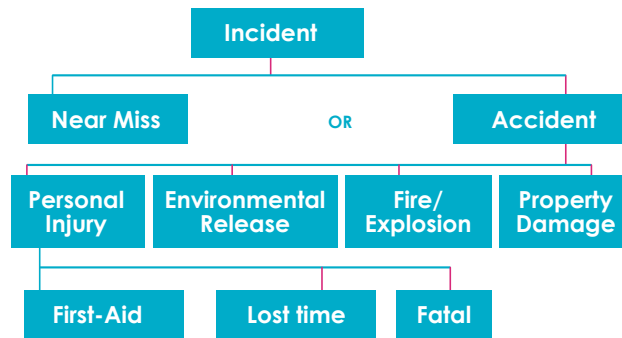
Although the number of contractors requiring first aid assistance has increased by nearly 54%, we have managed to eliminate 'Lost Time' and 'Lost Day' Accidents.

The table below describes our Accident Frequency Rates, Accident Severity Rates and Accident Severity Indicators for 2009 and 2010. It also includes our calculation methodology. We are delighted to have achieved zero for all of these indicators, however, we will not become complacent and continue to improve our safety processes.

### Accident Frequency and Severity Rates from 2009 to 2010

Safety Measures				2009	2010
Accident	Frequency	Rate	=	0.081	0
(No. of Lost Time Accidents x 200,000/ Man Hours Worked)					
Accident Severity Rate [ASR]			=	4.527	0
(No. of Days Lost x 200,000/ Man Hours Worked)					
Accident Severity Indicator [FSI]			=	0.019	0
$\sqrt{(AFR \times ASR / 100)}$					

## Incident (Classification & Definitions) Classification of Incidents



## Training and education

We have established and maintained documented procedures for the identification of training requirements and to provide appropriate training to personnel at all levels. This includes the training and briefing of contractors, visitors and other personnel entering our site. The table below shows the breakdown of training programmes:

**Employee Training Indicators from 2006 to 2010**

	2010	2009	2008	2007	2006
Employee participation in training	95	135	145	156	75
Average attendance per training programme	629	419	384	215	204
Average number of hours of training per year per employee	19	14	15	9	8

Different categories of awareness training are provided for the different levels within QAFCO. These cover all QAFCO employees and induction training is given to new employees which covers the general requirements of the Management Systems. The training includes the importance of complying with Policies and Procedures. It also covers the requirements of the Management Systems.

Department Managers and Section Heads are responsible for providing necessary training to their employees to ensure that they are aware of the Occupational Health and Safety; security consequences; the significant actual or potential environmental impacts of their work activities; and the benefits of improved personal performance. They are also made aware of their roles and responsibilities in achieving conformance to the requirements of the Management Systems.

The training is provided internally or externally based on the competency requirements. Mock Drills on Contingency Plans and Emergency Procedures are conducted regularly to acquaint the employees with their respective roles and responsibilities in accordance with the set plans.

## **Heat Stress Prevention**

Working in a hot climate, such as here in Qatar, places stress on the body's cooling system. When the heat is combined with other stresses such as hard physical work, loss of fluids, fatigue or some medical conditions, it may lead to heat-related illness, disability and even death. We always give the highest priority to occupational health and safety and safety flags are always visible in our plants. All workers are required to follow the heat prevention colour codes and instructions below:

**QAFCO Heat Stress Prevention Colour Codes and Instructions**

Heat Index (°C)	Flag Colour to be Posted	Controls	Work: Rest Periods (Mins)	Water Requirements (1 cup = 1/4 Litre)
Up to 26	White	–	–	–
27 to 38	Yellow	Continuous Monitoring and no working alone	40:10	1 cups every 20 minutes
39 to 53	Red	Work under shade	30:10	1 cup every 20 minutes
54 and Above	Black	STOP WORK		

We conducted a heat stress campaign on 3rd June 2010. During this campaign, we distributed Heat Stress Prevention leaflets written in Arabic and English (depicting the heat stress indices/urine colour, which advises workers to identify heat stress symptoms in the early stage and address them immediately. "Qatar Airways" representatives also participated in the campaign. Banner and flags were posted around the QAFCO sites and offices.

A Heat Stress Urine Index is a Health and Safety initiative which alerts employees of their hydration levels. Diagrams showing a gradation of urine colours from deep orange to white, and the dehydration levels these colours are likely to represent, are displayed in all QAFCO toilets. This Health and Safety initiative aims to prevent dehydration in the workplace.

The Safety Section closely monitored the Heat Stress Index and communicated the status with the QAFCO contact person. No heat stress cases have been reported amongst QAFCO employees and contractors.

## **Shutdown campaigns**

We conducted a Shutdown Safety Campaign on 7th March 2010 and a second campaign was conducted on 21st March 2010 which involved the distribution of pamphlets in various languages with 200ml milk to all QAFCO personnel and contractors who entered our premises. A final shutdown "Thank you" campaign was conducted on 25th March 2010 by distributing chocolates to all QAFCO personnel and contractors who were leaving QAFCO after shutdown activities.

## **Other Safety Campaigns**

A promotion recommending car "reverse parking" was conducted on 9th June 2010 which involved the distribution of an awareness pamphlet and car fragrance. A number of fire brigade activities were also conducted throughout the year.



### **Safety Workshop on Repeated Accidents and Risk Assessment**

A fourth Safety Workshop conducted on 23rd June 2010, focused on "Risk Assessment". During the workshop the participants were separated into 10 teams to carry out the exercises and reports were issued the same week. This was followed by a Risk Assessment Campaign which was conducted for one week from 28th February to 4th March 2010. 28 new risks were raised during 2010 and 19 risks were closed.

### **Safety Training**

Training sessions were conducted by our Safety Staff with the aim of increasing Safety awareness among the employees and contractors. The table below provides a summary of our safety training throughout 2010. It covers the type and duration of training and the number of participants.

**Safety Training Conducted During 2010 by Safety Staff for Employees and Contractors**

<b>No. of Contractors / Employees</b>	<b>Trade involved in training</b>	<b>Duration of Training</b>	<b>Type of Training</b>
5112	Contractors	2 Hours	Occupational Health and Safety and Environment briefing
151	New QAFCO Employees	2 Days	Safety Induction Training
118	New QAFCO Employees / Others	1 Hour	Safety Briefing
440	QAFCO Employees	1 Day	Shutdown Training (Refresher)
414	QAFCO Employees	1 Day	Emergency Response Training (6 times a year)
8	QAFCO Employees	1 1/2 Hours	CP&EP Incident Controller Training
15	QAFCO Employees	1 Day	Aqueous Ammonia Safety Training
47	QAFCO Employees	1 1/2 Hours	Risk Assessment Training
35	Canteen Staff	2 Hours	Tailored training on Safety and Fire
29	QAFCO Employees (Stores)	1 Day	Storage and Handling of Chemicals

We have also implemented a private self-testing online safety training programme which allows individuals to refresh their memories and to become more familiar with our safety management system. The programme consists of four comprehensive educational questionnaires: Contingency Plans and Emergency Procedures; QAFCO Management System; Safety Instructions and Safety Procedures.

### **Safety Awards and Competitions**

A number of Safety Awards have been given to employees who observed and practiced good safety procedures. These include:

- 17 QAFCO employees receiving safety awards related to reporting of risk, near miss and unsafe conditions during 2010.
- 20 QAFCO employees and trainees receiving safety awards during shutdown.
- A number of contractors receiving safety awards during shutdown.

Safety awareness competitions are also conducted periodically within QAFCO. These competitions increase employees' awareness on a number of issues including certification, internal safety statistics and general safety information.

### **Behaviour Based Safety**

Behaviour Based Safety (BBS) is the application of science of behaviour change to real world problems. BBS focuses on what people do, analyzes why they do it and then applies a research-supported intervention strategy to improve what they do. We piloted a BBS programme in QAFCO workshops during 2010 and have completed six months of implementation. An electronic reporting system is under construction for reporting BBS observations in the Safety Information System. BBS films on STOP programme has been included in "Safety Information System" (intranet) for awareness training of our employees.

### **Awareness Training for Serious Diseases**

All employees receive medical insurance and benefits. Apart from that we also conducted a comprehensive education programme, providing all employees with the provision of guidelines on prevention approaches.

We have a state-of-the-art medical centre within the QAFCO site and ensure that all employees are provided with medical assistance including medical consultation and

vaccination services when required. The medical centre includes offices; consultation rooms; an observation room for patients; audiogram, eye examination and lung testing facilities; a laboratory for blood testing; and an emergency room which allows patients to be admitted quickly by ambulance.

### **Diversity and equal opportunity**

We believe that our employees must be treated fairly and consistently in order to:

- Integrate a multi-national group of employees into an effective and cohesive workforce.
- Establish a working environment in which all employees are properly motivated and committed.
- Maximize their contribution to the efficiency and productivity of QAFCO.

We recognise that proper communication among our employees is essential to ensure employees' individual and collective grievances are dealt with properly and that all employees conform to our Rules and Regulations.





## Human Rights

Respecting the Human Rights of all employees throughout the organisation is important to QAFCO. The Company aims to embed a culture of understanding, awareness and continual improvement in equality and diversity.

### Non-discrimination

The Code of Ethics provides a clear Non-discrimination Policy. Employees shall treat all persons fairly regardless of such factors as race, colour, national origin, sex, marital status, age, religion, creed or political belief, physical handicap or disability, or status. The Code of Ethics also contains a Sexual Harassment Policy which forbids the sexual intimidation of anyone.

### Freedom of association and collective bargaining

QAFCO promotes open dialogue between the employee and the company. Our Human resources department provides windows for grievances and addressing the issues of employees, collective bargaining is however restricted.

### Notice Period for Operational Change

Operational changes occurring that may potentially affect our employees are communicated throughout the Company. The Human Resources Department is required to notify all employees via email or other electronic modes. These platforms are

used by the management to communicate updates and changes within QAFCO. We recognise the importance of having a two-way dialogue between the management and employees, regardless of how major or minor the changes are.

### Child labour

Qatari law prohibits forced and compulsory labour by children. The Labour Law stipulates the minimum age for employment as 16 years. The employment of children is forbidden at QAFCO. Although our operations and nature of business does not expose us to the risk of employing children, our Personnel Procedures Guide states that minimum age of recruitment is 18. The age given by the employee is authenticated by Human Resources at the time of recruitment by a birth certificate or any other accepted official document. This ensures that there are no violations of the law and QAFCO regulations.

### Forced and compulsory labour

Qatar has ratified the Convention on Forced Labour. Our nature of operations and business does not expose us to the risk of practicing forced or compulsory labour. Employees are encouraged to report to the Human Resources on any suspect of such cases. Under no circumstance do we ever consider using forced or compulsory labour. There have been no instances of any Forced Labour by QAFCO or any of its suppliers or contractors during the history of the Company.

We are pleased to report that there have been no significant incidents of discrimination. There have been no reported incidents of risks of child, forced or compulsory labour. There were no incidents of violations of human rights involving the rights of indigenous people at any time during QAFCO's history.





**Local socio-economic development and nurturing diversity of cultures through social activities.**

## Society

### Highlights

- Local socio-economic development and nurturing diversity of cultures through the Al Banush and Al Maha Clubs.
- Building the nation through education, sports and women empowerment
- Public policy development to fight corruption, anti-competitive, anti-trust and monopolistic behaviour

Our main operations are located in Mesaieed, Qatar. Mesaieed was established in 1949 as a tanker terminal by Qatar Petroleum on a previously uninhabited site along the coast. Mesaieed is an industrial city and is managed by Mesaieed Industrial City, a subsidiary of Qatar Petroleum.

Mesaieed is an industrial city with many major Qatari companies having their operations here. The infrastructure per se caters to allow smooth functioning of these industries, however, QAFCO has invested its resources to provide for its employees and family members an atmosphere to provide entertainment and means to socialise.

### Building Our Community

#### Al Banush and Al Maha Clubs

The Al Banush and Al Maha Clubs are our sports and social centre which is available for our employees. It has many facilities including a main hall, a football ground, bowling green, tennis and basketball courts and many more indoor and outdoor facilities. It has an outside swimming pool with a slide, and diving board. There are several classes available including spin, karate, football and badminton.

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

The clubs have a restaurant featuring great lunch time and evening menus which boast cuisine from all around the world. The menus reflect our multicultural Company and the prices are reasonable. The club has a village hall feel and is the heart of our community. We frequently celebrate countries' national days and these events are supported well. Our highly diversified chefs support this event by preparing national dishes for the day. The annual QAFCO flower and vegetable show is also held here and a cricket field is located near the club. We have also allocated QR 65 million to a project for the redevelopment of our club over a period of 15 years.

#### QAFCO Canteen

QAFCO has its own in-house canteen catering to the different nationalities working at QAFCO. The food is of very high quality and we are pleased to have been certified with Hazard Analysis Critical Control Point (HACCP). Our HACCP certification is updated on an annual basis.



### **The QAFCO Flower and Vegetable Show**

The QAFCO Flower and Vegetable Show is an annual event held each spring. It is the largest and oldest flower and vegetable show in Qatar and each year there is an outstanding array of flora on display. This celebrated event highlights the initiative adopted by QAFCO in promising to have an environmentally safe policy that benefits nature and encourages sustainable development. The event demonstrates the willingness within Qatar to contribute to this initiative, with the large scale participation of professionals, amateurs and young people in an outstanding range of classes. In 2010, the show attracted more than 400 competitors, displaying 4,500 exhibits in 122 categories and occupying a space of 4,000 square metres.

*"In these times where climate change and environment is on every discussion, the show is doing a significant bit in generating awareness among the people here. This show allows visitors and participants alike to immerse themselves in this imperative concept, where they can learn and implement fundamental values, as well as enjoy themselves in the process."*

*Khalifa A. Al Sowaidi, Vice Chairman and CEO QAFCO*

### **Sponsoring Education and Building the Nation**

#### **QAFCO Primary School**

The QAFCO Primary school is sponsored by QAFCO. The school is run by the school committee which is represented by QAFCO employees. As per 2010, there were more than 200 students studying in the school.

#### **Lanka Lions Nite**

We sponsored the Lanka Lions "Nite" 2010 and the musical evening on the following day. This Sri Lankan socio-cultural event was held at the traditional venue, Ramada Plaza Hotel during 7th and 8th January 2010. More than one thousand people attended the two programmes which were highly acclaimed by all those present. The band "Sohan & the Experiment" and the artistes Annesly Malewana and Lahiru Perera were specially flown in for this occasion. Diplomats, distinguished guests, Sri Lankans and non-Sri Lankans attended the "Nite."



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

The Indian Cultural Centre Celebration hosted India's 61st Republic Day on 29th January 2010. The four-hour event at a packed-to-capacity Doha Cinema was replete with patriotic skits and a variety of dances. The event commenced with a touching performance by 13 children from Hope Qatar, an organisation for children with special needs. A semi-classical jugalbandhi by ICC dance students; a cinematic dance by DPS-Modern Indian School; a thematic dance by Indian Women's Association; and a dance by Vidya Arts were the other items of the first half. The public function that followed welcomed Indian Ambassador, Deepa Gopalan Wadhwa, as the chief guest. Former test cricketer Syed Kirmani, QAFCO maintenance manager Jan Tonheim and Mowasalat sales manager Abdul Hamid Yousuf were the guests of honour. Recalling our four-decade-long relationship with India, Toneem observed that many of the Indian employees who joined us in our early days worked for over 30 years.

### **"Ekraa Bessm Rabak" Books Fair**

We sponsored Al Wakra Independent Preparatory School for Girls which held a book fair entitled "Ekraa Bessm Rabak" on 7th - 11th March 2010. The event was organized by the school library in coordination with the school's information centre and was held under the supervision of the school librarian.

### **3rd Open Fly-In Day**

We sponsored the third open fly in day at Al Khor Airfield which was organised by the Open Fly-In Day Organising Committee. The event took place on 13th of March 2010 from 9:00am to 3:00pm, 50km North of Doha, on the East side of the Al Khor Coast Road. The day commenced with the First Fly Tour and Local Air Show. Other activities included remote flying, an air show and a microlights flying show featuring parachute jumps.

### **GCC Hejen Racing**

We sponsored the Annual Hejen Race Championship, which was attended by Qatari

nationals, expatriate communities from GCC countries and other parts of the world. The event took place on 19th April 2010 and is one of the most popular sports events in Qatar. The sponsorship demonstrates our commitment to the Qatari community and complements our efforts to preserve a sport that is deeply rooted in our national heritage. We are committed to the nation's growth and prosperity.

### **Qatar International Business Women Forum**

We supported the Qatar International Business Women Forum, which was launched at the Sheraton Doha Hotel and Resorts, on Monday, May 10, 2010. It was attended by over 500 top officials, business women leaders and experts from Qatar and other Gulf and Arab countries. The forum covered:

- The Role of Women in Business and Investment: A Comparison between the Arab World and the West
- Coaching Women to Take Over Leadership in Business and Develop a Strong Image
- Women in Corporate Life: Bridging the Credibility Gap
- Women in Family Business: What role for women in family-owned enterprises?
- Women Entrepreneurs
- Role of Businesswomen Organizations and Networks

### **Sponsorship of Various Schools**

At QAFCO, we sponsor various schools. During 2010 we sponsored schools which have been successful in achieving excellence in all spheres of education. We recognise that studying in a multi-cultural and healthy co-educational environment help children bloom into well-rounded-physically healthy, mentally agile, emotionally balanced and socially committed individuals.

An example of our sponsorship is our support for the DPS Modern India School Cultural Fiesta.





**We recognise that studying in a multi-cultural and healthy co-educational environment help children bloom into well-rounded-physically healthy, mentally agile, emotionally balanced and socially committed individuals.**

In its short span of 10 years, the students have left an indelible mark in scholastic competitive areas like Sports and Games, Quizzes, Music and Dance, Debates, Painting and Elocution, winning all major competitions in Doha. We sponsored a grand "Cultural-Musical Fiesta with Pankaj Udhas Gazal Nite on 4 June, 2010 at Hotel Intercontinental, Doha.

#### **21st QAFCO Open Bridge Tournament**

The QAFCO Open Bridge Tournament has become one of the regular activities at Qatar level since its inception in 1980 and it draws top players from all over the Qatar.

#### **ICIS Third Ammonia Handling and Shipping Safety Workshop**

We demonstrated our commitment to safety in our industry by sponsoring a workshop conducted by ICIS. It was run in partnership with the International FERTILISER Industry Association (IFA) and supported by the Arab FERTILISER Association (AFA).

The workshop provides a professional and unique forum to exchange information and share company and industry best practices for the safe transportation via ship and handling of anhydrous ammonia at terminals. Safety is a priority issue for the industry which goes beyond commercial and legal issues.

The initiative was prompted by numerous requests received from members of IFA and AFA. This led to the first workshop in Alexandria in 2008, followed by an equally successful event in Kuala Lumpur in 2009.

#### **Other Sponsorships**

We supported the Inaugural Annual Report of Chartered Accountants of Sri Lanka which was held during May 2010. Competition golf has been played in Mesaieed since 1951 and we consider it as part of our cultural heritage. We sponsored the Golf Competition at Mesaieed Golf Club which was held during 2010.

We also supported the Second Meeting of Gulf Sport Press. On this occasion, a press conference was held by the football technical committee. This was attended by the Chairman and Board of the Arab Sports Press committee and the media. We hope that this will boost and promote sports in Qatar.



## Corruption

QAFCO has clear and well documented provision for corruption and bribery. The CEO is responsible for appointing a Conflict of Interest committee which consists of three or more members. Currently, this committee consists of the Human Resources Manager (Chairman), Financial Manager and Legal Manager (Members). The committee administers all issues related to this policy and regulations.

Employees are prohibited from offering, promising, giving, paying, soliciting or accepting any bribe in the form of money or anything else of value for the purpose of improperly obtaining or receiving favourable treatment. This includes entertainment, meals, refreshments, gratuities or gifts. 100% of our employees and subcontractors are required to abide by our Code of Ethics.

Employees should not knowingly be a part of any illegal, unethical or improper activity including fraud. Employees are required to complete a conflict of interest declaration form if they have been offered any prohibited gifts. Prohibited gifts include cash, shares, air tickets, hotel accommodation, jewellery, furniture, interest-free loans, frequent meals, house or car repairs, employment for relations, offices or apartments. The declaration form must be completed even if the gifts have been refused. Smaller items such as calendars, sweets, pens and non-valuable gifts are permitted. Employees are required to complete a Conflict of Interest Declaration Form and present it to the Conflict of Interest Committee by 31st January each year.

Employees are also required to declare if their families have any interest in companies doing business with QAFCO or if their relations are working within the Company. They must also declare if they hold any paid or unpaid employment outside QAFCO.

We are committed to investigate, promptly follow up and resolve all reported issues. We are pleased to report that no such cases were reported during the year 2010.

## Public policy

We ensure full compliance with applicable laws and regulations. At all times we will not harm the relationship with government offices or departments. QAFCO is a member of Gulf Petrochemicals and Chemicals Association (GPCA), International FERTILISER Association and Arab FERTILISER Association which represent a powerful segment of the Gulf region economy. We contribute a significant share to the non-oil GDP of the Gulf and are a major provider of jobs. We are also the source of vital raw materials for a wide range of downstream industries. QAFCO is committed to continue cooperating with government agencies and regulators.

## Anti-competitive behaviour

We strictly abide by the governing Acts, authorities, rules and regulations. Any dealing, buying or selling of QAFCO shares is undertaken very carefully although the ownership structure of QAFCO avoids the possibility of breaches of insider trading laws. We handle many forms of transactions and undertake various types of business activities. Any form of business undertakings are carefully attended, to avoid the implications of money laundering as defined by the statutory laws.

We promote free trade and avoid any cartels or restriction for buyers to purchase or resell our products. It is part of our ongoing action plan to structure our anti-competition policies. We are pleased to report that there were no incidents or penalties for violations involving anti-competitive, anti-trust and monopolistic practices at any time during 2010. We are also pleased to report that there was no significant incident or penalties for non-compliance with laws and regulations at any time during this reporting period.



Our Production Department is responsible for the control, update and distribution of Material Safety Data Sheets (MSDS) for all QAFCO products. The vast majority of our products are dispatched in bulk by road and sea.

## Responsible Marketplace Practice

### Product Responsibility

#### Highlights

- Material Safety Data Sheets (MSDS) being issued for all QAFCO products
- Close engagement with stakeholders especially the suppliers, customers, distributors and user groups in communicating responsible care and product stewardship
- Integrated marketing services with sales, service, operations and information technology

#### Customer health and safety and product labelling

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

- **Human Health:** How the product affects human health including if the product is harmful if it comes into contact with skin or eyes, if it is ingested or inhaled and any long term effects or the product
- **Environment:** If the product has any adverse effect on the environment and animal life
- **Other Hazards:** Whether there any additional hazards such as spillage consequences and fire, heating and explosion

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

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

The majority of our products are sold in bulk which allows us to reuse the vessels and containers many times. Our Bagged Urea reaches our customers in packaging. We encourage our customers to recycle these packaging materials but we have no control over the product once it leaves QAFCO. The table below shows the percentage of packaging materials that were reclaimed during 2010:

**Table 1: Packaging Materials that are reclaimed by Product during 2010**

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

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



## **Product Stewardship**

During 2010, we have been going through the certification process for Responsible Care. A component of this certification is product stewardship which pertains to Responsible Care applied to our products. It covers more than just the production and use of our chemicals: it extends to other parts of our product chain such as transport, storage, use and eventual disposal. We require the close co-operation of everyone involved in the product life cycle of product stewardship to be effective. We constantly work with our suppliers, customers, distributors and user groups to spread Responsible Care throughout our supply chain.

## **Customer Engagement and Privacy**

We have established a process to measure the customer satisfaction for continual improvement through a documented procedure which demonstrates our commitment to, and method of measuring customer perception in meeting our customer requirements. Customer satisfaction and dissatisfaction levels are identified and utilised for the continual improvement based on this measurement.

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

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

Customers are also asked to rate their overall satisfaction.

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

## **Life-Cycle Stages and Safety Monitoring**

Our life-cycle stages and safety monitoring efforts have been rewarding. We have been certified against Occupational Health and Safety Assessment Service (OHSAS) 18001:2007 standard and have been working towards Responsible care with Bureau Veritas, Qatar. The table below displays our range of products with its stringent quality handling cycle and specifications. We are pleased to report that there have been no incidents of non-compliance concerning the safety of our products at any stage of our processes.

AMMONIA	UREA	UREA FORMALDEHYDE	MELAMINE
<p>Ammonia is a chemical compound made of Nitrogen 82% and Hydrogen 18%. It is produced using Natural gas as the main feedstock. The other feeds required are Steam and Air. These feed materials undergo a series of reactions in the ammonia plant, before ammonia is produced in gaseous form. This is turned into liquid under pressure and cooled down. Ammonia is stored at a temperature of minus 33°C in a refrigerated ammonia storage tank. A major part of the ammonia produced in our Ammonia plants is consumed internally, as feedstock for the Urea plants. The surplus ammonia is exported through ships.</p> 	<p>Urea is a solid fertiliser containing 46.6% of Nitrogen. It is produced by the reaction of Ammonia and Carbon dioxide under high pressure, both feedstocks being supplied by the ammonia plant. The urea produced in solution is turned into a solid fertiliser of spherical granules, in the final section of urea plant called granulation unit.</p> 	<p>UFC-85 is a viscous liquid containing 60% formaldehyde, 25% urea and balance water. Formaldehyde is first produced by the reaction of Methanol with Air. This is then absorbed in urea solution to form UFC-85. Urea Formaldehyde Condensate (UFC-85) is an additive, which is added to the urea product to improve its strength. UFC-85 is used as an anticaking agent for the urea. Around 80% of the UFC-85 product is consumed internally, in all the urea plants of QAFCO and the remaining product is exported via trucks to the neighbouring countries.</p> 	<p>Melamine is used in a wide range of applications and is primarily produced in Europe, Asia and North America. The chemical is used in laminates, surface coatings, flame resistant materials, textiles and moulding compounds. The melamine project was proposed in 2003 to improve the downstream activities of Qatar's petrochemical industry and also to take advantage of opportunities in the global market.</p> 

QAFCO Ammonia product specifications	QAFCO Urea product specification	Product Specification UFC : 85	Melamine Process Technology :
<p><b><u>Fully Refrigerated Anhydrous Ammonia (Fertilizer Grade)</u></b></p> <p>Ammonia : 99.5% By Wt Min Nitrogen : 81.9% By Wt Min Moisture : 0.5% By Wt Max Oil Content : 10 PPM Max Impurities : Negligible Temperature : Minus 33 degrees Celsius or below</p>	<p><b><u>Prilled Urea</u></b></p> <p>Nitrogen : 46 Pct Minimum Biuret : 1 Pct Maximum Moisture : 0.5 Pct Maximum Particle Size : 1-2.8 mm : 90 Pct Min. White, Prilled, Free Flowing and Free from harmful substances at time of loading.</p> <p><b><u>Granular Urea</u></b></p> <p>Nitrogen : 46 Pct Minimum Biuret : 1 Pct Maximum Moisture : 0.5 Pct Maximum Particle Size: 2-4mm : 90 Pct Min. White, Granular, Free Flowing and Free from harmful substances at time of loading.</p>	<ul style="list-style-type: none"> <li>Formaldehyde Concentrate : <math>60 \pm 0.5</math> % by Weight</li> <li>Urea : <math>25 \pm 0.5</math> % by Weight</li> <li>F / U Molar Ratio : <math>4.8 \pm 0.2</math></li> <li>Methanol Content : 0.21 % by Weight, Max.</li> <li>Formic Acid Content : 0.005 % by Weight, Max.</li> </ul>	<p>Melamine is produced using Eurotecnica's High Pressure (HP) Melamine Technology. Urea is heated in a high pressure reactor, which is similar to a heat exchanger. Melamine is produced through a single-stage, liquid phase reaction.</p> <p>The process produces melamine by using the chemical's intrinsic properties without adding any other chemicals or catalysts. It does not use any recycle loops, compressors or fluid beds.</p> <p>High pressure in the reactor is maintained in the downstream equipment and in the off gases produced as a result of the reaction.</p> <p>By-products and co-products of the process are converted either into melamine or back into ammonia and carbon dioxide. The ammonia obtained is mixed with the off gases and returned to the urea plant. The process completely recovers all the products and thus causes zero discharge. It means no raw materials are wasted and no solid, liquid and gaseous products are released into the environment.</p>

## Marketing Communications and Management

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

Product quality, geographical location and efficient on-site logistics provide us with strategic marketing advantages for a competitive edge in a free market environment. Capitalizing on these advantages, we currently export to over 35 countries worldwide and have become a key player in the international FERTILISER market. Upon completion of our latest expansion project (QAFCO V) by 2011, we will become the Largest Urea and Ammonia producer in the world. Our marketing responsibilities range from exploring potential world markets for our products, to the development and implementation of comprehensive marketing programmes, long term agreements and promoting the QAFCO image internationally. Our Sales and Logistic teams work hard to ensure the smooth loading and shipping of our products to worldwide destinations from QAFCO's jetties.

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





Biodiversity and conservation of our flora, fauna and marine life through the Sahara Forest Project, reef balls and Al-Besheriya island

## Environment

### Highlights

- Environmental Management System (EMS) which is benchmarked against international standards including ISO14001
- Systematic data collecting and monitoring of all environmental indicators including water, energy, waste and emissions
- Biodiversity and conservation of our flora, fauna and marine life through the Sahara Forest Project, reef balls and Al-Besheriya island

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

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

We established and maintained documented environmental objectives and targets during 2010 and the objectives are quantified whenever practicable. In our objectives, we have considered our environmental legal requirements, the significant environmental aspects, prevention of pollution and our technological options. We have also

considered the financial, operational, business requirements and the views of interested parties. The objectives are also consistent with the QAFCO and GFC Policies including our commitment to continual improvement.

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

Our Environmental Objectives are to:

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

GFC's Environmental Objectives are to:

- Manage the UFC 85 Plants as a minimum liquid effluent plant to the maximum extent possible or to manage the liquid effluent from the UFC 85 Plant in an environmentally responsible manner and to be in legal compliance with the local laws.
- Maintain the air emission levels at the designed level.
- Manage solid waste in an Environmentally Responsible Manner.

### **Environmental Aspects, Impacts and Evaluation**

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

### **Environmental Awareness Programmes**

#### **School Awareness**

We conduct environment awareness campaigns for various schools in Qatar. These campaigns target children from the ages of four to eight years old, as we believe they can make a positive impact on our present and future. The campaigns are interactive and feature discussions with children on various good environmental habits which can protect and sustain our environment. Presentations and quiz competitions are conducted which target specific age groups. Environmental Activity booklets comprised of colour pages, crosswords, quizzes, questionnaires for children of various ages, are compiled and distributed to every child. Each child has the opportunity to plant his or her flower during the campaign which aims to help the children understand the

importance of protecting our trees. The children are entrusted with the responsibility of caring for their plants within their school.

#### **Environment Corner and QP Environment Fair**

We organise an Environment Corner at our annual flower show. We use this platform to highlight our environmental performance and awareness programmes. Since 2008, the Environment Corner has included a Children's Interactive Corner. This initiative encourages children to draw and colour according to various environmental themes. In 2010, an exclusive "Artistic Waste Workshop" was conducted for 40 children, by Talents Centre, during the Environment Corner. The children were shown various ways of using different kinds of waste material to create a display model that reflected ancient and modern Qatar.

We participated in the QP Environment Fair which was held at the Qatar Exhibition Centre, from 24-26 April 2010. This event is an environmental platform shared with many other industries in Qatar. We used the opportunity to highlight our environmental performance and our high degree of environmental responsibility. We also proudly launched the online website, Waste Exchange/Donation System (WEDS), which is featured in the Waste section of this Report. We also released the book "Baseline Ecological Survey of the Al-Besheriya Island." The book was complimentary to environmental professionals of other participating industries during this Environment Fair.

We are proud to report that more than QR 800,000 was spent on environmental public awareness exhibitions and school awareness campaigns during 2010.

## Materials

Ammonia is a chemical compound made of Nitrogen 82% and Hydrogen 18%. It is produced using Natural gas as the main feedstock. The other feeds required are Steam and Air. Urea is a solid fertiliser containing 46.6% of Nitrogen. It is produced by the reaction of Ammonia and Carbon dioxide under high pressure, both feedstocks being supplied by the ammonia plant. UFC-85 is a viscous liquid containing 60% formaldehyde, 25% urea and balance water. Formaldehyde is first produced by the reaction of Methanol with Air. This is then absorbed in urea solution to form UFC-85. The table below displays the input materials and consumption for 2010. The figures are listed daily, monthly and annually.

**Input Materials and Production Consumption for 2010 by Day, Month and Year**

Material	Unit	Day	Month	Year
Ammonia	MT	4,929	149,257	1,679,531
Urea to UFC	MT	24	748	7,951
Urea to Melamine	MT	590	17,309	65,151
UFC-85	MT	68	2,012	23,276
Methanol	MT	71	2,137	22,336
Gas	KNm3	8,498	259,886	2,881,823
Power	MWH	2,369	73,918	845,018

## Energy

Our sources of energy are gas and electric power. These are either internally generated or supplied by the national grid. The table below shows our electricity consumption from 2006 to 2010.

**Table 2: Electricity Consumption from 2006 to 2010**

	2010	2009	2008	2007	2006
	361,897	364,082	352,424	348,026	343,973
Total direct energy consumption renewable primary source (TJ)	103,382	101,995	100,821	100,372	99,995
Total direct energy consumption (Gas for Electric Power generation in TJ)	9,769	9,904	9,507	9,358	9,219
Total direct energy consumption by non-renewable primary source (Imported power in MWH)	247,854	251,279	241,228	237,441	233,916



## Water

Our environmental impact relating to water use is relatively high due to the nature and size of our operations. Water is used in our plants for cooling machinery. This is drawn from the sea and approximately 800,000 to 1,000,000 M3 of water is used each year for this purpose. Water is discharged into the sea so that our operations do not affect the flora and fauna. During operations, environmental controls are implemented to manage soil, waste and other materials to prevent them being washed into the sea.

Actions to reduce water consumption included the flow restriction devices on taps and the upgrading of toilet cisterns. Water saving awareness posters are displayed in our restrooms. The total annual volume of water withdrawn from our municipal water supplier is typically between 400,000 to 450,000 M3.

Water conservation is a matter of extreme importance for QAFCO and Qatar as a whole. We recycle as much water as we can. During 2010, 40% of the treated sewage water was used for irrigation and we are working on a project which aims to use the whole quantity of 250 m3/day.

High residual chlorine in industrial discharge is a concern faced by many industries. We have initiated a study on the residual chlorine and its by-products in Mesaieed Industrial Area. This study was conducted by Texas A&M University and Environmental Studies Centre-Qatar University. The study was co-financed by Qatar Petrochemical Company (QAPCO) and QP-Gas Operations. The study found that the biodiversity of water bodies and habitats was not significantly affected. We aimed to re-evaluate the residual chlorine limits for the state of Qatar and the thermal discharge points. The study was conducted under the supervision of the Ministry of Environment and an amendment of the environmental law with respect to the residual chlorine limits was requested. Two additional studies were also conducted to investigate the impact of different chemicals and the impact was reported. During 2010, the urea revamp projects were completed to accomplish zero discharge of urea and ammonia to the sea.

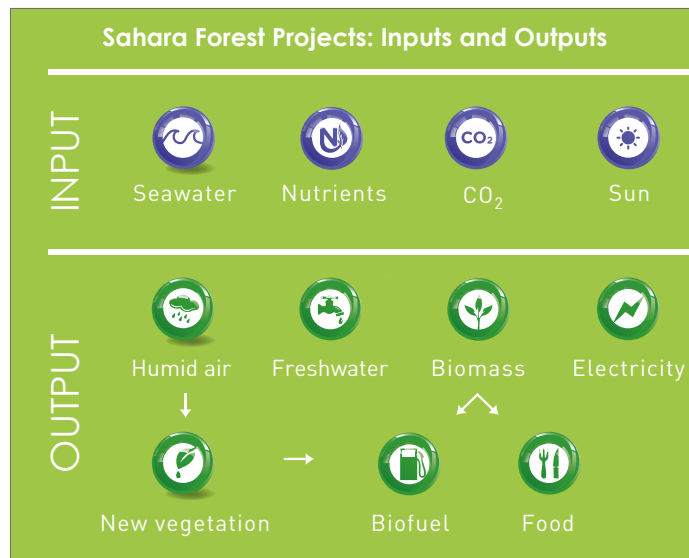
An average of 912,500 m<sup>3</sup> of water is being discharged and treated yearly from 2006 to 2010. 40% of this treated sewage effluent is being used for landscaping and irrigation.

## Biodiversity

We believe Biodiversity has an intrinsic value that is worth protecting regardless of its value to humans. We support several projects which help protect and restore our delicate ecosystem.

### The Sahara Forest Project

The objective of the Sahara Forest Project is to develop and deploy an integrated, large scale system for reforestation and creation of green jobs through profitable production of food, freshwater, biofuels and electricity. It is designed to utilize deserts, saltwater and CO<sub>2</sub> to produce food, water and energy. The pilot project will start with conserving and developing 50 metres of land and this will be expanded in near future. At present we are collaborating with officials and universities in studying the project.



The processes integrated into the Sahara Forest Project will work optimally in Qatar as it requires sunny and arid conditions. The unique benefit of the system arises synergistically from the integration of:

1. Seawater greenhouses which allows the production of freshwater from seawater by providing a cool and humid micro-climate well-suited for food and biomass production.
2. Concentrated solar power which uses solar radiation to produce heat and power. This is the fastest growing technology for harvesting solar energy in the world.

This project can potentially restore desert areas to biological activity and sequester large amounts of carbon in plants and soil. This project would also create employment opportunities in some of the poorest areas of the world. The solar power technologies have the potential to meet a huge part of future energy needs.



### **Artificial Reef Balls**

We recognise the increased urbanisation of the shorelines of Mesaieed has had an adverse effect on the local marine environment. This natural marine habitat has been disturbed due to the damage done to the naturally occurring reefs. These reefs provide a rich habitat for fish and other marine species which unfortunately cannot rebuild themselves fast enough to meet the environmental and human demands.

We conducted a pre-deployment survey in 2005, to select the most effective sites for the deployment of Artificial Reef Balls to enhance the natural marine environment. This survey was conducted through the Environmental Studies Centre (ESC) of Qatar University. Numerous sites were identified for deployment using the Qatar National Grid (QNG) in various water depths from eight to 13 metres.

150 medium sized Artificial Reef Balls were constructed and deployed at a site close to the Sea-line Beach resort coastline, in Mesaieed. At this time, the ESC reported that the sea bottom was covered with dead and living coral reefs with sea anemones, molluscs, fish, sea worms and many other marine species.

We formed a small marine monitoring team, comprising of QAFCO employees, who monitored the progress of the artificial reef balls. ESC also constantly monitored the status of the artificial reef and provided feedback to our Environment Section. A survey carried out in May 2008 showed a denser population of fish and a large school of juveniles around the reef than was observed in December 2007. During July 2008, a new growth of sponge/coral, denser populations of fish such as yellow bar angel fish, grunts, resident snapper, hamour and jelly fish were also visible on the reef balls. We continued to support this project during 2010 and will into the future.

### **Al-Besheriya island**

Al-Besheriya island is a small island situated due southeast of Qatar in the vicinity of Mesaieed Industrial City. SCENR, now known as the Ministry of Environment, granted QAFCO the environmental custody of this small uninhabited island during 2006 although the Company first organised a "Clean Up Campaign" for the island during February 1999. During this campaign, the Island was cleaned and the collected rubbish and sent to Mesaieed disposal sites. 200 mangrove trees were planted and large environmental signs were displayed. Rubbish drums were also placed on the Island.

During 2010, we released the report of the baseline ecological survey that was conducted the previous year at Al-Besheriya Island. The survey found that the island is a favourable place for migratory and nesting birds. It also focused on studying bird migration and nesting season, fish biology and the island's general maintenance. Following this, we are conducting research on the impact of chlorine on the marine life.



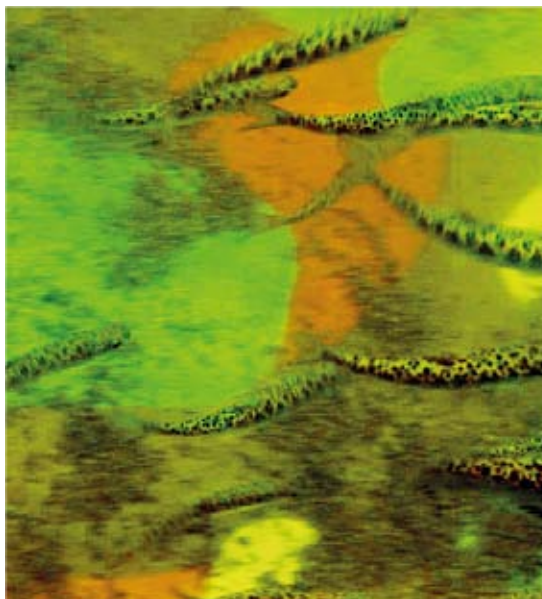
**Ministry of Environment, granted QAFCO as the environmental custodian of this small uninhabited island during 2006 although we first organised a “Clean Up Campaign” for the island during February 1999.**

In communicating the importance of environmental conservation in the community, we conducted activities with children to engage with them and share the meaning of environmental protection. Activities included sharing sessions, focus groups, colouring, environmental movies and poster making on environmental themes.

We are pleased to report that more than QR 1,000,000 is spent each year on environmental studies and monitoring the statuses of the artificial reef balls and Al-Besheriya island.

#### **Fish Hatchery**

During 2010, we commissioned a study to investigate the feasibility of creating a fish hatchery. All advantages and disadvantages were studied and investigated all available information related to several proposed fish species. We also ascertained the required facilities to make the project a success including the design of the fish hatchery. This project is important for the biodiversity of our local marine life. We aim to introduce various species of fish back into their natural habitats.





## Emissions, effluents and waste

### NOX Abatement Technology

NOX is a generic term for the mono-nitrogen oxides nitric oxide (NO) and nitrogen dioxide NO<sub>2</sub>. These gasses are produced from the reaction of nitrogen and oxygen gasses in the air during combustion such as in motor vehicles. In large urban areas, the amount of nitrogen oxides emitted into the atmosphere as air pollution can be quite significant.

We lead the way in reducing NOX emissions by using De-NOX Technology in QAFCO and we provide this solution to Qatari industries and power stations to help control their NOX emissions. 19% aqueous Ammonia Solution and 32.5% Urea Solutions will be produced in the QAFCO's De-NOX infrastructure as a part of the De-NOX Technology. During 2010, we also completed the process of revamping an auxiliary boiler in QAFCO V to reduce NOX emissions and installed De-NOX test units in our plants.

### SCR Technology - Simulation

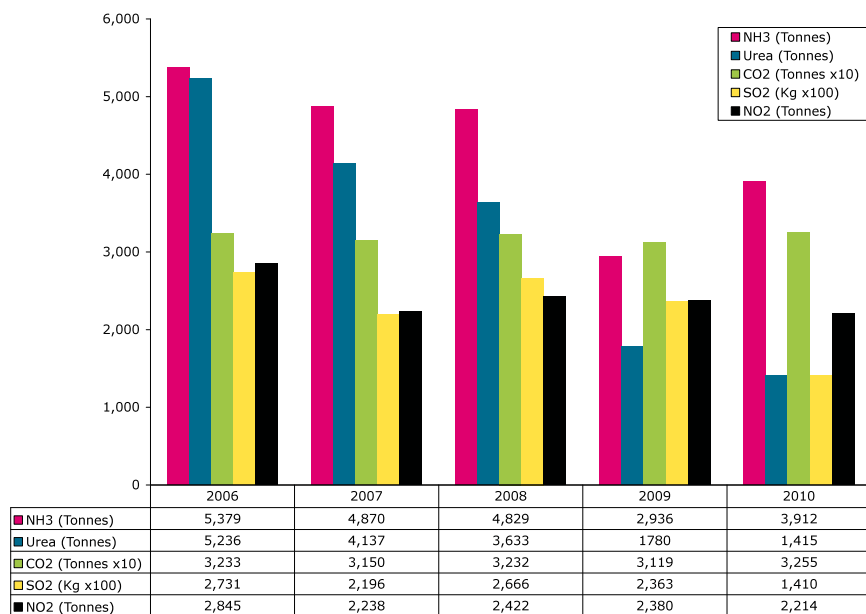


SCR technology or the Selective Catalytic Reduction Technology is one of the most cost efficient and effective means of controlling NOX emissions from diesel engines. This technology uses liquid ammonia and a catalyst to reduce NOX emission from diesel engines. We are exploring this initiative in Qatar and we plan to collaborate with Qatar Fuel (WOQOD) to implement the use of this technology in all diesel vehicles in order to reduce NOX emissions.

### Emissions

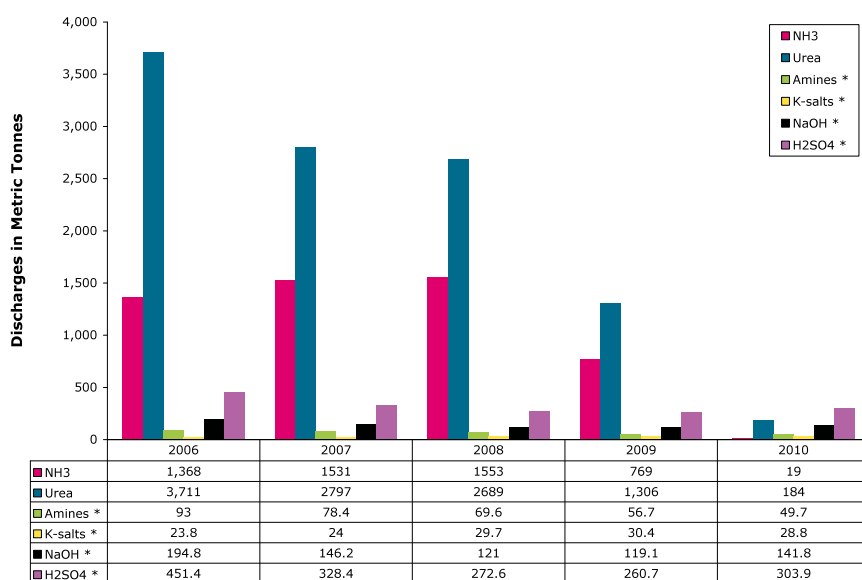
The Montreal protocol on Substances that Deplete the Ozone Layer is an international treaty designed to protect the ozone layer by phasing out the production of numerous substances believed to be responsible for ozone depletion. We have conducted detailed studies on alternative substances, their suitability and subsequently planned and executed the phasing out of HALON (chlorofluorocarbons (CFCs) / HCFs) as fire fighting agents. As an alternative, water mist and NOVEC 1230 agents are used in the total flooding fire fighting system. This initiative demonstrates our commitment to environmental preservation and our people. All Ozone Depleting substances are being phased out completely and these projects are ongoing.

#### QAFCO Air Emissions from 2006 to 2010

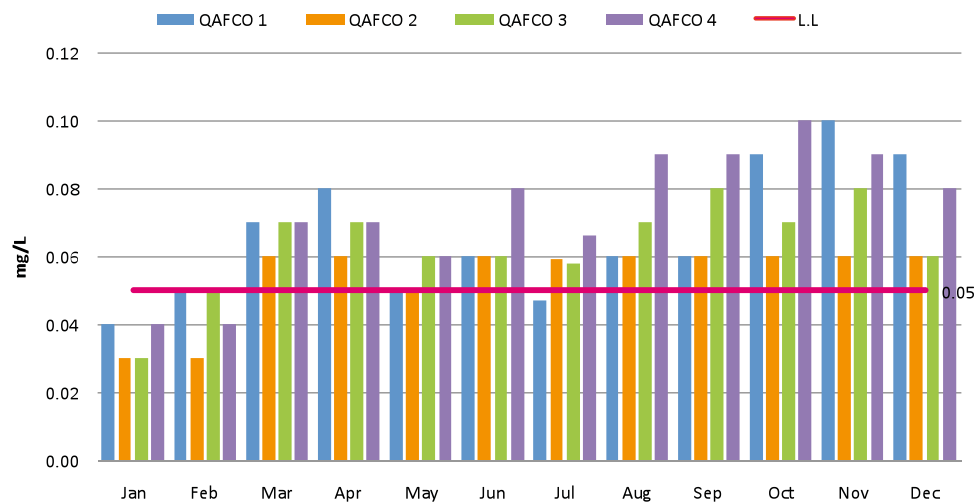


#### Effluents

##### QAFCO Discharges into the Sea from 2006 to 2010

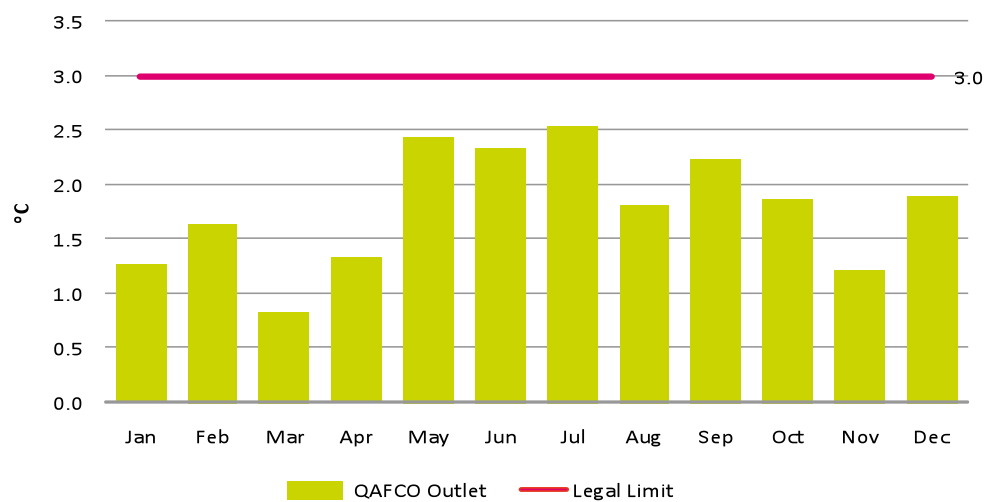


### FREE RESIDUAL CHLORINE



Note: Data shown for the month of January is for Total Residual Chlorine (Legal Limit: 0.1 mg/L)

### TEMPERATURE DIFFERENTIAL ( $\Delta^{\circ}\text{C}$ )



Note: Data shown for Jan – April were an average data of three sources (Q1 outlet, Q2 outlet, Q3 and 4 Outlet). As of May 2010, the cooling water Delta ToC is presented as a single figure (average value of 3 different locations along Jetty 2 which represent the mixing zone for all cooling water discharge points of QAFCO 1, 2, 3, and 4)

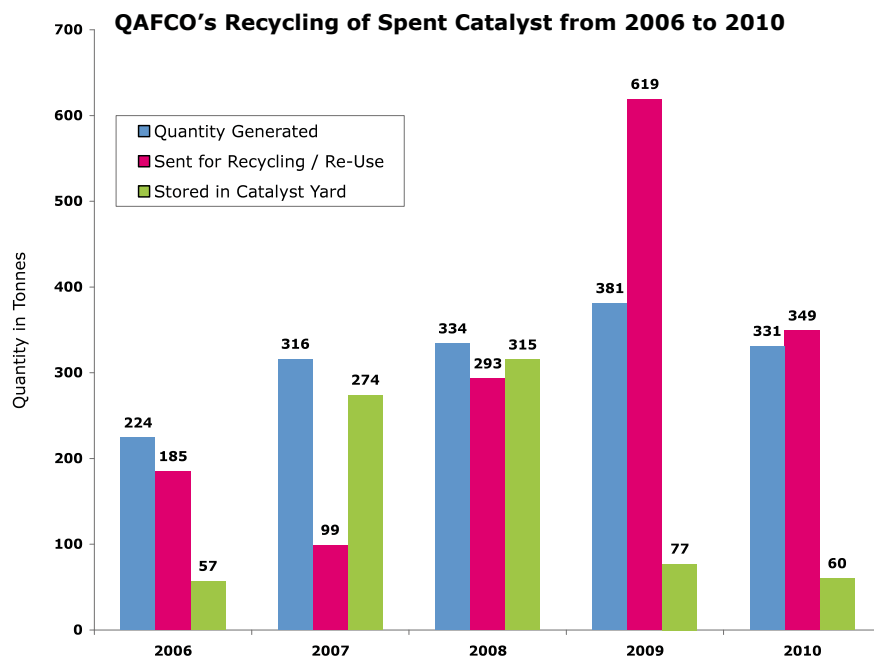
### Sewage Water Treatment Plant – Effluent Water Quality

	pH	DO	COD	BOD5	TOTAL COLIFORM	TURBIDITY	TSS
Unit	-	mg/L	mg/L	mg/L	MPN/100ml	NTU	Mg/L
Legal Limit	6 - 9	> 2.0	150	10	23	-	
January	6.6	7.1	23	12	60.2	4.4	
February	5.4	8	31.7	10.1	36.8	10.3	
March	6.1	7.4	33.3	12.5	118.2	14.7	
April	6.2	6.3	26.7	13.5	108.1	5.4	
May	6.9	6.4	28.7	10.9	49.8	4.3	
June	7.1	5.4	30.9	16.5	11.5	2.7	
July	7.1	5.2	68.1	18.6	66.6	3	
August	6.9	4.5	22.3	13.7	26	2.4	
September	7.1	5.3	21.6	8.5	147	2	
October	7.2	5.2	19.2	13.4	83.4	*	<5
November	7.3	5.1	45.3	12.3	**	*	<5
December	7.6	6.4	21.5	7.4	**	*	<5

Note: Data shown for Jan – April were an average data of three sources (Q1 outlet, Q2 outlet, Q3 and 4 Outlet). As of May 2010, the cooling water Delta ToC is presented as a single figure (average value of 3 different locations along Jetty 2 which represent the mixing zone for all cooling water discharge points of QAFCO 1, 2, 3, and 4)

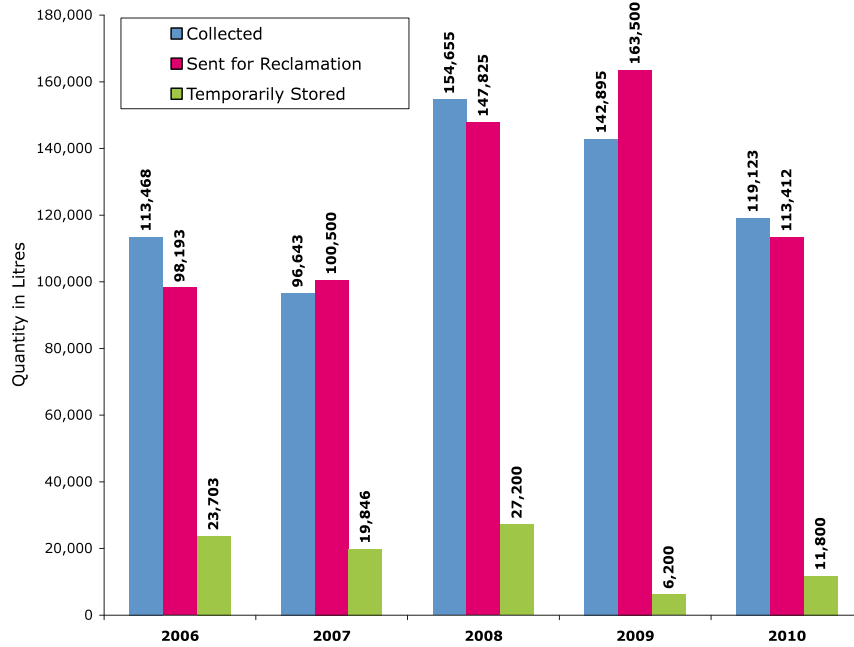
### Waste

At QAFCO, encouraging the re-use and recycling and management of our solid waste to reduce our environmental impact is a fundamental part of our Company Vision. We believe in the 3R's of reduce, reuse and recycle which has been considered to be a base of environmental awareness and a way of promoting ecological balance through conscious behaviour and choices. We believe this pattern of behaviour leads to savings in materials and energy which will benefit the environment and our Company. During 2010, we recycled 60% of our waste materials. We are pleased to report that there were no significant spills during this reporting period.

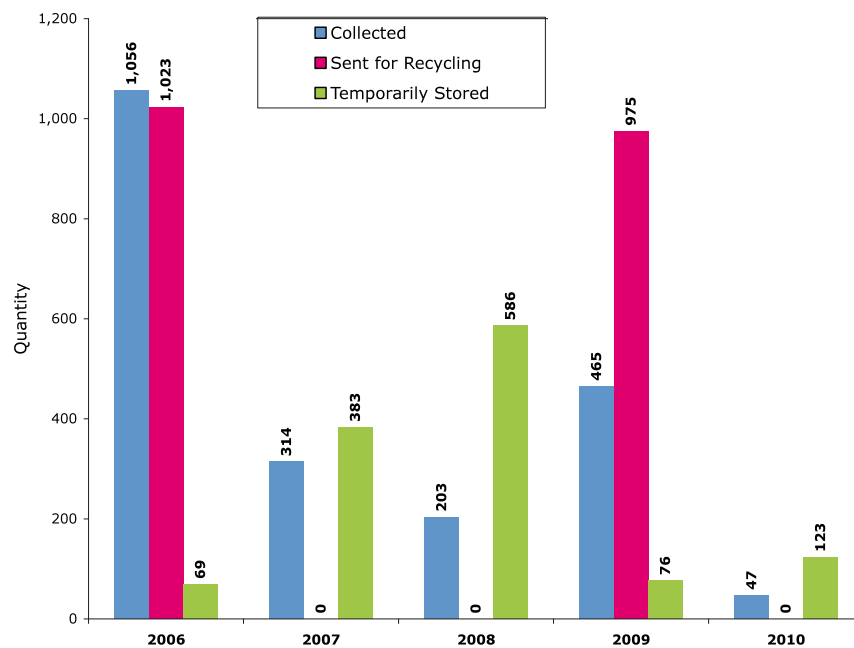




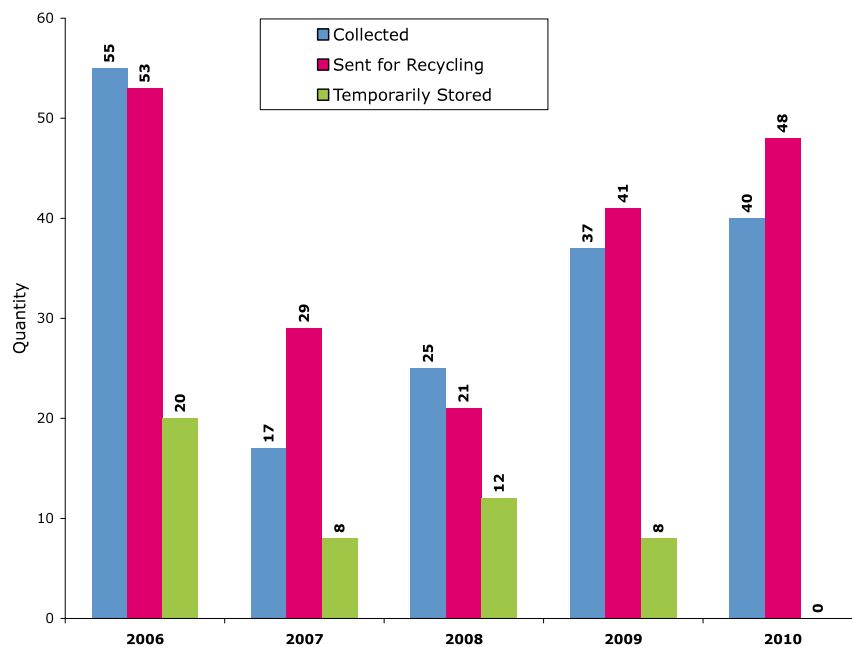
### QAFCO's Recycling of Spent Oil from 2006 to 2010



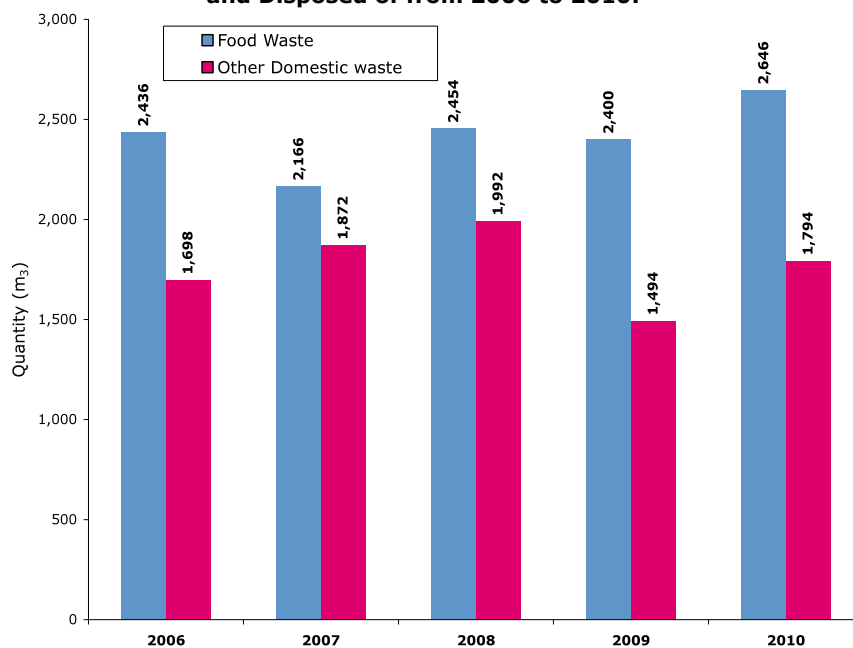
### QAFCO's Recycling of Lead Batteries from 2006 to 2010

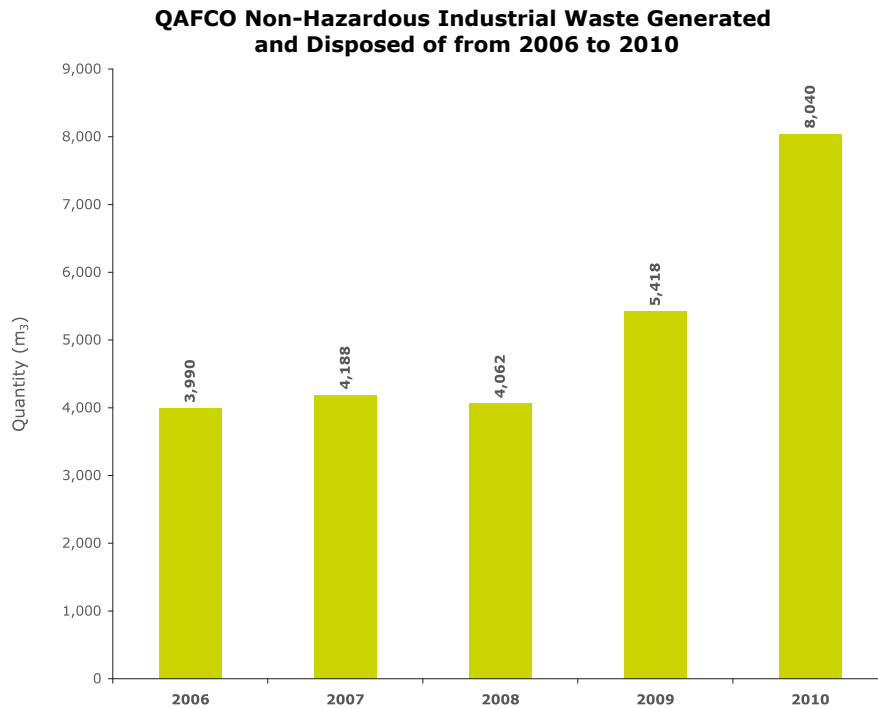


**QAFCO's Handling of Waste Tyres from 2006 to 2010**



**QAFCO Food and General Domestic Waste Generated and Disposed of from 2006 to 2010:**





**Total weight of hazardous waste being transported during 2010**

Material	Unit	Amount Transorted
Spent Catalyst	MT	346
Waste lead acid batteries	MT	0
Used Oil	Litres	113412

**Waste Exchange / Donation System**

We exercise environmentally responsible practices and during 2010 established and operated a Waste Exchange Donation System (WEDS) to serve Qatar and possibly the Gulf Region. WEDS is a free and confidential non-hazardous waste materials exchange system. The philosophy is that what may be unwanted materials to one business could be a raw material for another business. WEDS is established on:

- Providing a medium for sharing information on waste that needs to be donated or exchanged
- Functioning as a mediator for connecting the waste owner with the requestor
- Promoting environmental responsibility, care and practices by preventing the accumulation/disposal of non-hazardous waste and obsolete materials or chemicals that can be used by others

Extra or obsolete materials may be of interest to some other business or industry, so it can be exchanged for another waste or obsolete material or just donated. In this way the potentially polluting material is re-used and thus handled in an environmentally responsible manner. WEDS is available on-line and can be viewed at [www.qweds.com.qa](http://www.qweds.com.qa)

### **Electronic, Paper and Medical Waste**

Electronic waste (e-waste) describes loosely discarded, surplus, obsolete, or broken electrical or electronic devices. At QAFCO, all e-waste is disposed of safely through a specialist e-waste handler. Qatar Telecom (Qtel), working under the Ministry of Environment, have been working on Qatar's first e-waste recycling programme. We are looking to support this programme once it is established which will ensure the safe and secure disposal of mobile phones and other electronic equipment. Similarly, we dispose of our medical waste through a specialist medical waste contractor.

We have successfully implemented a paper recycling programme for our employees since 2009. We aim to launch a trial programme for two schools and the QAFCO community in the near future.

### **Noise**

Noise pollution is an excessive, displeasing human, animal or machine-created environmental noise that disrupts the activity or balance of human or animal life. At QAFCO, we constantly aim to reduce the noise pollution of our operations. Although the maximum legal limit is 75 dBA, many of our readings are significantly less than this. The table below shows quarterly noise levels at various sites around the QAFCO site:

**Quarterly Noise Readings at Various Sites Within QAFCO**

No.	Sampling Location	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
		Min	Max	Min	Max	Min	Max	Min	Max
1	At The Gate-15 (Jetty-1 Road) At the Entrance to Jetty-1 (At	68.4	72.8	66.7	74.1	68.5	68.5	71.7	75.8
2	Radiation Room)	59.9	71.1	58.1	74.1	59.4	70	60.5	67.7
3	Middle of Jetty-1	60.6	76.2	62.6	72.3	59.5	77	64.5	68.3
4	Entrance to Jetty-2	66.1	71.1	68.4	77.8	71	73.7	70.5	72.2
5	Middle of Jetty-2	60.3	70.4	62.7	73	63	70.4	65.8	75.7
6	South East Corner of Bulk Hall-D	Sampling locations were blocked				61.2	66.4	54	58.3
7	At Gate-6 (Escape Gate)	70.2	85.4	69	76.9	67.7	74.9	69.6	73.3
8	At Gate-Turnstile	63.2	67.1	64.3	68.2	55	65.7	63.3	65.2

*Note: The Equivalent Continuous Sound Level measurements (LAeq) were undertaken (with A weighting) at QAFCO Boundary, using a calibrated integrating sound level meter.*

There have been no significant fines or non-monetary sanctions imposed on us for non-compliance with environmental laws and regulations.



## Transport

We continue to regularly inspect smoke emission levels from our operating vehicles according to our environmental management schedule. We are pleased to report that to date, we have not received any issues or complaints from the Ministry of Environment.

## Overall

We continue to monitor our environmental performance and regularly report its status to the Ministry of Environment. Any performance recorded below the standard guidelines is subjected to penalties and correction plans. We are pleased to report that there were no incidents of non-compliance with regards to our environmental performance during this reporting period.



## **Assurance Statement QATAR FERTILISER COMPANY (S.A.Q)**

### **Introduction**

OWW Consulting Sdn Bhd (OWW) is a specialist in Corporate Social Responsibility (CSR) and Socially Responsible Investment (SRI). We were engaged by Qatar Fertiliser Company (S.A.Q) ("QAFCO") to provide assurance services for various aspects of their Sustainability Report 2010 (the "Report").

The Report and its contents are the exclusive responsibility of QAFCO. Our responsibility is to perform limited assurance procedures over the Report and underlying processes within the scope set out below:

- Economic
- Social Performance: Labour Practices & Decent Work
- Social Performance: Human Rights
- Social Performance: Society
- Social Performance: Product Responsibility
- Environmental

In each case verification was conducted through low-level assurance via information provided by QAFCO.

It is agreed that QAFCO expects to be able to provide a response to each of the GRI-G3 Guideline Protocols and to meet an A+ or Advanced Application Level which requires reporting on each of the core GRI-G3 indicators, even if the report is an omission statement.

### **Exclusions from the scope of our work**

Excluded from the scope of our work is information relating to:

- Statements of commitment or intention to undertake action in the future;
- Statements of opinion, belief or aspiration;
- Information in internal or external documents referred to in the Report, except insofar as we have viewed their existence as part of the assurance process

### **Basis of our opinion**

In conducting this engagement we have considered the principles of balance, comparability, accuracy, timeliness, clarity, relevance and reliability as in the Global Reporting Initiative (GRI) G3 Guidelines. In addition we have referred to the ISO26000 Social Responsibility Guidelines.

We have also taken into account the principles of independence of assurance in the GRI-G3 Guidelines and have been mindful of the AA1000AS and the International Standard on Assurance Engagements (ISAE 3000) although we have not been asked to apply these standards directly.

We have conducted this engagement to provide a reasonable rather than an absolute level of assurance and we believe that the work conducted and described herein provides a reasonable basis for our conclusions.



**Our review included the following activities:**

- Interviews and one-to-one meetings with relevant personnel at corporate level including Senior Management, Heads of Department and other employees who are responsible for the information in the Report;
- Documentary evidence was reviewed from communications meant for both internal and external circulation but coming from within QAFCO. This included manually generated internal reports, performance data, internal policy documents, established codes of conduct, corporate presentations, reports on events and information on safety procedures at QAFCO.
- Challenges and questions related to the CSR related statements and claims made in the Report.

During our investigation we discussed the necessary changes in the Report with QAFCO personnel and determined that these changes have been adequately incorporated into the final version. We relied on representations made to us during the course of our assurance work by QAFCO personnel.

Information in the Report that is directly sourced from QAFCO Annual reports is considered to be reliable based on the audit statement of the Independent Chartered Accountant and Registered Auditor to these statements.

We provided advice on which data is necessary and how this data could be compiled to comply with the GRI-G3 Guidelines. All data and corrections were provided directly by QAFCO staff. In the same reporting period we have not provided any other advisory work for QAFCO which may have been used in this report.

**Conclusions**

1. In our opinion, the Report meets the content and quality requirements of the Global Reporting Initiative Sustainability Reporting Guidelines (Version GRI-G3);
2. The Report provides a fair representation of QAFCO's social accounting and reporting activity for the period covered by the Report;
3. The information in the Report is reliable and free from significant bias;
4. QAFCO has processes in place for identifying, understanding and managing its environmental and social responsibilities and for capturing, understanding and responding to the views of its main stakeholders;
5. In our opinion the report contains extensive information in each domain which we believe is a fair and balanced reflection of the efforts of QAFCO to develop and improve their approach to sustainability and reporting.

**Recommendations:**

In the context of future CSR Reporting at QAFCO, we recommend that the Company:

- Continues to improve the use of performance indicators;
- Continues to improve the scope and quality of measurement and reporting of environmental data;
- Introduces clearer links between CSR issues and financial performance;
- Extends the use of impact measures such as Social Return on Investment (SROI) and Environmental Return on Investment (EROI);
- Implements GHG reduction programmes to identify and reduce overall GHG equivalent emissions;
- Introduces processes for the ongoing monitoring, measurement and reporting of QAFCO against material indicators and targets to demonstrate ongoing commitment to the reporting process and stakeholder interests



#### Considerations and limitations

In relation to our assurance work and conclusions, the following considerations and limitations should be noted:

- Certain information is excluded from the scope of our assurance work, as stated above and in the Report itself;
- Due to its nature and the methods used for determining, calculating or estimating such data, environmental and social data are subject to inherent limitations. Therefore this assurance statement should not be relied upon to detect all errors, omissions or misstatements in the Report.
- The assurance statement cannot guarantee the quality of social accounting and reporting processes used by QAFCO.

25<sup>th</sup> August 2011  
OWW Consulting Sdn Bhd



#### Statement by OWW Consulting Sdn Bhd on Independence, Objectivity and Capability

OWW Consulting Sdn Bhd (OWW) is a specialist in Corporate Social Responsibility (CSR) and Socially Responsible Investment (SRI) with established experience in providing independent CSR advisory, reporting and assurance services.

OWW Consulting has implemented a Code of Conduct in Assurance and Assessment and a Code of Ethics across our company. Our Code requires that all of our employees maintain high ethical standards and makes explicit reference to the independence and objectivity of our assurance and assessment engagements which we believe conform to emerging international best practice.

Our assurance team conducting the work for this report have experience in conducting engagements of this type for sustainability reports, systems and processes. They are familiar with current guidelines and best practice and update their experience on a regular basis.



# GRI Content Index

Application : C – Core; A – Additional

Status : ● Fully Reported; □ Partially Reported; x Not Reported



G3 Content Index				
STANDARD DISCLOSURES PART : Profile Disclosures				
1. Strategy and Analysis				
Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation
1.1	Statement from the most senior decision-maker of the organisation	●	P13-16	
1.2	Description of key impacts, risks, and opportunities	□	P8-10	Targets for the next reporting period and mid-term objectives and goals are not reported. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.
2. Organisational Profile				
Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation
2.1	Name of the organisation	●	Front Cover	
2.2	Primary brands, products, and/or services	●	P5	
2.3	Operational structure of the organisation	●	P5, P22	
2.4	Location of organisation's headquarters.	●	Back Cover	
2.5	Number of countries where the organisation operates	●	P5, P22	
2.6	Nature of ownership and legal form	●	P5, P22	
2.7	Markets served	●	P5	
2.8	Scale of the reporting organisation	●	P3	
2.9	Significant changes during the reporting period	●	P8-10, P13, P15	
2.10	Awards received in the reporting period	●	P3	
3. Report Parameters				
Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation
3.1	Reporting period	●	P3	
3.2	Date of most recent previous report	●	P3	
3.3	Reporting cycle	●	P3	
3.4	Contact point for questions regarding the report or its contents	●	Back Cover	
3.5	Process for defining report content	●	P3	
3.6	Boundary of the report	●	P3, P13, P15	
3.7	Specific limitations on the scope or boundary of the report	●	P3	

<b>3.8</b>	Basis for reporting on joint ventures, subsidiaries, etc.	●	P3, P13, P15	
<b>3.9</b>	Data measurement techniques and the bases of calculations	●	P30-32, P58-61	
<b>3.10</b>	Explanation of the effect of any re-statements of information	●	P3	
<b>3.11</b>	Significant changes from previous reporting period	●	P3	
<b>3.12</b>	Table identifying the location of the Standard Disclosures	●	P69-78	
<b>3.13</b>	Policy and current practice with regard to seeking external assurance for the report	●	P66-68	
<b>4. Governance, Commitments, and Engagement</b>				
<b>Profile Disclosure</b>	<b>Description</b>	<b>Status</b>	<b>Cross-Reference</b>	<b>Reason for omission &amp; Explanation</b>
<b>4.1</b>	Governance structure of the organisation	●	P19	
<b>4.2</b>	Indicate whether the Chair of the highest governance body is also an executive officer	●	P20	
<b>4.3</b>	Independent and/or non-executive members of the Board	●	P19	
<b>4.4</b>	Mechanisms for share-holders and employees to provide recommendations or direction to the highest governance body	●	P21	
<b>4.5</b>	Linkage between compensation and the organisation's performance	●	P21	
<b>4.6</b>	Processes in place to ensure conflicts of interest are avoided	●	P21	
<b>4.7</b>	Qualifications and expertise of the Board	●	P19-21	
<b>4.8</b>	Internally developed statements of mission or values, codes of conduct, and principles	●	P19-21	
<b>4.9</b>	Identification and management of economic, environmental, and social performance, conduct, and principles	●	P19-21	
<b>4.10</b>	Processes for evaluating the highest governance body's own performance	●	P21	
<b>4.11</b>	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	●	P8-10, P21	
<b>4.12</b>	Externally developed economic, environmental, and social charters, principles	●	P8-10, P13	
<b>4.13</b>	Memberships in associations	●	P42	
<b>4.14</b>	List of stakeholder groups engaged by the organisation	●	P10	

4.15	Basis for identification and selection of stakeholders with whom to engage	●	P8-10		
4.16	Approaches to stakeholder engagement	X		Frequency of engagement by type and by stakeholder group are not reported. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics	●			
STANDARD DISCLOSURES: Performance Indicators					
Economic performance					
Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
Economic performance					
EC1	Direct economic value generated and distributed	□	P23	Direct economic value distributed: payments to providers of capital and payment to government are not reported. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	□	P23	Regulatory risks due to climate change is not disclosed. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
EC3	Coverage of the organisation's defined benefit plan obligations	●	P24-26		
EC4	Significant financial assistance received from government	●	P23		
Market presence					
EC5	Standard entry level wage vs. local minimum wage	●	P27		
EC6	Policy, practices, and proportion of spending on locally-based suppliers	●	P27		
EC7	Procedures for local hiring	●	P27		
Indirect economic impacts					
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	●	P38-41		
EC9	Understanding and describing significant indirect economic impacts	●	P38-41		

Environmental					
Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
<b>Materials</b>					
<b>EN1</b>	Materials used by weight or volume	<input type="checkbox"/>	P52	The total weight or volume of non-renewable materials used is not reported. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>EN2</b>	Percentage of materials used that are recycled input materials	●	P52		
<b>Energy</b>					
<b>EN3</b>	Direct energy consumption by primary energy source	●	P52		
<b>EN4</b>	Indirect energy consumption by primary source	●	P52		
<b>EN5</b>	Energy saved due to conservation and efficiency improvements	●	P52		
<b>EN6</b>	Initiatives to provide energy efficient or renewable energy	●	P52		
<b>EN7</b>	Initiatives to reduce indirect energy consumption and reductions achieved	●	P52		
<b>Water</b>					
<b>EN8</b>	Total water withdrawal by source	<input type="checkbox"/>	P53	Total water withdrawn is not classified by source type. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>EN9</b>	Significant impact of withdrawal of water	<input type="checkbox"/>	P53	Total number of significantly affected water sources by type. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>EN10</b>	Percentage and total volume of water recycled and reused.	X			
<b>Biodiversity</b>					
<b>EN11</b>	Location and size of land owned, leased, managed in, or adjacent to, protected areas	●	P53-55		
<b>EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas	<input type="checkbox"/>	P53-55	Biodiversity impacts on species affected, extent of areas, duration of impacts and reversibility are not reported in detail. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012



<b>EN13</b>	Habitats protected or restored	□	P53-55	The size and location of all habitat protected areas and/or restored areas (in hectares) is not available. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>EN14</b>	Strategies, current actions, and future plans for managing impacts on biodiversity	●	P53-55		
<b>EN15</b>	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	●	P53-55		
<b>Emissions, effluents and waste</b>					
<b>EN16</b>	Total direct and indirect greenhouse gas emissions by weight	●	P57-58		
<b>EN17</b>	Other relevant indirect greenhouse gas emissions by weight	●	P57-58		
<b>EN18</b>	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	P57-59		
<b>EN19</b>	Emissions of ozone-depleting substances by weight	X			
<b>EN20</b>	NOX, SOX, and other significant air emissions by type and weight	□	P57	The weight of significant air emissions for SOX, VOC, POP, HAP and PM are not disclosed. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>EN21</b>	Total water discharge by quality and destination.	□	P60	The total volume of planned and unplanned water discharges by treatment method is not reported. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>EN22</b>	Total weight of waste by type and disposal method	□	P60-63	The total amount of waste (hazardous & non-hazardous by type for composting, deep well injection and storage are not reported. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>EN23</b>	Total number and volume of significant spills	●	P60-63		
<b>EN24</b>	Weight of transported, imported, exported, or treated waste deemed hazardous	□	P63	Total weight of hazardous waste transported, imported and exported are not available. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012

<b>EN25</b>	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	●	P5-63		
<b>Products and services</b>					
<b>EN26</b>	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	P63-64		
<b>EN27</b>	Percentage of products sold and their packaging materials that are reclaimed by category	●	P45		
<b>Compliance</b>					
<b>EN28</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	P65		
<b>Transport</b>					
<b>EN29</b>	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	●	P64-65		
<b>Overall</b>					
<b>EN30</b>	Total environmental protection expenditures and investments by type.	●	P51, P63		
<b>Social: Labour Practices and Decent Work</b>					
Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
<b>Employment</b>					
<b>LA1</b>	Total workforce by employment type, employment contract, and region	□	P24-25	Total workforce by type and contract are not reported. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>LA2</b>	Total number and rate of employee turnover by age group, gender, and region	□	P24-25	Rate of employees leaving employment during the reporting period broken down by age group is not available. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>LA3</b>	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by major operations	●	P25-26		
<b>Labour/management relations</b>					
<b>LA4</b>	Percentage of employees covered by collective bargaining agreements	●	P36		

LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	●	P36		
<b>Occupational health and safety</b>					
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	●	P30-34		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	□	P30-32	Occupational diseases rate (ODR) for total workforce by region is not reported. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	P30-34		
LA9	Health and safety topics covered in formal agreements with trade unions.	●	P30-34, P36		
<b>Training and education</b>					
LA10	Average hours of training per year per employee by employee category	X		We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	X		We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
LA12	Percentage of employees receiving regular performance and career development reviews	●	P26-27		
<b>Diversity and equal opportunity</b>					
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	X		We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
LA14	Ratio of basic salary of men to women by employee category.	●	P27		
<b>Social: Human Rights</b>					
<b>Profile Disclosure</b>	<b>Description</b>	<b>Status</b>	<b>Cross-Reference</b>	<b>Reason for omission &amp; Explanation</b>	<b>To be reported in</b>
<b>Diversity and equal opportunity</b>					
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	●	P36		

HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	●	P36		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	P36		
Non-discrimination					
HR4	Total number of incidents of discrimination and actions taken.	●	P36		
Freedom of association and collective bargaining					
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	●	P36		
Child labour					
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	●	P36		
Forced and compulsory labour					
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	●	P36		
Security practices					
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	●	P36		
Indigenous rights					
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●	P36		
Social: Society					
Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
Community					
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	●	P38-41		
Corruption					
SO2	Percentage and total number of business units analysed for risks related to corruption.	●	P42		



<b>SO3</b>	Percentage of employees trained in organisation's anti-corruption policies and procedures	●	P42		
<b>SO4</b>	Actions taken in response to incidents of corruption	●	P42		
<b>Public policy</b>					
<b>SO5</b>	Public policy positions and participation in public policy development and lobbying	●	P42		
<b>SO6</b>	Total value of financial and inkind contributions to political parties, politicians, and related institutions by country	●	P42		
<b>Anti-competitive behaviour</b>					
<b>SO7</b>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	P42		
<b>Compliance</b>					
<b>SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non compliance with laws and regulations.	●	P42		
<b>Social: Product and Responsibility</b>					
Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
<b>Customer health and safety</b>					
<b>PR1</b>	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	P45-47		
<b>PR2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	●	P48		
<b>Product and service labelling</b>					
<b>PR3</b>	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	□	P44-45	The sourcing of components of our product or services are not reported in full. We are in the process of enhancing our data/information collection system and we aim to have this in our next reporting.	2012
<b>PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	●	P44-45		
<b>PR5</b>	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	P44-45		

Marketing communications					
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	P48		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	P48		
Customer privacy					
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	P44-45		
Compliance					
PR8	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	P48		



## Statement GRI Application Level Check

GRI hereby states that **Qatar Fertiliser Company (S.A.Q)** has presented its report "Sustainability Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

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

Amsterdam, 6 September 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



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

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

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 August 2011. GRI explicitly excludes the statement being applied to any later changes to such material.



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