



SUSTAINABILITY REPORT 2015

**Optimizing
our business for success**





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



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



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CEO STATEMENT

In alignment with the QNV 2030, QAFCO is committed towards being a positive economic, social and environmental force in the State of Qatar. In 2015, QAFCO has focused internally on improving its operational and cost efficiency - through progressive initiatives - including Energy Management System and Sustainable Procurement.

5.4
million tonnes of
Urea
exported

0.58
million tonnes of
Ammonia
exported

QR 1.43
billion in
Profits

As QAFCO's new 2016 Chief Executive Officer, I am pleased to connect with you to mark the release of our 5th annual Sustainability Report 2015. During the reporting period, we have managed to achieve certain key milestones including our highest export year to date, in addition to the inauguration of several keystone projects.

Despite lower revenues and profits compared with previous years, brought on by difficult market conditions, we remain committed towards being a positive economic, social and environmental force in the State of Qatar, in alignment with the Qatar National Vision 2030. In 2015, we took the current market pressures on us as an opportunity for internal operational improvement and cost optimization. This was marked by a variety of progressive initiatives such as our new Energy Management System and Sustainable Procurement Framework.

G4-9, G4-13

As the energy landscape and policies of the region continue to change, we must adapt in return. Energy is a critical component to both the State of Qatar and our operations. As such, we view the conservation of the country's natural gas resources as a matter of national responsibility. Furthermore, given the energy intensive nature of our industry, proper energy management is essential to our long term business continuity.

In 2015, we took a very important step towards attaining this by achieving ISO 50001 - Energy Management System certification for all of our plants and facilities. The management system is fast becoming part of the company culture itself, as our employees take ownership of it and utilize it as a means of continuous improvement. Some of our initiatives have already reaped excellent results. In 2015, we were able to reduce our energy intensity by 4.5% and GHG emissions by 6.2% compared with our 2014 performance.

Additionally, in 2015 we embarked on a journey towards improving the sustainability of our supply chain through our Sustainable Procurement initiative. In line with QNV 2030 pillars of human and social development, this initiative will play a pivotal role in the long run as it helps us achieve a number of our objectives.

We intend to engage with our suppliers on various material topics including environmental and social issues. We are confident that procuring sustainably will allow us to meet our needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to QAFCO, but also to society and the economy, whilst minimizing damage to the environment.

Sustainability is an integral part of our business DNA. While we are content with the year-on-year progress that we have made on several identified indicators thus far, we are committed to making even greater strides in the future with the undying support of our employees and stakeholders.

I take this opportunity to thank all of you for your continued trust in us and invite you to provide your invaluable feedback on our sustainability efforts and the 2015 report.

Abdulrahman Mohamed Al-Suwaidi
Chief Executive Officer



ACHIEVEMENTS IN 2015



ABOUT THIS REPORT

This is QAFCO's fifth annual sustainability report. This report is our response to our stakeholder's interest in our ways of mitigating our impact on the environment throughout our value chain, generating economic value, contributing towards our community and creating and sustaining an atmosphere suitable for promoting the holistic growth of not only our employees but also our suppliers. The theme of this year's report is 'optimizing our business for success'. QAFCO, like many other Energy & Industrial sector companies affected by the low oil prices, is using the opportunity to focus on improving internal operations and efficiency, by cutting costs and reducing risks. Consequently, we plan to focus on optimizing our resource use, and extending compliance and best practices to our suppliers.

We will continue to publish the report every year in order to keep our stakeholders updated with our sustainability performances and effectively utilize it as a mode of communication with our varied stakeholders.

This Report in Context

QAFCO has long been a pioneer within Qatar, and aims to continuously contribute to the growth and development of the State of Qatar. The drop in oil prices from over \$100/barrel in 2014 to the current price of around \$48/barrel underpins the volatility of fossil fuel prices. To minimize risk and maintain positive and sustained growth, it is imperative for businesses such as QAFCO to be cognisant of the regional and global context and stay ahead of the curve.

Consequently, we constantly assess our performance and position within the global context, and align ourselves with not only the National Vision of the country, but also various international guidelines and initiatives such as the Sustainable Development Goals, COP21 climate change targets, UNGC and international best practice standards in quality, environment, energy and supply chain.

QNV-2030

The Qatar National Vision (QNV) 2030 is a holistic national strategy that sets the vision and path for development in Qatar, according to four essential pillars.

UNGC

The United Nations Global Compact (UNGC) is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation through a series of 10 principles covering 4 pillars.



UN-SDG

The Sustainable Development Goals (SDGs) is a UN intergovernmental agreement covering 17 essential sustainable development goals and their associated 169 targets.



International Standards & Best Practices

QAFCO follows and adheres to a wide range of international standards and best practices according to reputable standard-setting bodies such as the International Organization for Standardization (ISO) and the British Standards (BS). QAFCO follows standards and best practices pertaining but not limited to: quality, safety, environment, health, energy and procurement.

ISO 9001:2008 Quality Management	OHSAS 18001:2007 Occupational Health & Safety Management	ISO 50001:2011 Energy Management
ISO 14001:2004 Environmental Management		IFA Protect & Sustain Product Stewardship
Level 1 - Gold System Status for bulk in-ship fertilizer	ISO 17025:2005 Requirements for the Competence of Testing and Calibration Laboratories	Hazard Analysis & Critical Control Point (HACCP)
RC 14001:2008 Responsible Care		

Reporting Framework

In line with the report's theme of "optimizing our business for success" QAFCO is particularly proud of its 2015 emphasis on operational and cost optimization along with our extended efforts to better manage our risks across our value chain activities. QAFCO began its reporting journey in 2013 and has done so annually since then.

The 2015 QAFCO sustainability report has been written in accordance with the Global Reporting Initiatives (GRI) – G4 reporting guidelines. This report also happens to be QAFCO's second sustainability report which has been prepared in accordance with the Global Reporting Initiatives (GRI) - G4 reporting guidelines. Detailed indicators and reporting contents based on the recommendation of GRI Index are stated on page 74 through 78.

The reporting period for this report is the calendar year 2015 i.e. 1st of January 2015 to 31st of December 2015. The report covers our fertiliser manufacturing units in Mesaieed (QAFCO 1 to 6) and our head office in Qatar. Though our consolidated financial statements include our subsidiary units of Gulf Formaldehyde Company and Qatar Melamine Company, this report only

covers QAFCO, unless otherwise stated. This report has been written in accordance with GRI-G4-Core. Topics we deemed material to our activities and considered critical by our stakeholders, are also thoroughly addressed in this report. Non-material issues are mentioned in the report, but not addressed in detail.

Given our transition to G4-G4 guidelines, we have not opted for third party assurance this year. However, our report has been thoroughly reviewed by our Sustainability Reporting Committee for its accuracy and completeness as per the relevant GRI disclosures and indicators. We aim to receive external assurance on our subsequent sustainability reports.



Stakeholder Engagement

We consider stakeholders as people, a group of people or entities who could affect and/or be affected by our activities, products, services and/or associated performances.

We have many stakeholders, each with a varying level of interest and involvement in our activities. A common problem that arises with having numerous stakeholders is that they have various self-interests which might not align with the our own interests.

Identifying our key stakeholder groups, understanding the level of impact they can have and prioritizing our and their sustainability issues will help us to identify and, thereby achieve the much needed alignment between self-interests and the success of our sustainability agenda.

Hence, the first logical step of stakeholder engagement process is to identify who are the most critical stakeholders, capture their sustainability issues and concerns and prioritize those sustainability aspects to be included in the report.

Back in 2014, we gathered a cross-functional group of internal stakeholders at the GRI G4 Certified Training. During the training, we brainstormed a list of stakeholders, including everyone who has an interest in our objectives and may have one tomorrow. We identified our key stakeholders: QP, Muntajat, shareholders/ investors, local community, employees, suppliers and contractors, media, sector peers and government/regulators.

Once we identified our list of stakeholders, we did further analysis to better understand their relevance and the perspective they offer, to understand their relationship to sustainability reporting and each other, and to prioritize based on their relative usefulness for this engagement. A sample of QAFCO employees was shortlisted to participate in this analysis based on their position, responsibility and dependence on the company. The following criteria was used to analyze each stakeholder group:

- Stakeholder contribution with expertise on sustainability aspects that could be useful to QAFCO
- Legitimacy of stakeholder's claim for engaging on sustainability reporting process
- Stakeholder willingness to engage in defining sustainability report contents
- The stakeholder's influence on QAFCO
- Necessity of involvement to avoid derail of the reporting process

We used these criteria to populate how each stakeholder fulfill them and assigned values (low, medium or high) to these stakeholder. This data has helped us to map which stakeholders are most useful to engage with and decide different engagement approaches for sustainability reporting purposes in the future (see Stakeholder Mapping chart).

Nowadays, engaging with these stakeholders

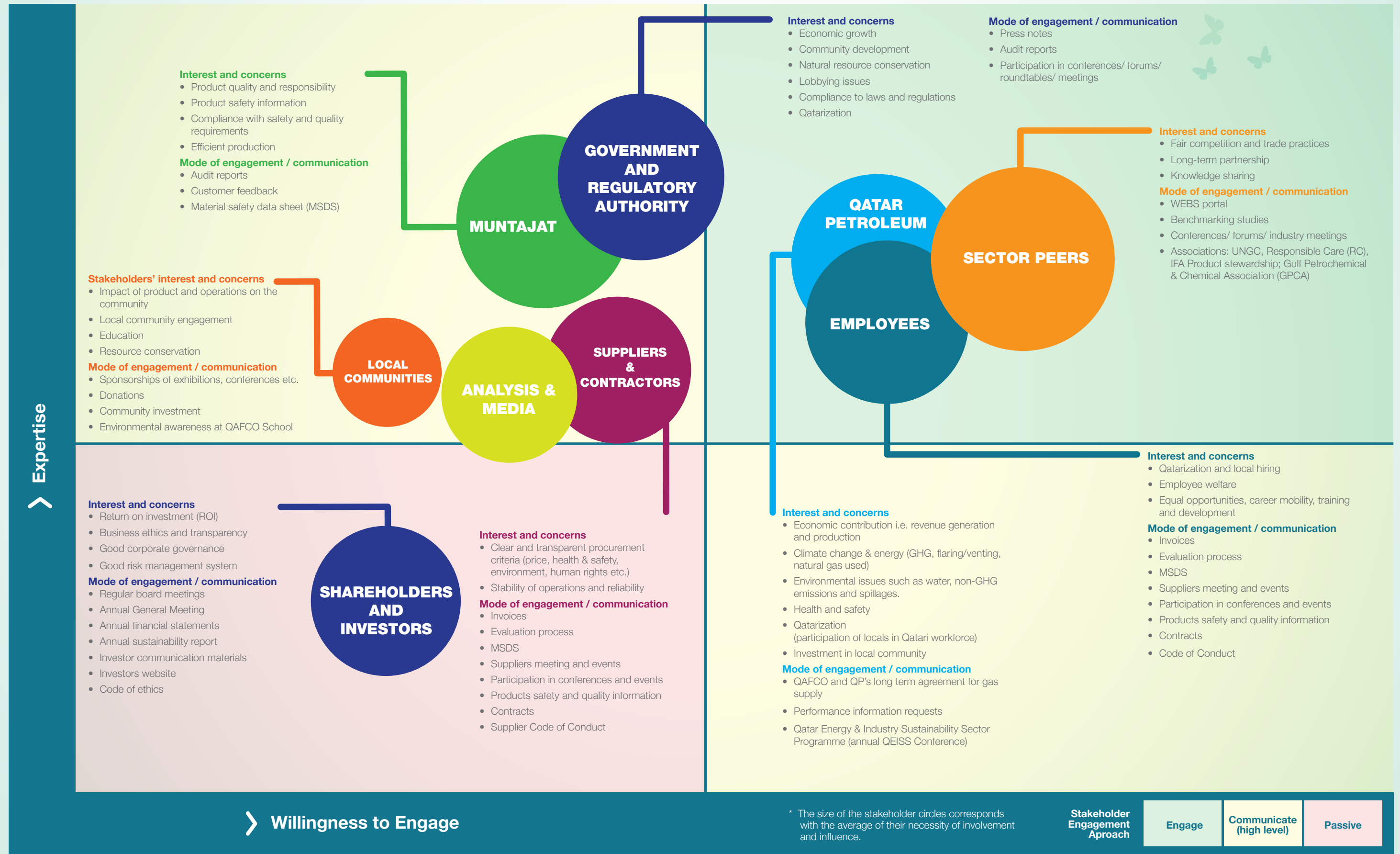
forms a vital part of our day-to-day activities and common reporting procedures. We engage with them in different ways at different levels (project, management and corporate). Depending on the type of clients, culture and business we align our engagement. Engaging as part of our regular activities serve as a tool for understanding the reasonable expectations and interests of our stakeholders and ultimately provide us with useful inputs for decisions on what sustainability aspects to report on. The Stakeholder Mapping chart also highlight key interests/concerns and engagement channels we undertook with stakeholder groups across the financial year.

In addition, the inputs from our department heads are also crucial to us in capturing stakeholder feedback and defining the scope of this report, boundaries, and contents. See further on Materiality Analysis section.

In the coming years we plan to establish a formal structured process to engage with the key stakeholders to capture and document their expectations and concerns and consider them while identifying the material issues and developing our sustainability agenda (see chart below). The same will be also reflected in the report. Other decisions, such as the level of detail required to be useful to stakeholders, or expectations of different stakeholders about what is required to achieve clarity, will be also adopted and documented within next reporting periods.



Stakeholder Mapping



Expertise

Willingness to Engage

Stakeholder
Engagement
Approach

Engage

Communicate
(high level)

Passive

Materiality Assessment

As stated in the Stakeholder Engagement section on page 8, materiality analysis helps us to focus on issues which are important from both QAFCO's and stakeholders perspective, thereby achieving the much needed alignment between self-interests of various stakeholder groups and our company. In short, it helps us to identify, prioritize and address issues that are of concern to both QAFCO and our stakeholders.

In 2014, two GRI-G4 certified training sessions were conducted for a total of 24 employees who represented various departments at QAFCO. The training not only helped us to enhance our data collection and reporting process but also facilitated internal stakeholder engagement and communication among employees responsible for data collection and development of the contents of the sustainability report.

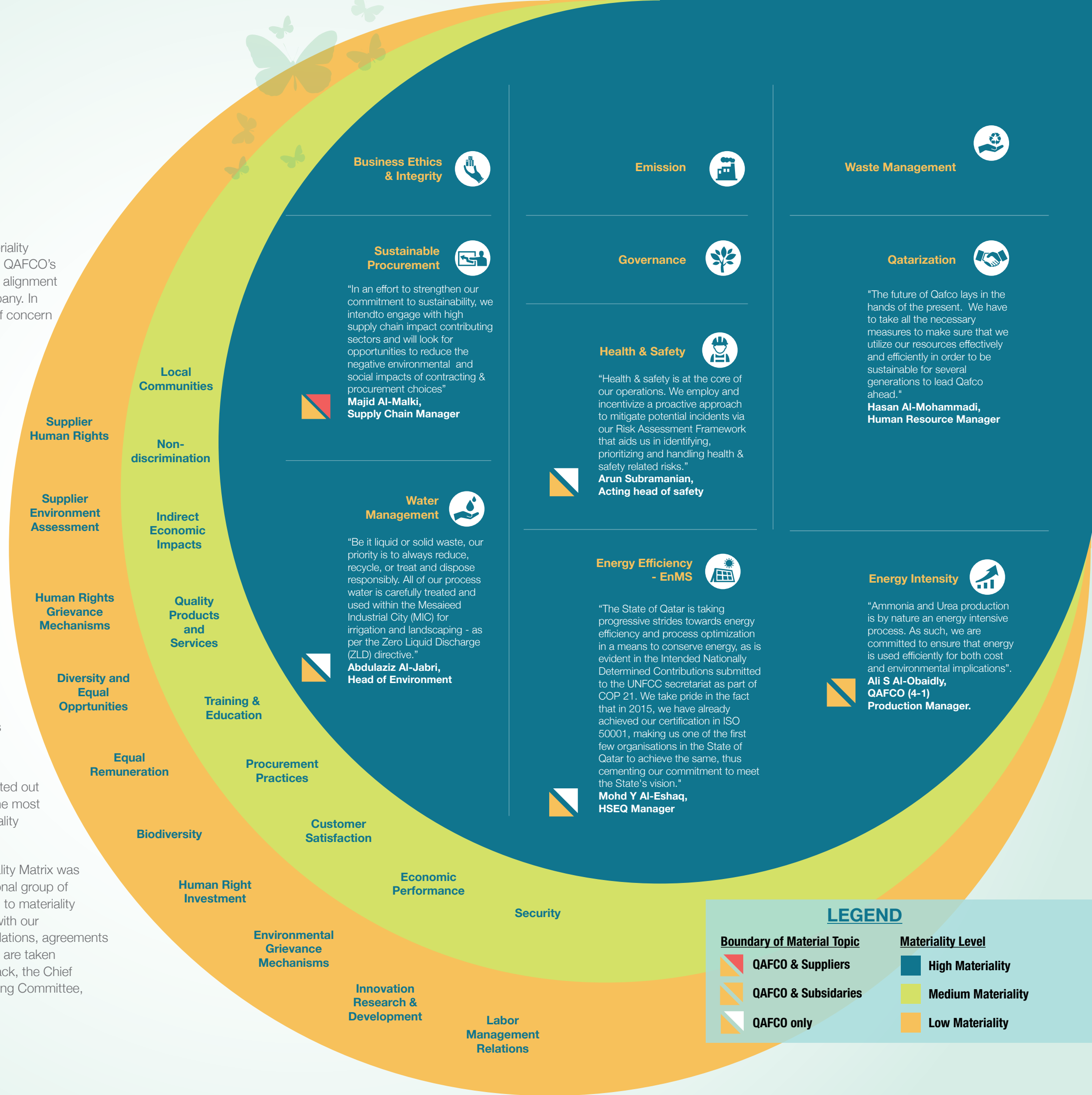
During the certified training, we mapped our key external stakeholders and identified a gross list of sustainability aspects through an analysis of GRI-G4 aspect list. The gross list was checked against GRI G4's sustainability context and stakeholder inclusiveness tests.

To prioritize the most material aspects from this gross list, we created a matrix where we plotted in the X-axis those economic, environmental and social aspects that have significant impact or pose risks in the short or long terms to our business. Along the Y-axis, we added sustainability aspects that influence on stakeholder assessment and decisions. To assess external materiality, we relied on the input provided by employees attending the training who engaged external stakeholders throughout the financial year and therefore better understand their interests, topics and indicators.

All the relevant issues to internal and external stakeholders were listed out and then prioritized based on their mutual significance to identify the most material aspects, represented in the top-right section of the materiality matrix.

We update our materiality matrix in annual basis. The 2015 Materiality Matrix was reviewed and updated in consultation with a selected cross-functional group of employees. We have also made an effort to enhance our approach to materiality assessment in 2015. To validate the matrix, we shared the matrix with our management representatives who ensured that relevant laws, regulations, agreements with strategic significance and corporate values, policies and goals are taken into account in updating the matrix. Following management feedback, the Chief Administration Officer (CAO), chairman of our Sustainability Reporting Committee, validated and approved the matrix for 2015.

G4-19, G4-20, G4-21, G4-23



COMPANY PROFILE

Who we are

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

QAFCO inaugurated its first plant in 1973 with a design capacity of 900 tons of Ammonia and 1000 tons of urea daily. Presently QAFCO complex comprises six completely integrated trains. Each train is made up of two units, one for the production of ammonia, and the other for urea.

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

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

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

Our Business Policy



Our Shareholders

QAFCO'S shareholders include Industries Qatar (IQ) and Yara Nederland. IQ is the immediate parent of the Company, which is a 70% owned subsidiary of Qatar Petroleum (QP). Thus, placing QP as the ultimate parent of the Company.



Our Subsidiaries

Gulf Formaldehyde Company

Gulf Formaldehyde Company (Q.S.C) was incorporated on 3rd March 2003 as a private Shareholding company. All the shareholders are Qatari companies in the State of Qatar. The company is engaged in the production and sale of Urea Formaldehyde Concentrate ("UFC"). Currently, we have an annual production capacity of 59,172 tonnes of UFC.

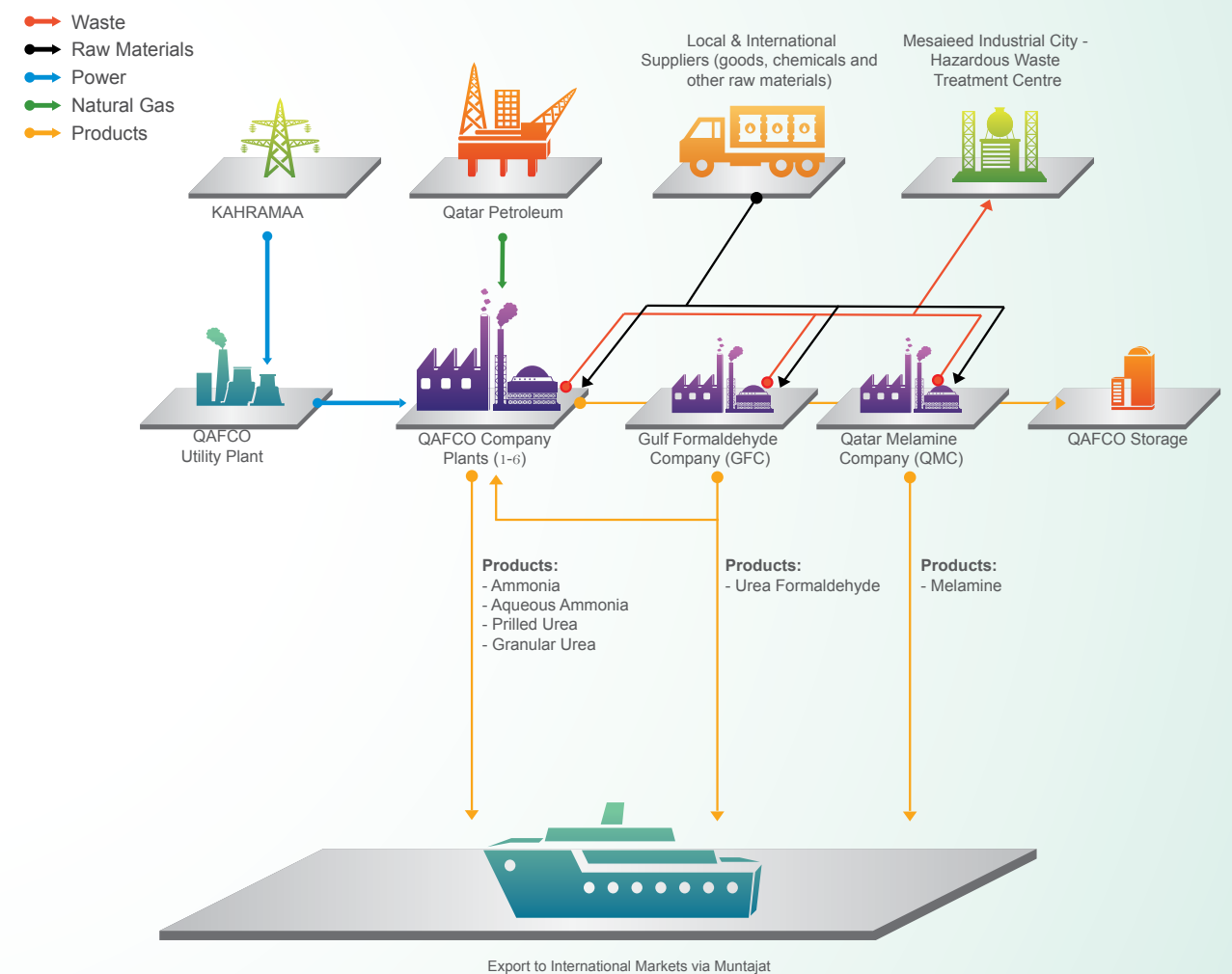
Qatar Melamine Company

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



QAFCO Value Chain

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



Corporate Governance

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

Maintaining the highest standards of corporate governance has always been on the agenda

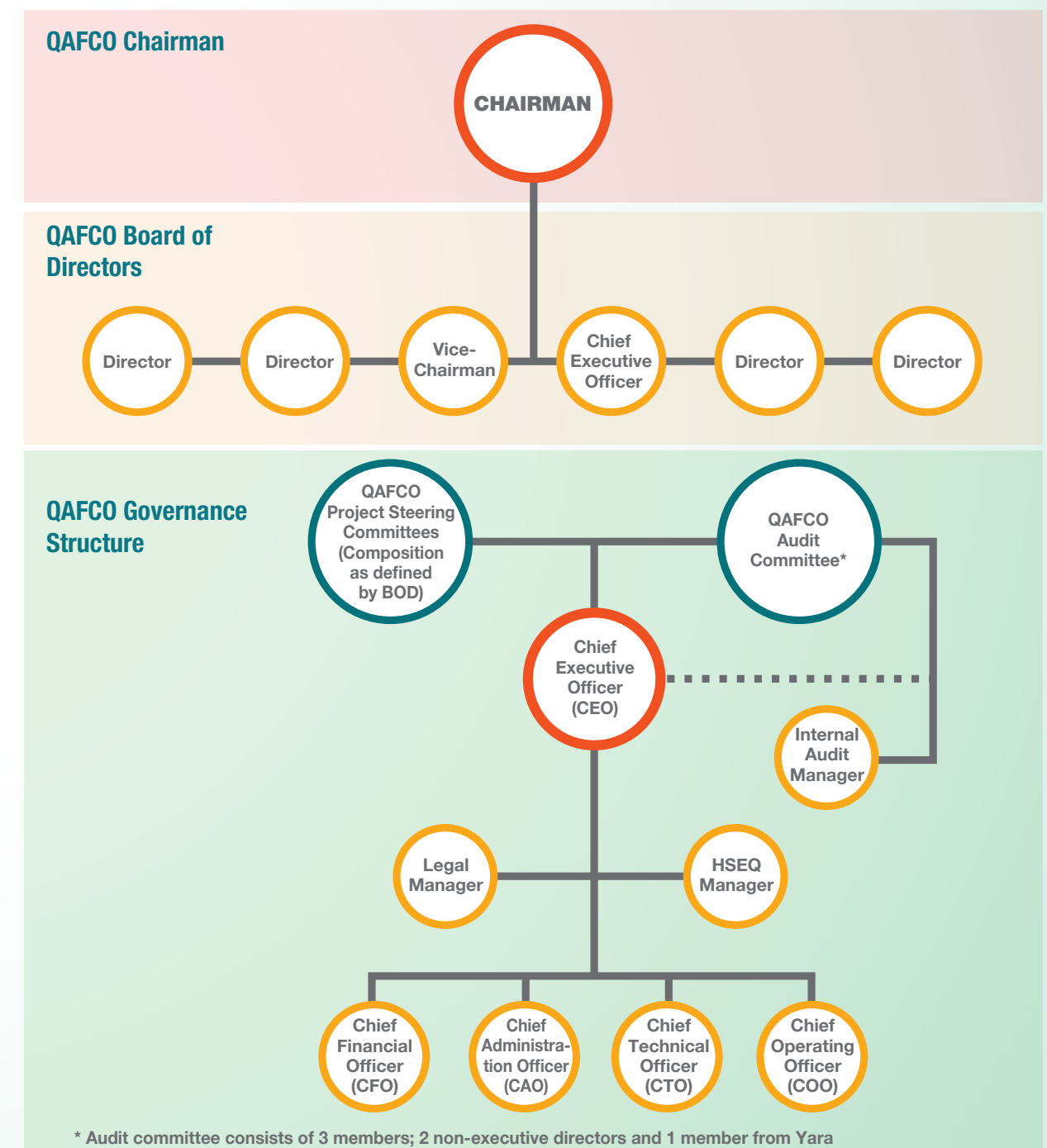
for our Board of Directors. To this effect, the management at QAFCO strives to make sure that economic, environmental and social issues our stakeholders raise, from governmental bodies to individuals such as employees, are integrated in our corporate governance structure. This helps us identify scope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



Organizational Structure

QAFCO has expanded significantly over the years in terms of geographical size, increased number of assets/asset value, operations (production capacities), product diversity, profitability, manpower, amongst other things. As such, to continue our commitment to operational

excellence, we re-structured our organization in 2014 to enable us to maintain our strategic direction and increase the efficiency of our processes, work flow and communication at all levels of the organization.



Strategic Partnerships



Strengthening strategic coalition is a priority during the current global context. The strategic coalition and cooperation will enable business to gain and will enable us to grow and expand more quickly, strongly and efficiently in all fronts of the industry.

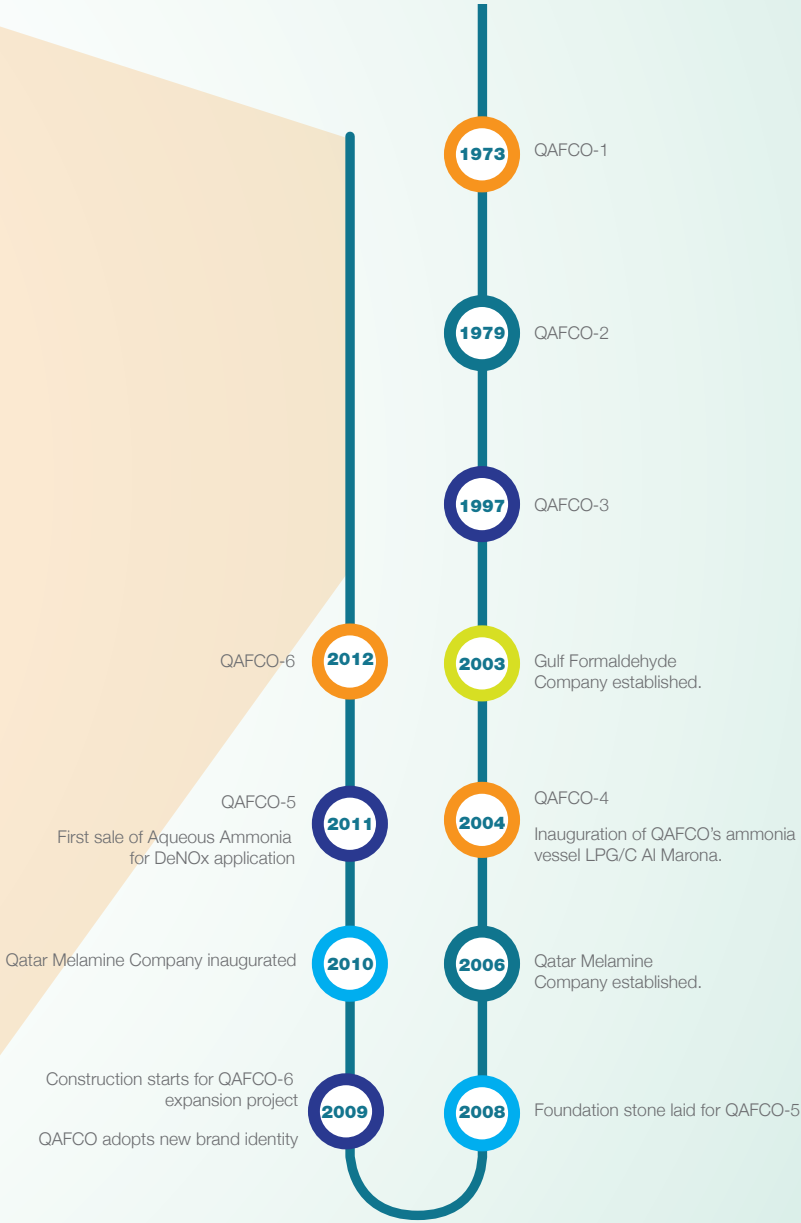
Participation in projects or committees	Substantive funding beyond routine membership dues	Membership as strategic
Research collaboration with Belgian University of Liege In 2015, QAFCO signed a MOU with the Belgian University Liege to explore the use of urea as an essential component of healthy poultry feed to prevent the use of antibiotics in agriculture and livestock. Depending on the results, QAFCO and University of Leige will cooperate in developing a pilot plant for producing the healthy feed and pro-biotic.	Texas A & M Qatar Conference 2015 Qatar hosted the QAFCO Texas A & M at Qatar Conference 2015 at the university premises in the Education City campus. The 2015 conference was the seventh edition held under the sponsorship of QAFCO.	International Plant Nutrition Institute (IPNI) We joined as a full member of the IPNI at the IPNI board meeting held in 2012 in Boston, Massachusetts. The IPNI institute's work focuses on nutrient stewardship research and education, world food security, environmental concerns, and related issues.
Gulf Petrochemicals & Chemicals Association (GPCA) The GPCA Fertilizer Convention is an annual event organized by the GPCA's Fertilizer Committee. The GPCA's Fertilizer Committee works to address issues of common interest to members from the fertiliser industry. The committee works towards ensuring continuous improvement and development of all aspects of the fertilizer sector by securing necessary support from the GCC region's policy-makers and other key third-party stakeholders.		International Fertiliser Industry Association (IFA) QAFCO is a member of IFA. IFA is managed by its board of directors, comprised of senior representatives of companies from different regions of the world.

Our Journey Towards Sustainable Growth

Our recognitions

	QAFCO 1-6, GFC and QMC ISO 9001:2008 Quality Management System
	QAFCO 1-6, GFC and QMC ISO 14001:2004 Environmental Management System
	QAFCO 1-6, GFC and QMC OHSAS 18001:2007 Occupational Health & Safety Management System
	QAFCO Canteen, Al Banush Club & Al Maha Club Hazard Analysis & Critical Control Point (HACCP)
	QAFCO 1-6 RC 14001:2008 Responsible Care
	QAFCO 1-6 IFA Protect & Sustain Product Stewardship Programme (Excellence Level)
	QAFCO Laboratory ISO /IEC 17025:2005 Requirements for the Competence of Testing and Calibration Laboratories
	QAFCO Storage & Handling Level 1 - Gold System status for bulk in-ship fertilizer From Department of Agriculture - Australia
	QAFCO 1-6 Chartered Institute of Procurement & Supply -Standard Certification for Policies & Procedures of Contracting & Procurement functions
	QAFCO 1-6, GFC and QMC ISO 50001:2011 Energy Management System
	QAFCO 1-6 BS 8903 Sustainable Procurement Framework (under development)

Our operational milestones



- Memberships and associations in the economic aspect
- Memberships and associations in the environmental aspect
- Memberships and associations in the community aspect

OUR SUSTAINABILTY PERFORMANCE



“It gives me great pleasure to present before you our 2015 sustainability performance as the new chair of the Sustainability Reporting Committee.

In this chapter, we present our sustainability performance in various areas, including economic, social and environmental performance. While 2015 has been a difficult year in terms of market trends, we are happy to announce positive gains – particularly in our social and environmental performance.

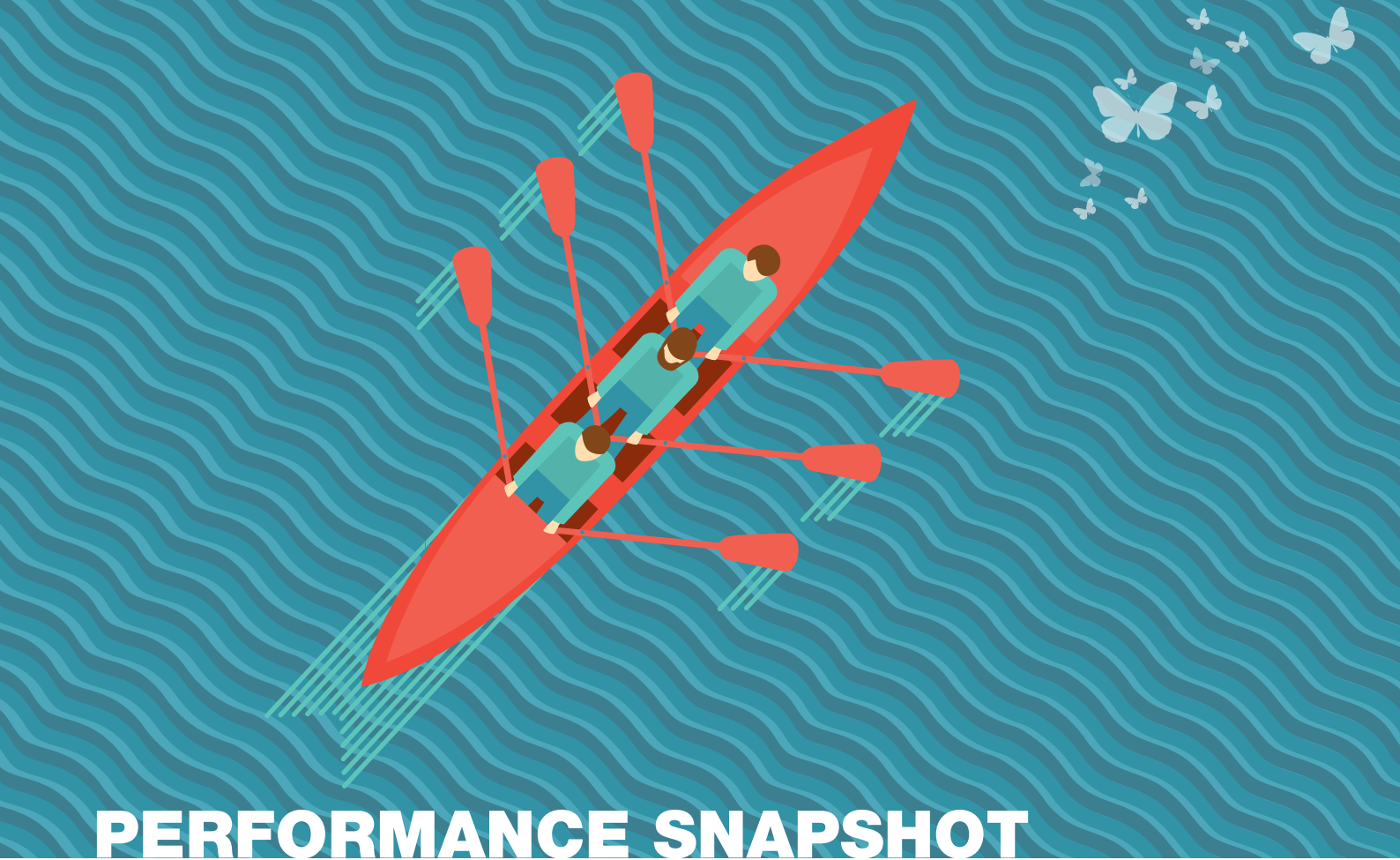
Furthermore, in 2015 we progressed with two important projects – our ISO 50001 Energy Management System, and our Sustainable Procurement Framework. Both of which are in alignment with international best practices, standards and guidelines.

We understand that sustainability is not a destination, but a journey. We are proud of our achievements to date, and excited at the possibilities of what we can achieve in the future - with the unwavering support of our employees and stakeholders.

Sincerely,

Dr. Hamed A Al Marwani,
Chief Administrative Officer and
Chair of Sustainability Reporting Committee

”



	Indicator	Unit	2014	2015
ECONOMIC	Total production (Urea and Ammonia)	Tonnes	5,975,539	6,279,721
	Total exports (Urea and Ammonia)	Tonnes	5,075,000	6,011,005
	Local good and services spending	QAR	580,000,000	448,658,732
	Local good and services spending	%	73%	51%
	Total GHG emissions (Total)	1000's Tonnes	5,987	5,614
ENVIRONMENTAL	Direct	1000's Tonnes	5,854	5,467
	Indirect	1000's Tonnes	133	146
	Energy consumption	GJ	180,151,878	180,524,420
	Fuel gas	GJ	85,332,192	88,437,575
	Process gas (product feed)	GJ	92,443,209	89,472,867
	Indirect	GJ	2,376,477	2,613,978
	Energy intensity	GJ/Tonne	29.56	28.23
	Total volume of desalinated water generated	M3	6,100,000	5,530,000
	Municipal water use	M3	200,000	150,000
	Total volume of water discharged	M3	290,000	300,000
	Percentage of water recycled and resued	%	94.6	94.72
	Total waste generated	Tonnes	14,500	14,789
SOCIAL	Total waste recycled	Tonnes	10,875	7,114
	Total employees	Number	1,651	1,672
	Qatarization (including trainees)	%	13.8%	13.5%
	Average training hours per employee	Hours	16	19
	Total number of training man days	Days	5,073	3,756
	Employee fatalities	Number	1	0
	Contractor fatalities	Number	1	0
	Total Lost Time Injuries (Employees and contractors)	Number	1	1
	Total Recordable Injury Rate (Employees and contractors)	Rate	0.61	0.78



RISK FRAMEWORK

In Q4 of 2015, QAFCO adopted a new Risk Framework - based on three critical pillars: Enterprise Risk Management (ERM), Information Security Risk Management (ISRM) and Business Continuity Management (BCM).

Enterprise Risk Management (ERM)

Vision

To enable the strategic decision-making process whilst supporting QAFCO's business policy. The ERM function seeks to enable an effective framework for QAFCO to evaluate, prioritize and manage its risks.

Mission

To promote a structured approach to identifying, assessing and managing QAFCO's risks and enable the company to balance risk and reward while supporting its business objectives.

Goals

- Create a risk-aware culture across QAFCO to ensure that there is a common understanding of risk identification, assessment and reporting
- Conduct and facilitate enterprise wide risk assessments
- Provide senior management with enterprise-wide risk information to enhance QAFCO's decision-making process
- Assess existing controls and processes and identify areas where additional risk may be assumed
- Provide training to maximize risk management across QAFCO

Addressing risks beyond our fence - quantitative risk assessment at Mesaieed Industrial City

Situated immediately outside the industrial area in the Mesaieed Industrial City (MIC) concession area is the Town of Mesaieed, also referred to as our community area, providing residence and facilities for those employed within MIC along with a dedicated area containing light-to-medium industries and contract labor camps which house a workforce of approximately 25,000, with

capacity up to 40,000. The Industrial Cities Directorate performed a combined QRA study to obtain the updated overall risk profile of the MIC operational area and to identify risk improvement opportunities to ensure effective risk management of the industrial city. As part of this study, QAFCO's existing QRA model was reviewed and updated.

Information Security Risk Management (ISRM)

As part of the overall Risk Framework, QAFCO has established Information Security Risk Management in 2015, which provides a methodological approach for the recognition and effective management of the risk associated with the security of QAFCO's information assets. The framework is based on the National information assurance (NIA) policy of ictQATAR and other relevant international and widely accepted standards. Work is in progress to document information security operational procedures.

Business Continuity Management (BCM)

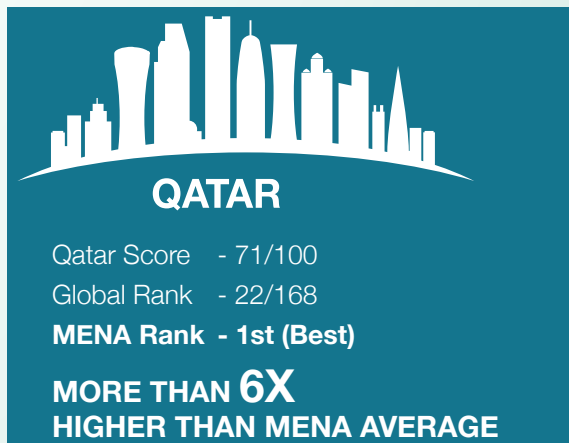
Business continuity Management outlines the standards that ensure continuous availability of critical processes in the event of major disruption. As such, we take great care detailing the guidelines for developing, exercising, maintaining and reviewing the business continuity plans. In 2015, we have successfully documented the plans for control systems, finance division and Human resources department and the work is in progress to document plans for other critical areas.



ETHICS AND CODE OF CONDUCT

According to Transparency International, which annually conducts the Corruption Perceptions Index (CPI) - Qatar ranked lowest in perceived corruption across all of the Middle East & North Africa in 2015, ranking 22nd internationally just behind Japan, Hong Kong and Ireland. The country's low perception of corruption comes at little surprise given its leadership's strong commitment to transparency and anti-corruption. QAFCO is equally committed to the national vision of transparency and accountability. This is reflected through our code of conduct, grievance mechanism, fraud awareness framework and whistle blowing policy.

Corruption Perception Index 2015 Middle East & North Africa



Code of Conduct

In 2015, our board tasked us with preparing a new Code of Conduct, which documents how we expect all our employees to abide by in order to ensure that we maintain high ethical standards both within and outside the organization. We at QAFCO provide all our employees with training related to our Code of Conduct and Ethics. We also have internal controls in place to identify and address cases of 'conflict of interest' as and when they arise. All employees are required to complete the "Conflict of interest" declaration annually. The Conflict of Interest document ensures that the decision made by our employee are made on proper grounds, for legitimate reason and without any kind of bias towards any particular party.

Grievance Mechanism

At QAFCO, we have an established employee grievance mechanism that allows employees to escalate grievances to the proper level. Starting with their immediate supervisors, then department managers, and finally human resources. If unresolved at the HR level, then it goes to an arbitration committee, with the CEO given the final mandate.

The arbitration committee consists of three managers (from a different department than that of the individual who lodged the grievance) along with an HR facilitator. If the employee filing the grievance is a manager, then the arbitration committee will consist of chiefs.



New Supplier Code of Conduct

As part of our Sustainable Procurement Framework initiative, we are currently looking into the possibility of developing a supplier code of conduct as well as a supplier assessment questionnaire which will give us an opportunity to evaluate the maturity of our suppliers in terms of environmental and social performance and identify weak links that can be improved.

Fraud Awareness Framework

Fraud awareness policy

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

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

1. Whistle Blowing Complaints

Policy: QAFCO possesses a whistleblowing system that allows QAFCO's internal stakeholders to anonymously report any potential incidents of fraud and/or corruption.

2. Internal audits: Our internal audit department conducts regular audits of the various departments and divisions both independently and at the request of top management if any incidents are raised to them.

3. External audits: QAFCO also utilizes external auditors, who also perform as fraud detectors.

Focal 3 - way approach to tackle fraudulent acts

No organisation is exempted from fraud. However we can all take steps to (i) deter fraud occurrence, and (ii) mitigate losses due to fraud. Our organisation aims to adopt 3 focal approaches to minimise the commission and likelihood of fraudulent acts, as well as to mitigate the magnitude of loss associated with fraud. The simple 3-way approach is (a) education, (b) awareness, and (c) consequences.



Whistle Blowing Policy

When dealing with fraud, it is often employees that are the first to realize that something wrong, dishonest, or illegal is occurring or has occurred at QAFCO. However, due to fears of being reprimanded, harassed or labelled as disloyal to their colleagues/company they may not want to express their concerns. In such situations, having access to an anonymous feedback system is imperative in order to expose acts of fraud and corruption and stop or mitigate their impacts.

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

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

We have developed a Whistle Blowing and a Complaint Policy, with the belief that what is being reported is factually true. Allegations and concerns expressed anonymously are reviewed at the discretion of the Internal Audit Manager in discussion with the Audit Committee and the Managing Director. In performing this role, the factors to be considered shall include the seriousness of the allegation, its credibility, and the extent to which the allegation can be confirmed or corroborated by other sources.

QAFCO employees and/or other stakeholders file a complain or tip through the anonymous online system

Unfiltered complaints/tips are evaluated for merit then passed to chairman of Audit Committee

Complaints/tips of merit are investigated by the Internal Audit Manager

Findings of the investigation are presented to the Audit Committee and Chief Executive Officer for action

There were zero complaints filed using the Whistle Blowing system at QAFCO in the year 2015



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

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

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

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

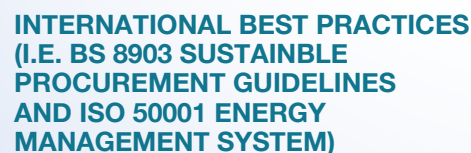


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QAFCO is committed to being part of Qatar's economic development and diversification, by being a sustainable non-hydrocarbon based source of revenue and jobs to Qatar.



Furthermore, QAFCO is aligned with SDG 8 of decent work and economic growth, by providing sustainable economic growth to the country, high quality and equal opportunity jobs, and supporting Qatar's youth in employment, education and training.



Lastly, QAFCO continuously strives to go above and beyond national regulations, by adopting where it can, international best standards that boost the organization's performance. QAFCO's established energy management system and current development of sustainable procurement practices highlights our commitment to sustainable growth, cost reduction and risk minimization.

KEY ECONOMIC HIGHLIGHTS



**ASSETS
AROUND QAR
BILLION
FOR THE 3RD
CONSECUTIVE YEAR**



UREA PRODUCTION
HAS GONE UP
4.8%
AND AMMONIA
2.6%
COMPARED WITH 2014



51%
OF LOCAL GOODS
AND SERVICES WERE
PROCURED LOCALLY
IN 2015

GENERATING ECONOMIC VALUE THROUGH OUR BUSINESS

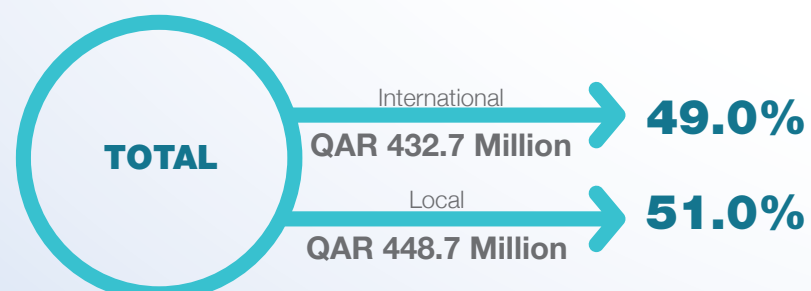
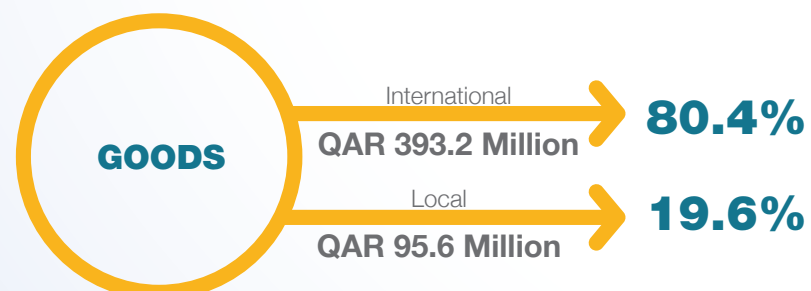
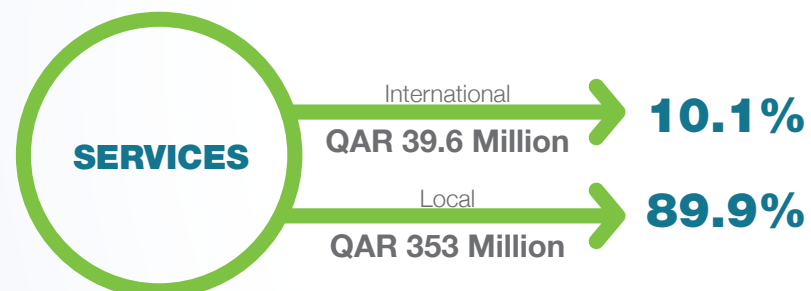
How we create value

In 2015, Qatar's exports of products via Muntajat exceeded 10 million tonnes, with QAFCO being a major contributor. In 2015, QAFCO exported around 6 million tonnes of Urea and Ammonia to over 30 countries. Unsurprisingly, QAFCO has become the world's largest single-site producer of ammonia and urea and becoming a key player in the global fertiliser market with more than 14% of global urea export volumes being supplied by QAFCO.

QAFCO, through its contracting conditions intends to promote local companies.

In 2015, we had 580 local vendors, supplying various goods and services. We publish open tenders in local newspapers, to encourage and provide opportunities for local suppliers.

We have incorporated a 'local content' clause for semi-major service/construction contracts that would help us in increasing our total share of procurement spent on local suppliers. We are confident that by supporting local firms, they will be able to fulfill a higher proportion of our demands in the future.



GRAND TOTAL QAR 881.4 Million

G4-EC9

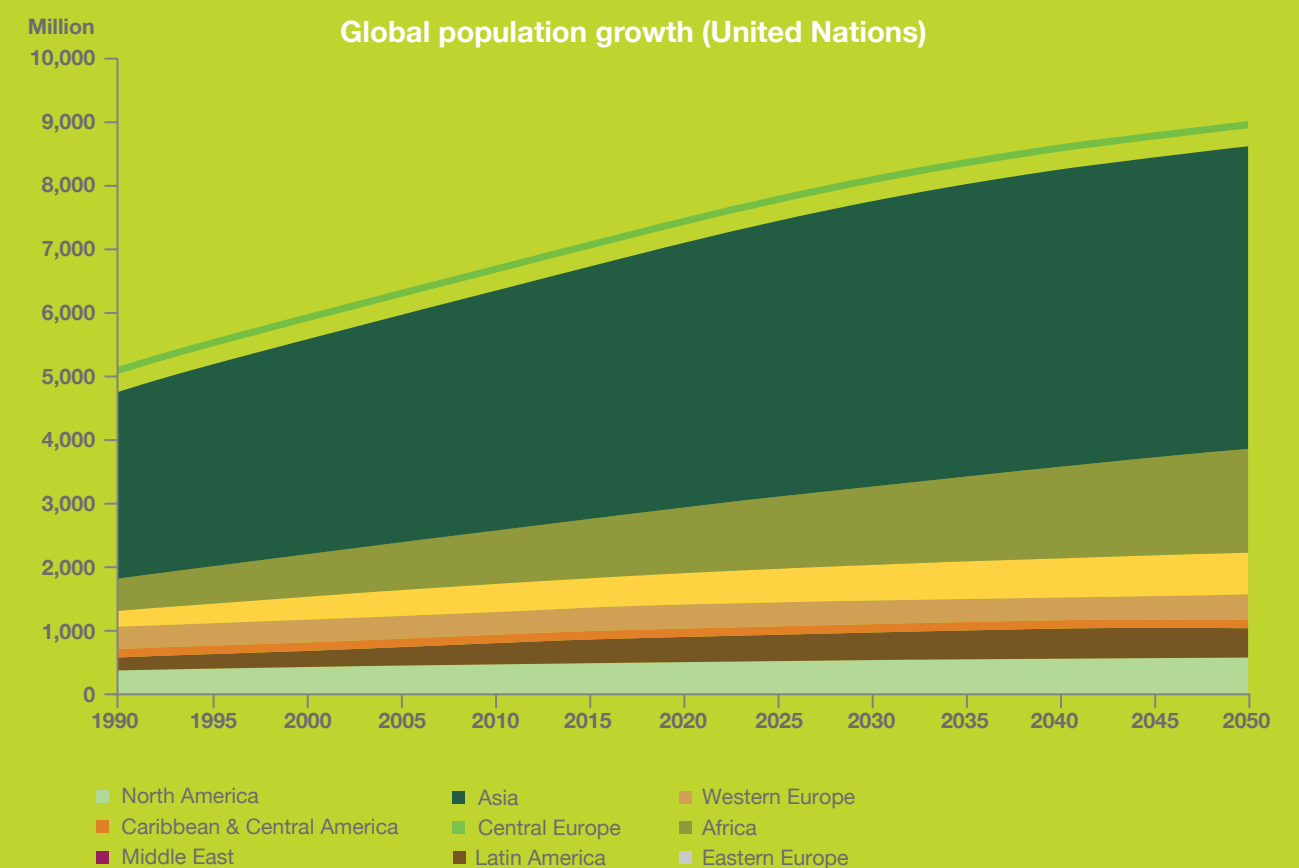
How we create value: Our contribution to global food security

As estimated by United Nations world population expected to grow to some 8.5 billion people by 2030 and food production will need to increase by more than 50%. With the decrease in agricultural land due to economic upturn, there is strong demand to maintain and enhance fertility of available land where the fertiliser sector will play a major role.

Fertiliser production in the GCC region is growing twice as fast as the global industry average. According to GPCA estimates, the GCC Fertiliser industry accounted for approximately onequarter

of global urea trade and for 12% of the global ammonia trade volume in 2013. GCC's Fertiliser capacity is expected to increase from 42.7 million tonnes in 2013 to more than 66 million tonnes by 2018. With this capacity growth over the years, the GCC industry demonstrates its potential to be a major global player to address food security challenges by providing access to and making efficient use of inputs and resources.

With the increase in ammonia and urea production capacity, we will significantly contribute to alleviate food security challenge in the coming years.



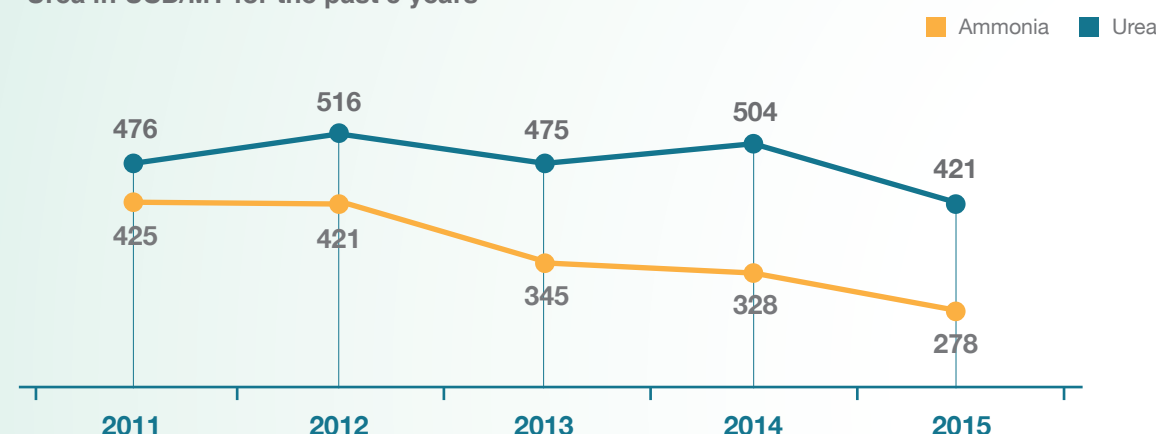


2015 Market Conditions

Dropping oil prices had their impact on the supply-demand dynamics. Reduced oil prices allowed many marginal producers to produce more urea and push into the market. Apart from that, facility additions globally added to the supply glut.

In the year 2015, a surplus amount influenced total ammonia and urea prices globally. Ammonia prices, however, rebounded marginally in the last quarter and helped manufacturers maintain their healthy position. Urea prices, in the meantime, remained flat.

Average FOB* Sales Price of Ammonia and Urea in USD/MT for the past 5 years



*"Free on Board" - Sales prices includes the average cost of marine freight transport, insurance, unloading, and transportation from the arrival port to the final destination

The price of ammonia in the year 2015 averaged at USD \$421. Ammonia prices had come down sharply from a high of around USD \$500 to around USD \$400 in the early third quarter and then marginally recovered to post an annual average of USD \$421 by the end of the year.

In the meantime, average sale price of urea continued to dip for the third year in succession. This year the decline was sharper. The average sale price for urea for the year 2015 was USD \$278 whereas it was USD \$328 in 2014. In 2015, QAFCO sold 588,926 MT of ammonia and 5,387,485 MT of urea through Muntajat.

1 USD = 3.64 QAR

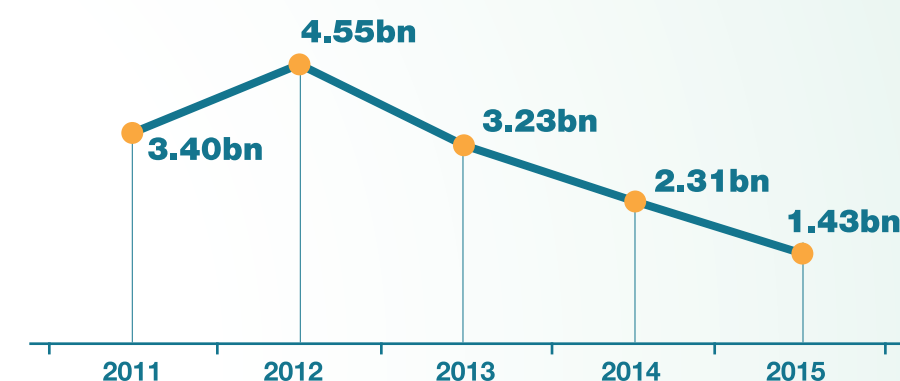
Economic Performance

2015 was defined by moderate global and national growth, dropping oil prices, and sluggish global fertiliser markets. Company profits, at QAR 1.43 billion were above what was initially projected. The primary drivers were the last quarter surge in ammonia prices as well as higher sales volume of urea and ammonia. Furthermore, prudent

decisions and actions taken in lowering production cost and sales expenses contributed to profits this year.

Our financial position remains strong as we enter 2016. Our total liabilities have fallen by about QAR 395 million while our assets still remain around QAR 20 billion.

QAFCO Profits in QAR for the past 5 years

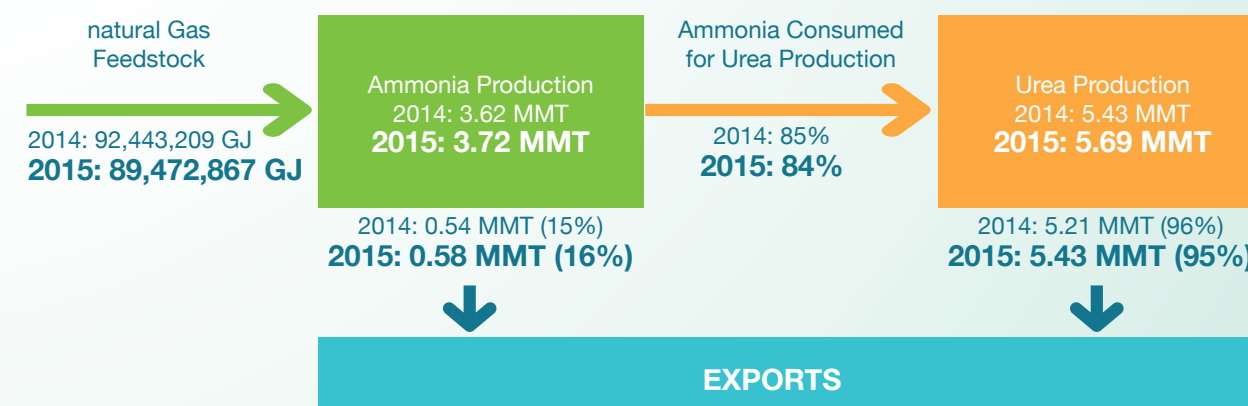


Our Production

In 2015, QAFCO produced 3.71 million metric tonnes (MMT) of ammonia and 5.69 MMT of urea. Our sales volume were equally encouraging as we sold 588,926 MT of Ammonia and 5.38 MMT of urea – one of our highest years to date.

In line with 2014 trends in urea and ammonia market prices, QAFCO has made an active shift towards increasing its ammonia exports (instead of as an intermediary product for urea) as ammonia prices have swung up. This is reflected in our higher export of ammonia in 2015 compared with previous years both in absolute volume and relative to total production.

QAFCO's Ammonia and Urea 2015 and 2014 production in million metric tonnes



OUR EXPORTS & PRODUCT STEWARDSHIP

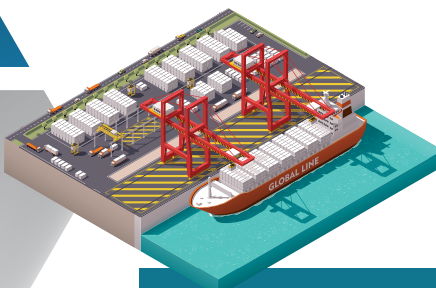
QAFCO has 6 Bulk Halls with a total storage capacity of 635,000 MT to store granular and prilled urea. In order to maintain our high quality products, an elaborate HVAC system was installed to control the temperature and humidity in the bulk halls and ensure proper storage of urea.

STORAGE



CARGO LOADING

To ensure the smooth loading and shipping of both ammonia and urea to various export destinations, QAFCO operates two jetties with five berths and six ship loaders. These facilities enable five vessels to be loaded simultaneously with ammonia and urea in bulk and bag.



EXPORT

Muntajat, Qatar's Chemical and Petrochemical Marketing and Distribution Company - is responsible for the product labeling, marketing and export of QAFCO products since 2013. Muntajat also collects customer satisfaction on behalf of QAFCO. No incidents of non-compliance were reported for 2015.

UNRIVALLED SCALE

TOTAL AMMONIA & UREA EXPORTS IN 2015 AROUND 6,011^{kt} 18.4% HIGHER THAN 2014

In 2014, QAFCO was awarded the Product handling system Award level -1 gold certificate by the Australian Quarantine and Inspection Service (AQIS), valid until May 2020



Product stewardship

To maintain and improve the quality of our products, we have in place a stringent quality management program facilitated by real time monitoring and measurement of production processes throughout the entire product value chain. Our quality management system was certified ISO 9001 in 1996. We also comply with the internationally accepted health and safety management system Occupational Health & Safety Advisory Services (OHSAS) 18001 and Responsible Care (RC) 14001 that provide us with a structured approach to manage environmental, health and safety risks. We have received several certifications and accolades, over the years, as a testimony for this. Our product quality is widely acclaimed within the industry and several agencies have set high rating for our products.



EXPORTS BY DESTINATION IN 2015

Australia	15,003 Kt	Prilled Urea/ 571,957 Kt	Granular Urea/ 400 Kt	Melamine
Bangladesh	324,810 Kt	Prilled Urea/ 168,668 Kt	Granular Urea	
Brazil	1,655,120 Kt	Granular Urea/ 40 Kt	Melamine	
Brussels	2,280 Kt	Ammonia / 6,500 Kt	Melamine	
Belgium	2,100 Kt	Melamine		
China	22,683 Kt	Ammonia		
Germany	16,500 Kt	Melamine		
India	459,274 Kt	Ammonia / 80,960 Kt	Prilled Urea/ 740 Kt	Melamine
Italy	2,300 Kt	Melamine		
Ireland	180 Kt	Melamine		
Japan	10,500 Kt	Granular		
Jordan	43,406 Kt	Ammonia		
Pakistan	29,082 Kt	Prilled Urea/ 21,396 Kt	Granular Urea	
Poland	100 Kt	Melamine		
Philippines	93,500 Kt	Prilled Urea/ 63,141 Kt	Granular Urea	
Qatar	3,508 Kt	Granular Urea		
Russia	360 Kt	Melamine		
Romania	4,000 Kt	Melamine		
Saudi Arabia	320 Kt	Melamine		
S. Africa	41,053 Kt	Ammonia / 144,835 Kt	Prilled Urea/ 144,533 Kt	Granular Urea
S. Korea	8,310 Kt	Prilled Urea/ 74,250 Kt	Granular	
S. America	44,000 Kt	Granular Urea		
Spain	380 Kt	Melamine		
Singapore	100 Kt	Melamine		
Sudan	25,000 Kt	Granular Urea		
Thailand	15,388 Kt	Ammonia / 5,500 Kt	Prilled Urea/ 383,932 Kt	Granular Urea
Turkey	7,360 Kt	Melamine		
USA	125,645 Kt	Prilled Urea/ 1,357,136 Kt	Prilled Urea/ 360 Kt	Melamine
Iraq	61,000 Kt	Prilled Urea		
Jordan	6,400 Kt	Prilled Urea		
UAE	600 Kt	Prilled Urea/ 876 Kt	Granular Urea/ 14,140 Kt	Melamine
Ukraine	600 Kt	Melamine		
Vietnam	11,000 Kt	Granular Urea		

Cost Optimization

For QAFCO, 2015 was a year of operational and financial optimization, brought on by challenging market conditions at both ends of our value chain. We experienced higher operating costs for fertiliser production due to increases in natural gas rates under a supply agreement with Qatar Petroleum, despite falling prices globally during the 2015 year.

This was exacerbated by lower ammonia and urea prices. Despite an 18% spike in our overall production, we suffered a 9% decrease in product sales revenue. Consequently, between fixed feedstock prices, and decreased sales revenues - QAFCO had to look internally to increase its operations and cost efficiency.

One example, is administrative costs. In 2015, QAFCO reduced its administrative costs by just over QAR 90 million, a 14% reduction compared with 2014. It is important to highlight that while cost cutting was an important component - QAFCO is committed to its people and employees, highlighted by the fact that our workforce in fact grew in 2015.

The message from QAFCO's CEO and leadership is clear, protect our people and focus on operational improvement. Resultantly, cost cutting has taken place in production, operations, employee travel, over time, and other non-critical areas.

Achieving Cost Savings

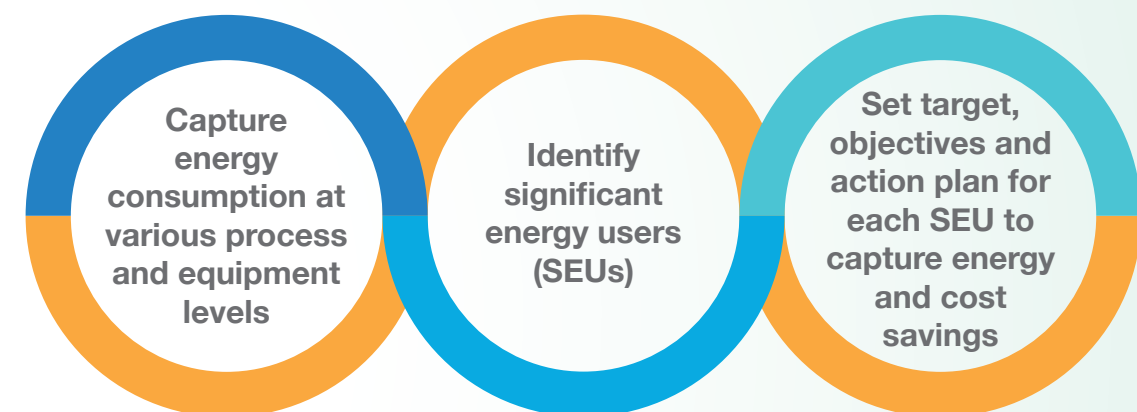
In 2015, QAFCO conducted a benchmark study comparing its overtime pay to other industries in Qatar. The benchmark revealed that all other companies provided a flat rate for employee overtime, whereas QAFCO had provided overtime pay linked to employee salary, resulting in significantly higher costs. As such, employee overtime was capped at 60 hours/month and overtime pay became at a fixed rate for all employees. This resulted in savings of approximately QAR 6 million.

Strategic Investments

Energy Management System (EnMS)

As part of its mandate and commitment towards operational and cost optimization QAFCO made a series of strategic investments in 2015. Most notably, QAFCO established an Energy Management System (EnMS) as per ISO 50001:2011. As energy and power subsidies begin to be phased out across the GCC region, it is now more important than ever to ensure that energy intensive industries such as our

own are as energy efficient as possible. This is not only an environmental responsibility, but a matter of business continuity. QAFCO's newly established and certified EnMS allows for just that. By better monitoring our energy consumption, and performance we can better determine our significant energy users (SEUs), and design schemes to reduce their consumption and associated financial cost.



Sustainable Procurement Framework

Another strategic investment made in 2015 was the initiation of our Sustainable Procurement Framework. The framework, aims to embed sustainability within our supply chain and contracting and procurement processes.

As one of the world's largest single site producer of ammonia and urea, QAFCO can play a leading role in promoting sustainable procurement in the sector, inspiring suppliers and contractors to follow socially and environmentally responsible practices.

We view our framework as an effort to align with the Qatar National Vision (QNV 2030) objectives.



The framework is being designed in alignment with the best practices and following BS 8903:2010 - Sustainable Procurement guideline.

The study conducted, assessed the magnitude of environmental impacts in our supply chain by spend category. It also aided us in identifying high risk suppliers that are driving the highest environmental footprint in our supply chain. In addition to the environmental costs and risks, we also looked into social risks such as human rights.

Furthermore, a gap analysis of procurement practice and sustainability requirements was conducted based on the requirements of BS 8903:2010 - Sustainable Procurement Guideline. The Sustainable Procurement Strategy has been formulated to close these gaps.

Among the aims of the framework going forward is to actively embed sustainability into our contracting and procurement processes and reduce our supply chain risks, reduce waste, gain goodwill, build long lasting relationship with our suppliers and increase competitiveness.

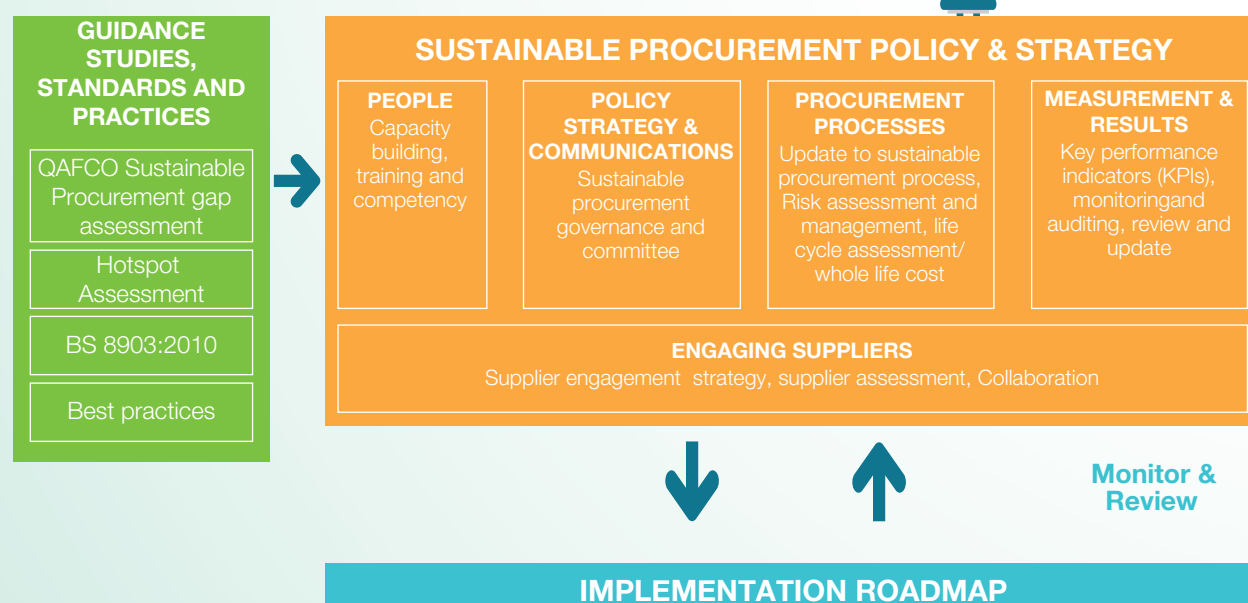
BS 8903:2010

British Standard 8903:2010 is a comprehensive guidance framework on how to adopt and embed sustainable procurement principles and practices into organisations of various types and sizes covering all stages of the procurement process. The guideline focuses on four main objectives:

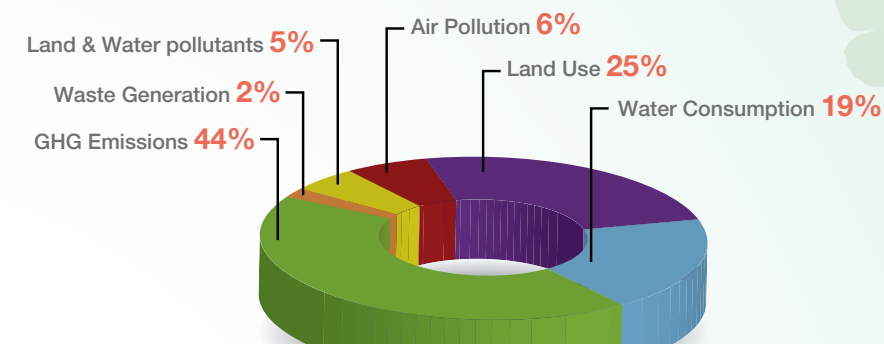
1. Minimising the demand for resources
2. Minimising negative impacts
3. Respecting ethical standards
4. Promoting diversity and equality



Sustainable Procurement Framework



Magnitude of total supply chain impact and individual KPI* category contribution



RESULTS

- Total environmental cost across the 6 KPIs* is QAR 48.3m.
- This cost represents 7% of expenditure analysed (QAR 719m)
- Total environmental cost are 1% of company 2014 revenue: QAR 7.28b

Once our Sustainable Procurement Framework is complete, which we anticipate to have approved during 2016 - we will begin with implementation. This will encompass a wide array of activities, initiatives and application. On one front, our new supplier code of conduct -

once implemented will ensure that we screen suppliers using a more comprehensive checklist,

that also includes environmental and social criterion.

We also plan to go far beyond just screening, as we believe that educating suppliers is equally important. We plan to enact engagement strategies with our various major suppliers, to highlight the areas they can improve - given the hotspot assessment we have conducted.



WORKFORCE DEVELOPMENT AND SOCIAL RESPONSIBILITY



KEY SOCIAL HIGHLIGHTS



INCREASE IN
WORKFORCE BY
1.3%
COMPARED TO 2014

MAINTAINED A LOW
ATTRITION RATE OF
APPROXIMATIVE
2.5%**



13.5%*
QATARIS OF
TOTAL
WORK FORCE

QAFCO ACHIEVED **0**
FATALITIES AND
SUFFERED ONLY
1 LOST TIME INJURY
IN 2015
FOR ITS EMPLOYEES
AND CONTRACTORS



AVERAGE TRAINING
HOURS PER EMPLOYEE
INCREASED FROM
16 TO 19
IN 2015

QAFCO BEGAN ITS
SUSTAINABLE
PROCUREMENT
PROJECT AS PER
BS 8903
GUIDELINES



* Includes trainees
** Excludes retirees



**QATAR NATIONAL VISION (QNV) -
SOCIAL AND HUMAN
DEVELOPMENT**

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



**SUSTAINABLE DEVELOPMENT
GOALS (SDG) 2, 4, 5, 8 - 10**

At the employee level, QAFCO goes above and beyond regulatory requirements pertaining to wages, human rights and labor conditions. In addition, we ensure that all employees are treated fairly and given equal opportunities. QAFCO is committed to developing a strong Qatari labor force through our many educational and training programs that aim to build capacity and raise STEM (Science, Technology, Engineering & Math) awareness and interest within the country.



**UN GLOBAL COMPACT (UNGC) -
PRINCIPLES 1, 2, 4 - 6**

Outside the company, we are involved in a variety of community initiatives, and are internationally involved to raise awareness about nutrition, food security, and sustainable farming practices.



**INTERNATIONAL BEST
PRACTICES (I.E. BS 8903
SUSTAINABLE PROCUREMENT
GUIDELINES)**

Lastly, QAFCO's sustainable procurement program initiated in 2015 following international standards, constitutes an important milestone for the company and industries in Qatar. The program once completed, will allow us to fully embed important social issues within our supply chain and manage those risks. Issues such as human rights, labor practices,

HUMAN CAPITAL AT QAFCO

Our Employees

In 2015, our workforce, to whom we are indebted for our success, has grown to reach a strong 1672 including 73 nationals under academic and development programs.

Attracting the right talent and Qatarization is a demanding task at QAFCO due to insufficient availability of nationals. In 2015, our Qatarization rate stood at 13.5%, including trainees. However, QAFCO foresees an ambitious growth in QAFCO's Qatari headcount to approximately 28% by the end of 2020. Long term projections in Qatari headcount till 2025 indicate a growth to approximately 40%.

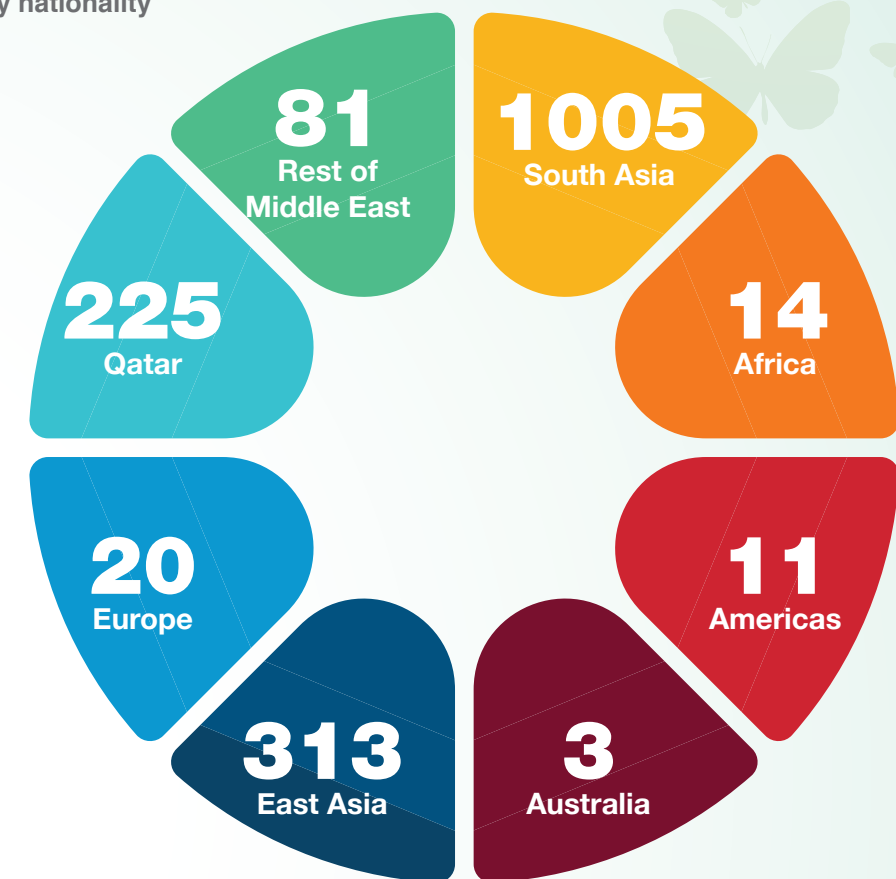
With a view to tackling these challenges, we undertake a systematic workforce plan that allows us to identify the need for and availability of

human resources to meet our business objectives while guaranteeing employee welfare. The larger workforce reflects our workforce plan success, despite the recruitment challenges.

Diversity is central to QAFCO values, in 2015, our workforce was drawn from over 30 different nationalities. Our diverse workforce combines workers from different backgrounds and experiences that together breed a more creative, innovative, and productive workforce.

The nature of our work and our location is a factor in our low female-to-male ratio, with females currently representing approximately 2% of our workforce. Nevertheless, QAFCO is committed to providing the right incentives and opportunities to attract females to our company.

Workforce by nationality



Workforce by employee grade and gender

Employee Category	2014			2015		
	Female	Male	Total	Female	Male	Total
Senior Management	0	5	5	0	5	5
Middle Management	1	66	67	1	64	65
Lower Management	8	457	465	7	463	470
Non-Management	18	1037	1055	21	1038	1059
Trainees (Nationals)	4	55	59	5	68	73
Grand Total	31	1620	1651	34	1638	1672

Retaining Our Employees

In 2015, we added 90 new employees into our workforce. All new hires undergo induction as to integrate them into the organization and QAFCO culture. New staff are also briefed on QAFCO values, expectations, and code of conduct considering the diverse cultural backgrounds of the workforce.

We aim at fostering an inclusive workplace to avoid high turnover rates and related costs. Our HR Total Rewards Strategy and Compensation Philosophy, in step with our mission and vision statements, allows us to attract competent and quality staff and prevent turnover and loss of key manpower by providing positive work environment and competitive pay packages.

QAFCO's 2015 attrition by gender

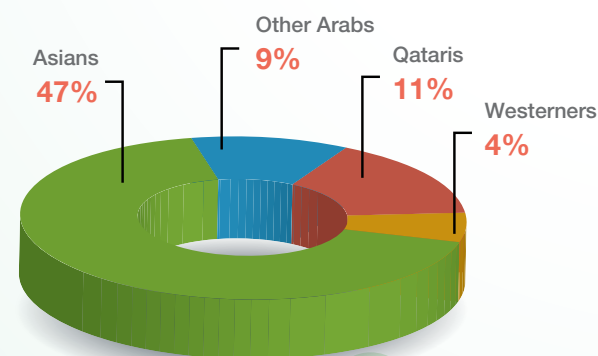
	2014			2015		
Employee Category	Female	Male	Total	Female	Male	Total
Attrition Value	1	40	41	1	70	71
Attrition Rates*	3.7%	2.56%	2.58%	3.45%	4.46%	4.44%

*Attrition rate calculation excludes trainees from total workforce and includes those who left the organization due to retirement.

QAFCO's 2015 attrition by age category

Age Category	2015 Attrition
< 25	3
26-35	21
36-45	12
46-60	14
> 61	21

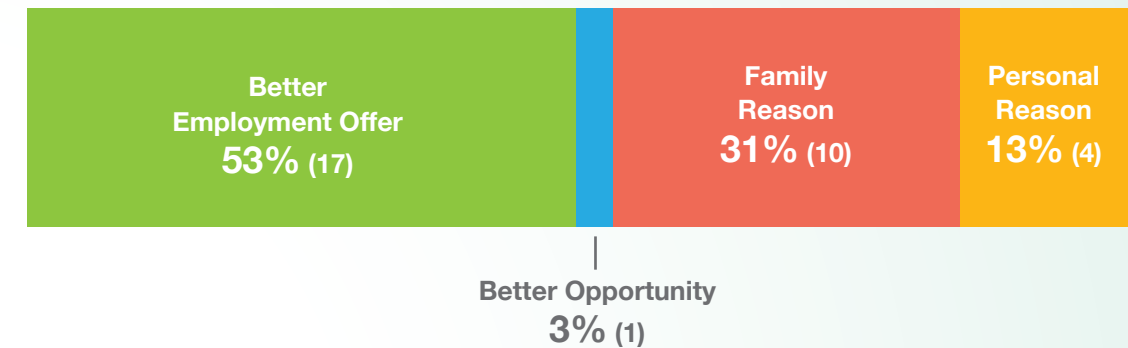
QAFCO's 2015 attrition by nationality



In 2015, our employee attrition rate went up by just under 2%. This was largely due to a relatively large cohort that retired, representing 30% of all those who left QAFCO in 2015. To understand

why individuals leave (excluding retirees), we conduct exit interviews as standard practice and take appropriate actions accordingly to improve our retention rates. Our exit interviews for the 2015 year, revealed the following.

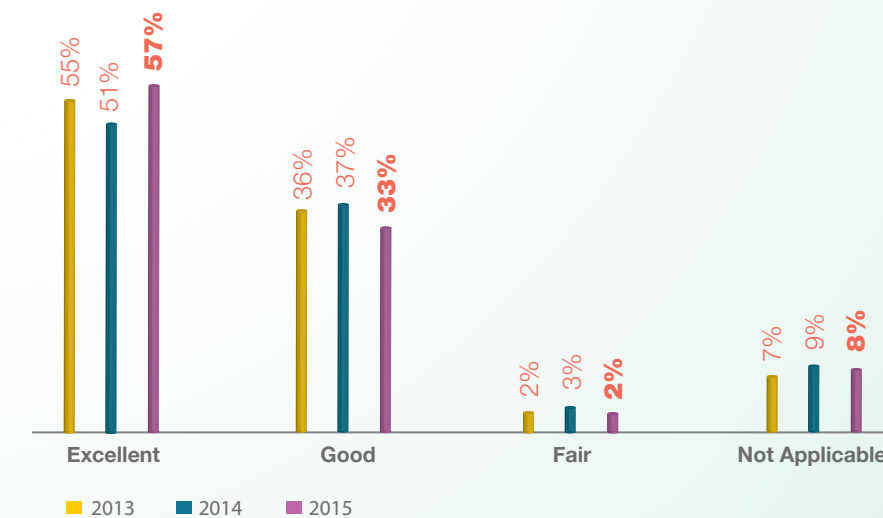
Why are Employees Leaving?



To better gage the satisfaction of our employees, we annually hold an anonymous annual survey to understand the satisfaction level of our workforce and provide management areas of improvement. Our survey focuses on various aspects including promptness in issuing company certificates, efficiency of leave request, process of education assistance and on-call duty response in case of emergency.

In 2015, the majority of our employees who participated in the survey were satisfied, they posted an overall rating of "Excellent" (57%) and "Good" (33%), demonstrating that satisfaction is at an all time high, as show in the figure 'employee satisfaction survey results'.

Employee Satisfaction Survey Results



Employee Benefits & Rewards

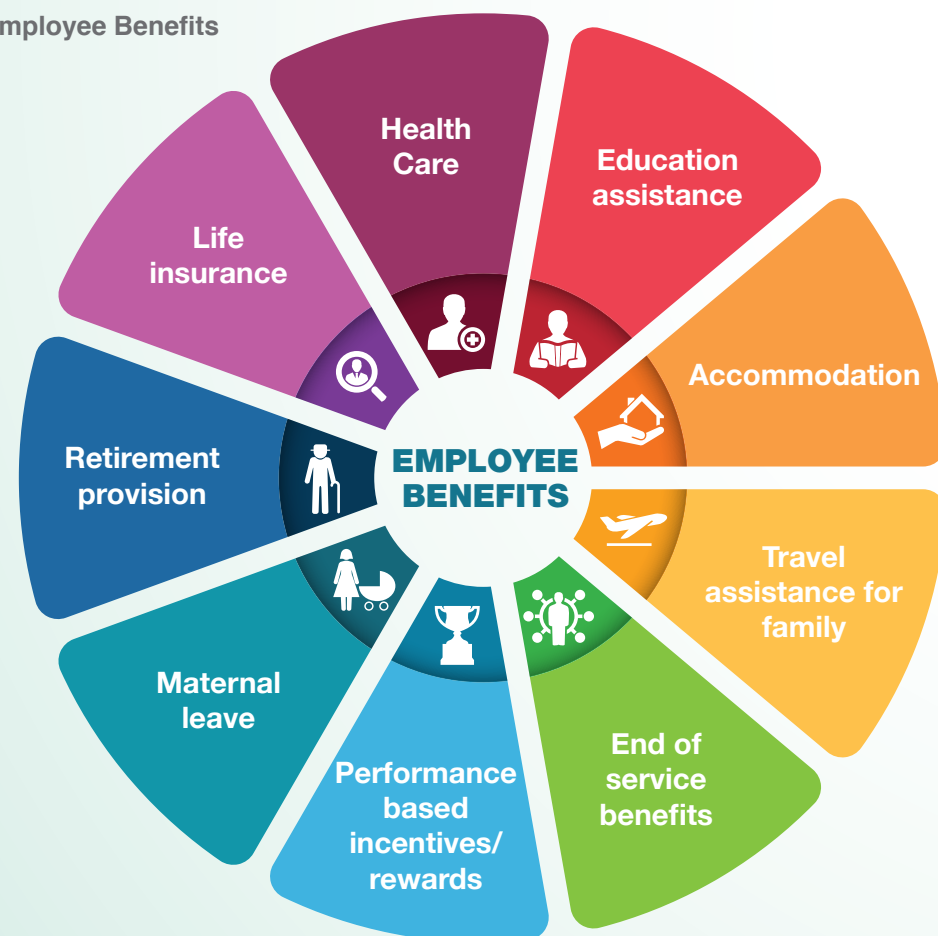
In an effort to reward and incentivize high performance, QAFCO possesses an HR Total Rewards Strategy and Compensation Philosophy that rewards high performing employees in a manner reflective of their contribution. It is designed to be competitive and to ensure that key talent, who drive future growth, remains with us.

Apart from the regular wages we provide company accommodation, travel assistance for family, interest free loans, educational assistance to employees children, insurance coverage, among others. All QAFCO employees on indefinite and definite contracts of employment are also entitled to an appropriate "End of Service Benefit (ESB)" payments, based on their latest drawn salary.

The benefits we offer are not only in compliance with the minimum wages stipulated by the Government, but exceed them. Appropriate compensations are also provided for employees who are required to work in excess of normal working hours.

Benchmarking studies are periodically conducted to assess how QAFCO stands compared to others in the market in terms of salaries and benefits. The most recent benchmark conducted in 2014 was used to adjust some job grades and related salaries as per market trends.

QAFCO Employee Benefits



Empowering Our People

QAFCO has always strived to nurture and develop its human capital. To enhance our operational performance and the people behind it, numerous training and development programs are scheduled year-round. Our Human Resources and Training & Development departments provide the structure and ability to meet our business needs through managing our most valuable assets - our employees.

As such, proper training and development of our employees is fundamental to the overall success of our business objectives. QAFCO training and development policies are developed with the objective of enhancing the core competencies of our employees to maintain the profitability, safety and sustainability of our operations. Our Training and Development department plays a pivotal role in developing our workforce by designing appropriate educational programs, on job development programs and smooth career paths for them.

QAFCO Training Centre

The Old Norwegian School situated in Mesaieed, near Al-Banush Club, has been newly renovated and designed to be QAFCO's Training Centre, to optimize the learning process and providing a conducive learning environment. QAFCO has started running all In-House Courses in October 2015.

The new Training Centre has five classrooms, a theatre room and a computer room. Training facilities are equipped with the latest technology that improves the learning interaction between the tutor and the participants.



Effective Business Communication, Business Writing, Interpersonal Skills and Team Working "In-House Course" conducted for Warehouse Section Staff

In 2015, QAFCO reduced its number of training programs and total number of training mandays. This was driven by a need for greater cost efficiency in our training. However, this was done with great diligence to avoid any negative impact on our operations. Cost reductions were achieved






largely by better prioritizing training needs along with promoting a culture of knowledge diffusion. Employees are encouraged to conduct in-house workshops, training sessions and so forth. This was further facilitated by the inauguration of the new QAFCO Training Centre near Al-Banush Club.

QAFCO Training Statistics

	2014	2015
Total Number of Training Programs conducted and attended	203	168
Employee Participation in Training	1,773	1,357
Average Number of hours of training per year per employee	16	19
Total number of training mandays	5,073	3,756

On job development programs are tailored for individual employees to meet their specific job requirements. Employees are given opportunities to attend seminars, courses or postings which would be identified for them by the department. The number of courses offered in 2015 are shown below by category.

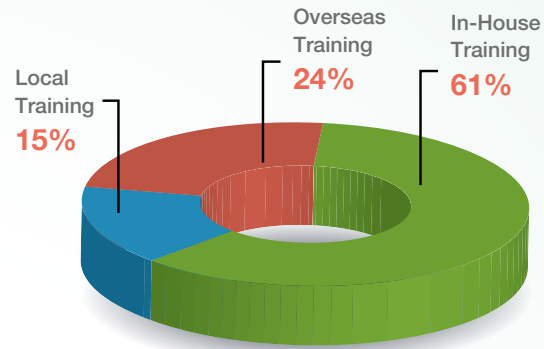
QAFCO Courses delivered by category in 2015

	2014	2015
 General Course: Courses on finance, HR, ERP,, computer skills, administration etc	69	45
 Maintenance & Operations: Courses that are related to maintenance and technology programs	95	72
 Management: Courses related to management skills, leadership, supervisory, planning and organizing and personal development	17	16
 Communication: English language courses attended by Qataris; English language further development programs	8	3
 HSEQ: Safety, environment and quality-related courses	14	32
Total number of trainings:	203	168



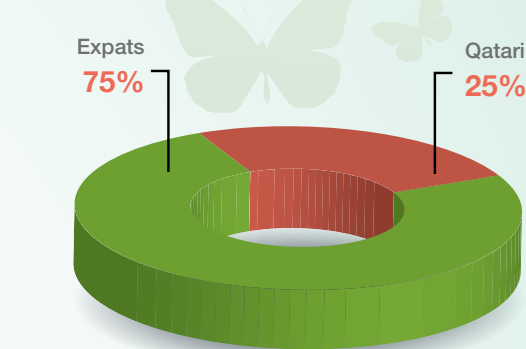
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2015 training by location



In 2015, QAFCO took efforts to reduce its overseas training, focusing as much as possible on in-house and local training as a part of its cost optimization drive.

2015 training by nationality



Strategic Trainings

Sustainable Procurement Training

In 2014, as part of our strive to be ever more sustainable, we engaged a consultancy company to provide us with training and strategic advice on how sustainability can be embedded into our procurement processes in a consistent, yet adaptable manner, across the business. A total of 10 employees from the Contracting and Procurement section attended to the training.

Energy Management System Training

In 2015, as part of our efforts to disseminate know-how and raise awareness on our new EnMS, in depth EnMS training was provided for our core energy team, with 14 members becoming certified energy auditors. Furthermore, the majority of our employees were trained and informed of the system, via department level meetings, and EnMS awareness flyers, that were distributed periodically to all QAFCO employees to update them on the progress of the EnMS.

Employee Performance Appraisal System (EPAS)

QAFCO's Employee Performance Appraisal System (EPAS) aims to improve performance through fair and constructive feedback once each year and maximize their competence in contributing to the achievement of QAFCO's objectives. Performance appraisal system is used for all employees regardless of their categories and staff class. EPAS employs seven performance factors in its method of appraisal:

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.



Qatarization

Qatarization refers to our strategy of developing a competent Qatari workforce through education and training.

Our Strategic Qatarization Plan enables us to support the educational sector through partnerships and sponsorships, proactively encouraging recruitment of Qatari nationals and supporting training and development of nationals.

Year-to-year percentage comparisons of Qatari numbers are influenced by the respective annual approved service establishments. In 2015, we recorded a slight decline in both "Qatari on Employment Contract" and "Qatari Headcount" in comparison with previously reported baselines. This is reflected in our Qatarization rate, which fell from 13.8% in 2014, to 13.5% in 2015. This is largely due to an increase in manpower, mainly expats, and recent resignations by Qatari employees, resulting in an overall decrease in the Qatarization rate.

*Qatarization Target:
We are committed
to pursue the target
set for the Energy &
Industry Sector of
%50 (or greater) of
quality, competent
Qataris holding
permanent positions
on employment
contract.*



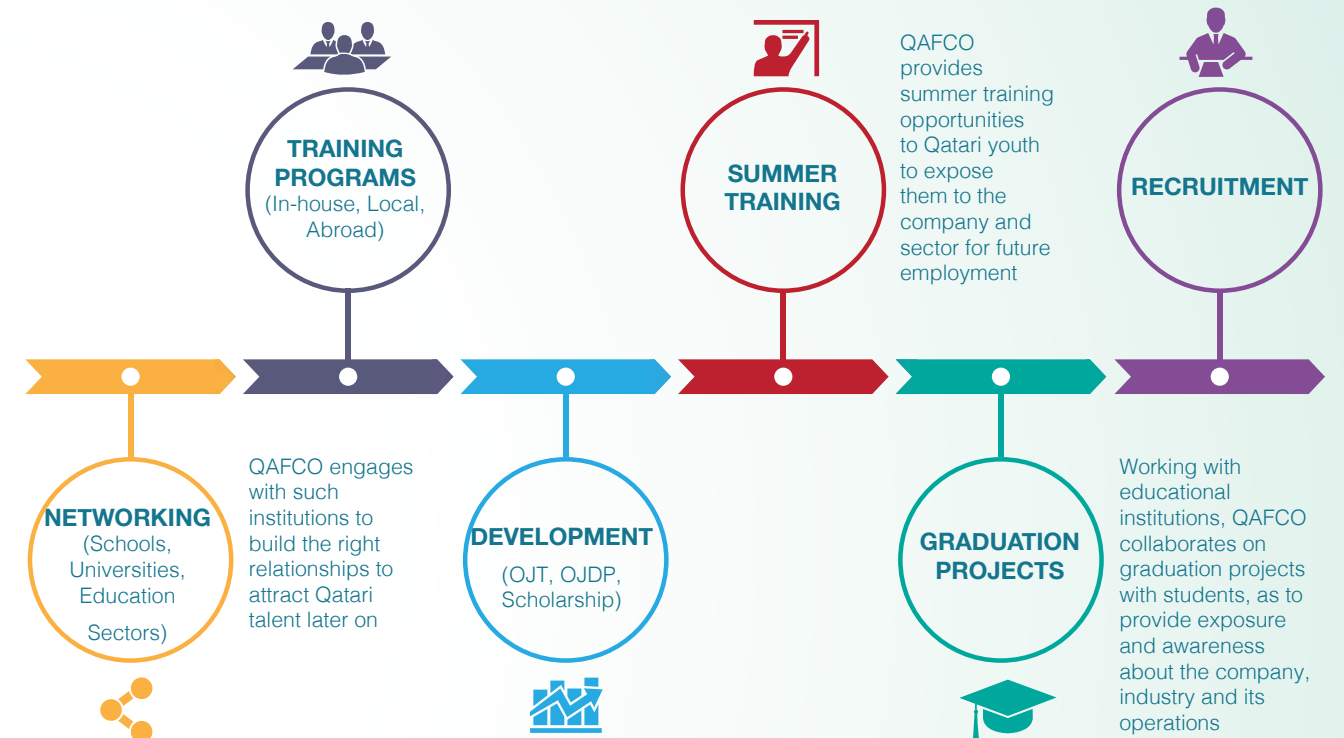
Qatari Recruitment in 2015



In 2015, QAFCO managed a large number of Qatari Nationals successfully completed respective further education programs, mainly in the field of Engineering. These Graduates will soon hold key positions in the total manpower establishment of the company in future.

The imbalance between the supply and demand for Qatari talent to meet the company's unique organizational needs in the science and engineering fields is a significant challenge for recruitment. For this reason, QAFCO engages with Qatari youth early on to raise awareness about the sector and attract prospective and future job seekers.

Strategic Qatarization Plan



Proud QAFCO Graduates from London Southbank University

SAFETY

Performance

Since the fertiliser industry is prone to health and safety risk, we give high priority to health and safety concerns of our employees. To ensure a safe working environment for our employees we have implemented an occupational health and safety management system according to OHSAS

Safety Performance

	2010	2011	2012	2013	2014	2015
Work hours (employees)	2,918,944	3,199,301	3,474,578	3,411,670	3,567,721	3,591,531
Work hours (contractors)	10,226,104	6,084,670	5,326,995	4,664,334	4,598,986	4,092,158
Employee Fatalities	0	0	0	0	1	0
Contractor Fatalities	0	0	0	0	1	0
Employee lost time injuries	0	2	0	1	0	0
Contractor lost time injuries	0	1	1	1	1	1
Total recordable injuries (employees)	12	9	7	7	9	4
Total recordable injuries (contractors)	28	18	30	36	17	2

We have an ongoing action plan for continuous improvement that enables us to analyze each incident and learn lessons so as to prevent their re-occurrence. Improvements in our safety performance are also the result of the dedication of our employees and the success of our Safety Information System (SIS).

This system comprises an incident investigation and prevention program, including emergency preparedness plans, training, safety procedures, protective equipment, hazard inspection and communication, and incentive schemes.

With the aim to meet our “road to zero” targets of Zero fatalities, lost time injuries and accident, we established a high-level safety and environment committee under the Chairmanship of the CEO. The committee meets regularly to review and discuss incident statistics and activities and projects related to health, safety, security and environment and their impact. Each year, the CEO selects two employees to be part of the

18001:2007. We have been recognised by the Royal Society for the Prevention of Accidents (RoSPA) with two awards: Management of Occupational Road Risk Gold Award and the RoSPA Silver Award for occupational safety which bears testimony to the fact that we take health and safety of our employees and contractors workers earnestly.

committee and represent the overall concerns and interest of the workforce.

In 2015, we investigated all the 74 incidents that were reported. Based on the investigation, 181 actions have been recommended, out of which 167 (more than 92%) have been already implemented.

In 2015, a scheduled shutdown was executed in March at QAFCO 3 train. The shutdown period lasted for 30 days in Ammonia 3 plant and 26 days for urea 3 plant. Meanwhile, a shutdown of 21 days was carried out at UFC – A plant. The combined unforeseen shutdown of all the Ammonia plants was 65 days and 49 days for the urea plants.

During the shutdowns, there were no lost time incidents. More than 13000 activities were planned and executed during the shutdown, including safety training for 300 employees and 2314 Contractors from more than 49 Contracting companies.

Safety Investigations

	2010	2011	2012	2013	2014	2015
Safety incident investigation initiated	69	46	62	82	62	74
Safety incident investigation completed	69	46	62	82	62	74
Safety incident investigation actions recommended	138	114	134	167	142	181
Safety incident investigation actions implemented	138	114	128	159	115	167
Incident investigation pending cumulative from previous years	0	0	0	0	0	0
Safety incident investigation actions pending cumulative from previous years	0	0	6	14	41	62

We recognize the importance of having the safety measures across our plants audited by a third party. There are routine inspections from external health and safety inspectors to ensure our health and safety procedures are up to the highest industrial standards.

In a phased manner, we have increased the number of inspections conducted during the year. We successfully completed 2 inspections in 2015 and have implemented 22 of the 23 audit actions recommended by the auditor.

Induction safety training prior to start of job

is mandatory for all QAFCO and contractor employees. In 2015, during shutdown of QAFCO 4 and QAFCO 2 plants, the major challenge was to educate large number of contractor workforces who carried out some critical activities in the plants.

Our Safety section arranged safety trainings for the contractors on a daily basis comprising control measures to deal with hazards associated with shutdown activities. In addition, essential QAFCO and contractor employees were trained on Work Permit procedure and authorized as responsible executors.

Safety Inspections

	2010	2011	2012	2013	2014	2015
Inspections planned during the year	1	2	2	2	3	2
Inspections completed during the year	1	2	2	2	3	2
Inspection actions recommended	42	55	35	48	35	23
Inspection actions completed	42	55	35	48	34	22

Embedding Human Rights into our Sustainable Procurement

We have been a member of the United Nation Global Compact (UNGC) since 2010. Over the period of years we have made efforts and progress towards embracing UNGC principles which also includes human rights. We do not have specific human rights related clauses in our contracts but we do conduct due diligence with regards to human rights aspects for all the project undertaken and proposed. On our part we make sure that minimum wage payment is being made by contractor's to their employees.

Apart from that we also ensure that the contractors meet certain minimum criteria specified in our contracts' terms and conditions. This encompasses:

- the health and safety of employees,
- safe & hygienic accommodation,
- provision of personal protective equipment (PPEs),
- providing health, safety & environment training
- and the possession of various industry specific prerequisite certificates.

In addition to UNGC principles, our Code of Conduct is in alignment with Qatari laws and regulations. We conform to the norms laid down by the Qatar Labor Law that prohibits employment of juveniles. QAFCO's contract terms and conditions, which are embedded with the principles of Qatar Labour Law, ensures that

contractors comply to the law at all times during a contract life cycle besides complying to health, safety, environment and security requirements of QAFCO by providing adequate personal protective equipment to their employees, imparting necessary trainings required by specific services or industry practices and also paying timely wages to their employees and providing accommodations / camp facilities with appropriate amenities and standards set out in the contract terms.

In addition, QAFCO, for certain contracts, set out the minimum basic salary that a contractor would be required to pay to its employee, which not only ensures that workers are compensated fairly, but it also ensures that they are productive and that the labour procurement process as a whole, is sustainable.

QAFCO was one of the first companies in Qatar to instate minimum wage for certain contractors, demonstrating its commitment to human rights and worker welfare



Safety Campaigns

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



Heat Stress Campaign

Heat stress campaign was conducted during summer with flag posters, roll-up, stickers, and flyers. The campaign included checking, reviewing and auditing all the contractors working in coordination with Area Supervisor, Contractor Supervisor, and contractor contact person. Apart from that, the safety section carefully monitored Heat Stress Index and communicated the status with QAFCO contact person.



"Focus on the Road" Campaign

"Focus on the road" campaign by safety section highlighted the perils of mobile use while on the road. The campaign included computer pop up messages on desktops, banners and safety signs as well as simulators. Apart from this Ministry of Interior personnel delivered several presentations on road safety to the contractors.



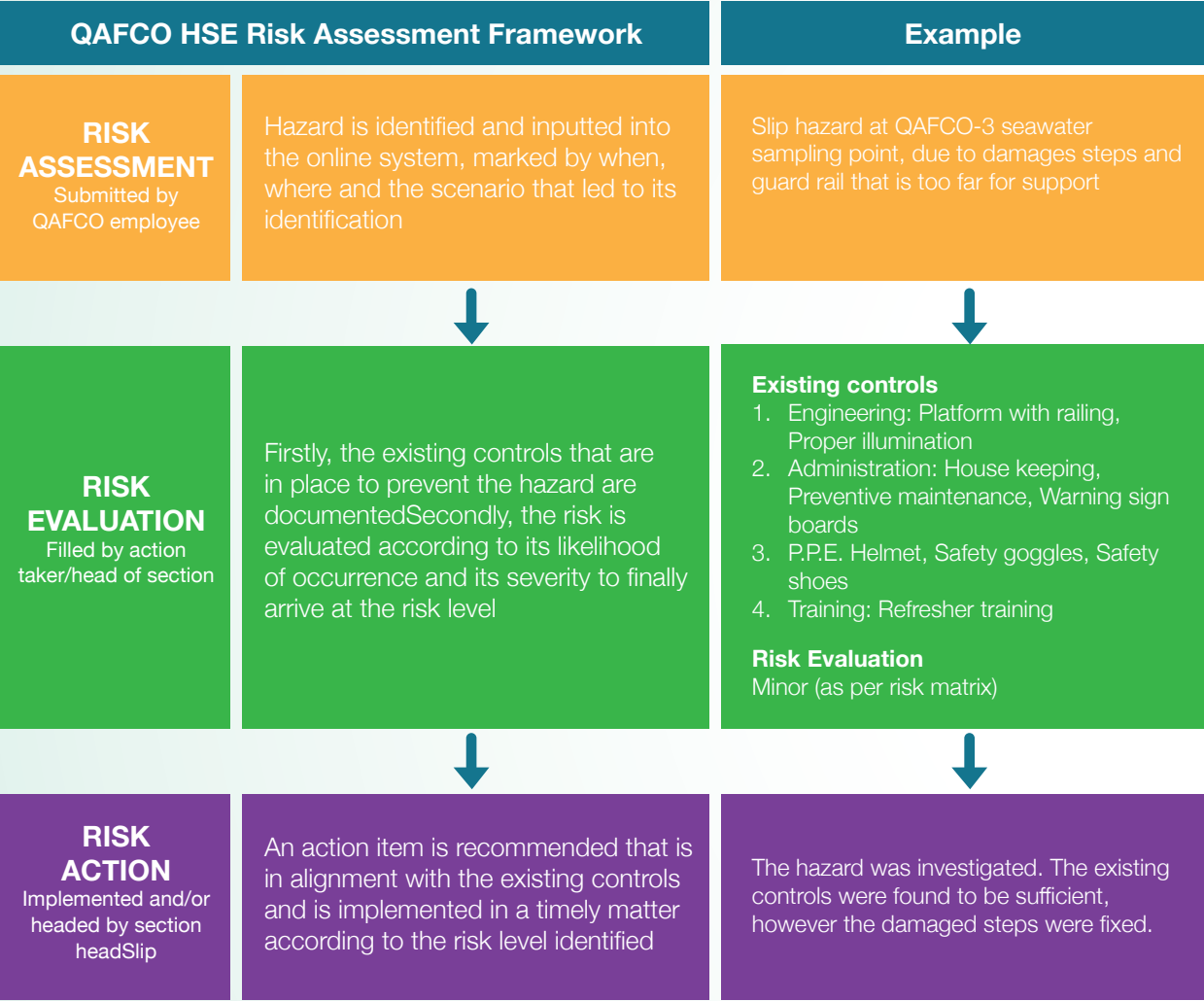
Safety Awards and recognitions for the year 2015

In the year 2015, fifty-seven QAFCO Employees were awarded for the best-reported risk, near miss and unsafe condition. Apart from this, all QAFCO employees were given an individual gift as a sign of appreciation from QAFCO Management for their safety commitment. Three QAFCO employees were recognized on QAFCO Day for their reporting of potential risk and near misses.

Meanwhile, contractor employees were also recognized for "visible Safety awareness" during QAFCO 3 shutdown.

HSE Risk Assessment Framework

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



To further incentivize employees to use the HSE risk assessment framework, QAFCO holds monthly and annual HSE awards. The award categories are "Best Reported Unsafe Condition" and "Best Registered Risk". Employees are awarded as per the Evaluation Committee Merit Criteria for each award category.

OUR CORPORATE AND SOCIAL EVENTS



QAFCO Donates Mock Gas Turbine to Qatar University

QAFCO donated a Rolls Royce cutaway gas turbine to the College of Engineering at Qatar University (CENG) as part of its contribution towards encouraging research and development in Qatari universities. The engine is a mock model customized in order to view the internal workings of the engine. This donation is a continuation of QAFCO's long-term support and efforts to open more communication channels with students at Qatar universities and giving them a better understanding of its processes. This will help Qatar's new generation prepare for various industry roles as they take on new careers.



QAFCO and University of Liege Belgium Signed MOUs

QAFCO, and University of Liege Belgium signed a Memorandum of Understanding (MoU) on the 22nd of March 2015, to further their joint research initiatives. Depending on the results of their joint research related to the use of urea as an essential component of healthy poultry feed to prevent the use of antibiotics in agriculture and livestock, QAFCO and University of Liege will cooperate in developing a pilot plant for producing the healthy feed and pro-biotic. The MoU will also look at enhancing the fish biodiversity of Qatar using local hatcheries to deliver stocks either for indoor or outdoor (sea) purposes which will contribute to maintain the Stock Biomass of many Qatari species. The MOU also intends to cooperate on research on cross breeding Lamb varieties to enhance Arab or local species for meat purposes. It will include study on genetic stability and recurrence for a local production and farming.



QAFCO Sponsors TAMUQ Conference

The 2015 conference was the eighth presented in cooperation with Texas A&M at Qatar. This year's Conference, which took place in the Education City Doha on 3rd March 2015, focused on sustainable chemical processes. The conference featured an impressive technical program, and sessions with renowned experts from the field, highlighted opinions and research from some of the world's most respected names in the field. It also provided a forum for an exchange of ideas and opportunities for future collaborations.



QAFCO DAY 2015

QAFCO-Day is an annual get together function held in January every year, for the Company's management and staff. The QAFCO day was celebrated at the Al-Banush Club. The impressive multipurpose hall of the club sparkled in the glitz of the light and sound effects.

QAFCO management presented the Company's achievements in 2015 and outlined plans and objectives for the year 2016. The training section

distributed its annual awards to many nationals who have completed their development programs. Apart from that, QAFCO also awarded its employees safety awards for the best-reported near miss and best-reported risks. During QAFCO Day, long-serving employees were also recognized. A bouquet of entertainment programs, lucky draws and a gala dinner marked the day.



QAFCO Celebrated National Sport Day

As part of its social responsibility towards the community and its belief in the importance of sports in a sound body and mind, Qatar Fertiliser Company (QAFCO) on the third anniversary of Qatar National Sports Day (QNSD), stitched a busy schedule, featuring various sports activities. The event was a tremendous success with QAFCO employees and their families actively participating in the event according to their ability and hobby.



QAFCO Celebrated Qatar National Day

QAFCO celebrated Qatar National Day as part of its efforts to promote the concept of the unity of its staff members employees, representing over 35 countries, and the community. One of the great attractions of the event were the huge Qatari national flags with the photo of His Highness Sheikh Tamim Bin Hamad Al Thani, the Emir of Qatar and the Father Emir, Sheikh Hamed Bin Khalifa Al-Thani.

QAFCO Sponsored and Participated in the 6th Annual GPCA Fertiliser Convention in Dubai



QAFCO participated in the 6th Annual Gulf Petrochemical Association (GPCA) fertiliser convention held in Dubai, from 14th to 16th September 2015. This year the conference focused on the theme – "Innovating for Growth: Ensuring an efficient sustainable future". The meeting shed light on how the GCC's fertiliser industry can contribute to global food security while embracing an environmentally sustainable future. QAFCO, besides its sponsorship and participation in the convention, it had sponsored the participation of many professors and students from Qatar universities; as QAFCO invited twenty-six students representing different Qatari universities as well as QAFCO trainees were sponsored by QAFCO to attend the convention. With this initiative, QAFCO has stepped on to a new phase in educating the youth and developing their skills.

"We are aware of our responsibility towards society, and highly value the socio-economic impact of our actions as part of our effort in creating value for our stakeholders."

Maryam Mattar
Acting Public Relations Manager



QAFCO Flower and Vegetable Show 2015

HE Minister of Energy and Industry Dr. Mohammed Bin Saleh Al-Sada inaugurated QAFCO Flower & Vegetable Show 2015 on 27th of March 2015 at Al-Banush Club in Mesaieed. The two-day event attracted a huge crowd of participants and visitors from all sections of society including professionals from hotels and nurseries, amateurs and school students involving in floral arrangements, vegetable and fruit carving, cake and candy decorating.

HE Dr. Mohammed Bin Saleh Al-Sada, hailed the Flower and Vegetable Show and appreciated the role QAFCO plays at different social levels, citing the show as one of its necessary tools to involve community members in various cultural and social activities. The event also displays QAFCO's commitment towards the environment and helps spread awareness in the society through a raft of school exhibits on environmental issues.

Recycling Workshop

A two-day recycling workshop called "Summer Boxes Recycling workshop" organized for girls in August at the company club.



School Trip

QAFCO organized a School Trip to Al Sulaiteen Agricultural & Industrial Complex for a group of 35 primary students.

World Environment Day 2015

On the World Environment Day 2015, QAFCO held a photography competition titled: "Seven Billion Dreams. One Planet. Consume with Care" for all Mesaieed & Al-Wakrah schools.



QAFCO ENVIRONMENT INITIATIVES

In the year 2015, we reinitiated the Fish Hatchery Pilot Project. The Technical and Commercial Evaluation has been completed for the same. We also embarked on a GHG Emissions Accounting and Reporting Initiative in the year under review as well as had an overview of Waste Management in QAFCO and Improvement Opportunities.

Meanwhile, a budgetary enquiry has been initiated for Environmental Monitoring Project for Al-Besheriya Island and Artificial Reef Balls for three years.

OUR ENVIRONMENTAL LIABILITY



KEY ENVIRONMENTAL HIGHLIGHTS



COMMISSIONING OF
ENERGY MANAGEMENT
SYSTEM AND
ISO 50001
CERTIFICATION

ACHIEVED A WASTE TO
PRODUCTION RATIO OF

1.48

TONNES/1000 TONNES OF
PRODUCT COMPARED WITH 1.71 IN 2014



ACHIEVED A **9.3%**
REDUCTION IN WATER
WITHDRAWN
AND **25%**
REDUCTION
IN MUNICIPAL WATER
PURCHASE COMPARED
WITH 2014



6.2%

REDUCTION
IN GHG EMISSIONS
COMPARED WITH 2014



ACHIEVED A **4.5%**
REDUCTION IN ENERGY
INTENSITY OF OPERATIONS
COMPARED WITH 2014



**QATAR NATIONAL VISION (QNV)
2030 - ECONOMIC AND
ENVIRONMENTAL DEVELOPMENT**

Beyond contributing to Qatar's economic diversification, QAFCO is also committed to being a best practice leader within the country with regards to environmental performance and conservation, in alignment with the QNV and INDCs submitted by Qatar to the COP21 Climate Change Conference in late 2015.



**SUSTAINABLE DEVELOPMENT
GOALS (SDG) 6 - 8 and 12 - 15**

As a young nation, the state of Qatar is undergoing significant economic and social changes. QAFCO is committed that its continued growth is done sustainably, in line with the various SDG goals relating to resource conservation.



**COP21 (UN CLIMATE CHANGE
CONFERENCE) - QATAR INTENDED
NATIONALLY DETERMINED
CONTRIBUTIONS (INDCs)**

Additionally, QAFCO is contributing towards the UN's Sustainable Development Goals. This is highlighted by the strong attention given to resource use efficiency - be it raw materials, water, energy etc. and the management of our waste, discharge, and emissions.



**INTERNATIONAL BEST
PRACTICES (I.E. BS 8903:2010
SUSTAINABLE PROCUREMENT
GUIDELINES AND ISO
50001:2011 ENERGY
MANAGEMENT SYSTEM)**

Lastly, in an effort to be an industrial leader within Qatar, QAFCO utilizes best practices and standards in environment, quality, energy and supply chain. In 2015, QAFCO implemented ISO 50001:2011 Energy Management System which in addition to cost savings, reduces energy consumption and associated GHG emissions. Similarly, QAFCO began its Sustainable Procurement Framework in 2015 aimed at embedding environmental and social issues within its supply chain.



WATER RESOURCES

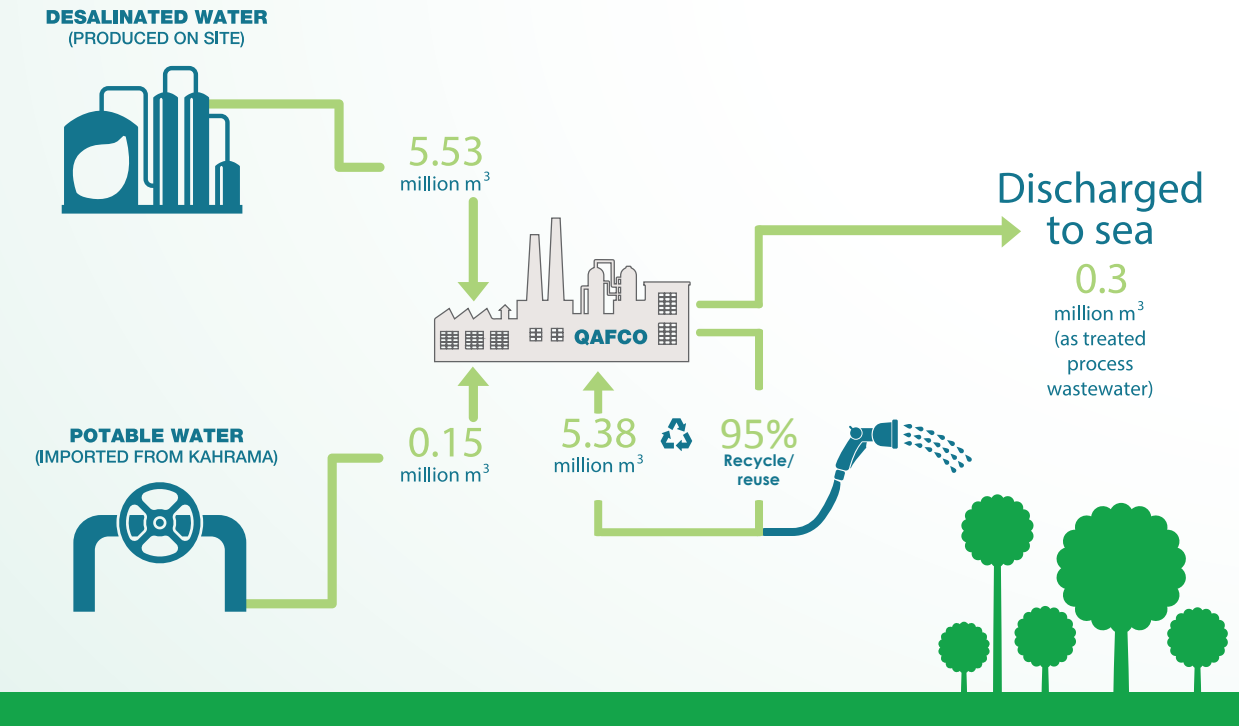
Water plays an important role in QAFCO's daily operations. As such, great care is taken to minimize our water consumption - particularly given the country's water scarcity.

QAFCO uses a combination of surface water and potable municipal water. QAFCO obtains surface water through its intake pipes, and desalinates the seawater via its multi-stage-flash (MSF) desalination units. Desalinated water is then used for various processes at QAFCO facilities. Potable municipal water is used for other requirements and purchased from Qatar General Electricity & Water Company 'Kahramaa'. The brine generated from the desalination process is tested regularly to ensure it complies with Ministry of Municipality and Environment (MME) requirements. Furthermore,

the brine is directed through cooling towers at QAFCO to ensure that it is cooled prior to its discharge back to the sea - as to avoid any negative environmental impacts.

QAFCO is strongly committed to treating its process waste water streams prior to discharge to the sea. In alignment with the Ministry of Energy and Industry (MEI), MME and QP directive of zero liquid discharge (ZLD), QAFCO has taken progressive steps to reduce its process water discharge. QAFCO 5 and 6 sites have both been configured to produce near zero liquid discharge from the get-go. Our sites recycle and reuse water wherever possible - recycling around 5.38 million m³ of water in 2015, representing approximately 95% of total water withdrawals.

QAFCO's water flow



MATERIALS & WASTES

We have worked continuously to improve our waste management and treatment processes in order to minimize the treatment and disposal of waste materials.

Over the last year, the solid waste generated has increased by 22%, from 12,100 tonnes to 14,789 metric tonnes. However, we have managed to recycle about 53% of our total waste generated reflecting our efficiency in absorbing the excess

waste generated from the expansion in our operations and production units.

Furthermore, we would like to highlight how our waste to production ratio has improved considerably in 2015. In 2015, for every 1,000 tonnes of final products produced, 2.10 tonnes of waste were generated. This is approximately 12% lower than in 2014.

QAFCO generated waste by disposal method

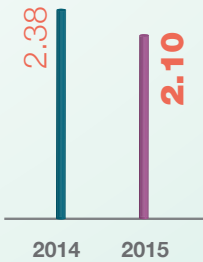
Waste Type	Waste Name	Quantity (Tonnes)	Disposal Method
Non Hazardous	Food Waste	1,273	Landfill
	Non Hazardous Industrial Waste	4,927	
	Paper Waste	6,840	Recycled
Hazardous Waste	Spent Catalyst	137.20	Recycled
	Used Oil	84.48	
	Waste Lead Acid Batteries	9.83	Incinerated
	Waste Paint	2.93	
	Spill arrest Chemicals	6.55	
	Sludge containing oil	0.39	MIC HWTC*
	Cement Asbestos Waste	1.18	
Other Wastes	Used Activated Carbon	42.51	Recycled
	Waste Off. Specification Urea	34.77	MIC HWTC*
	Molten Salt	53.52	
	Off Spec Melamine	32.26	
	Absorbent Materials	0.20	
	Waste Chemical Oxygen Demand (COD) Solution	0.03	
	Expired Lab Chemicals	0.08	
TOTAL WASTE GENERATED		14,789	

*The Mesaieed Industrial City - Hazardous Waste Treatment Centre

Waste generated and recycled for past six years



Waste generated in tonnes per 1,000 tonnes of final products produced



ENERGY & EMISSIONS

We are quite proud of our energy performance in 2015. Not only did it mark the inauguration of our Energy Management System, it also marked increasing operational efficiency, as we consumed less energy per tonne of product produced. This is reflected in our Energy Intensity figures, which

shows a steady decline over the past 3 years. Our lower energy intensity is thanks to improvements in energy efficiency of operations, better plant reliability along with improved utilization of Hydrogen from natural gas feed for ammonia production.

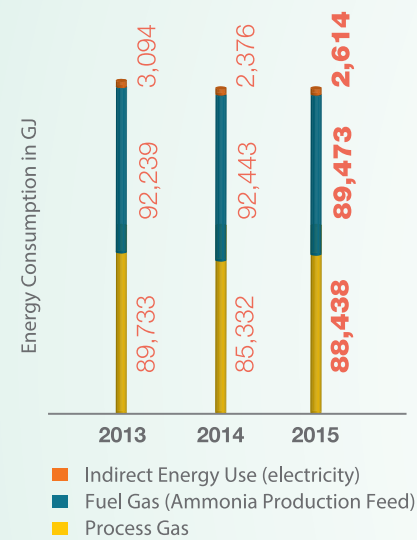
Despite an increase in production, 2015 highlights the the lowest overall emissions value over the past 3 years. This is highlighted in QAFCO's reduced product carbon footprint, 11% lower than 2014.

This can be attributed to a number of GHG emission reduction initiatives including CO₂

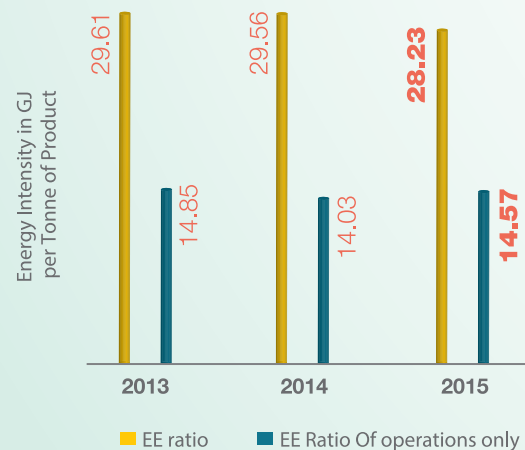
sharing between plants. CO₂ used for producing urea is distributed so as to minimize venting.

QAFCO's reduced emissions of GHG and air pollutants underpins its commitment to climate change mitigation, in alignment with Qatar's National Vision 2030, and the INDCs submitted at the COP21.

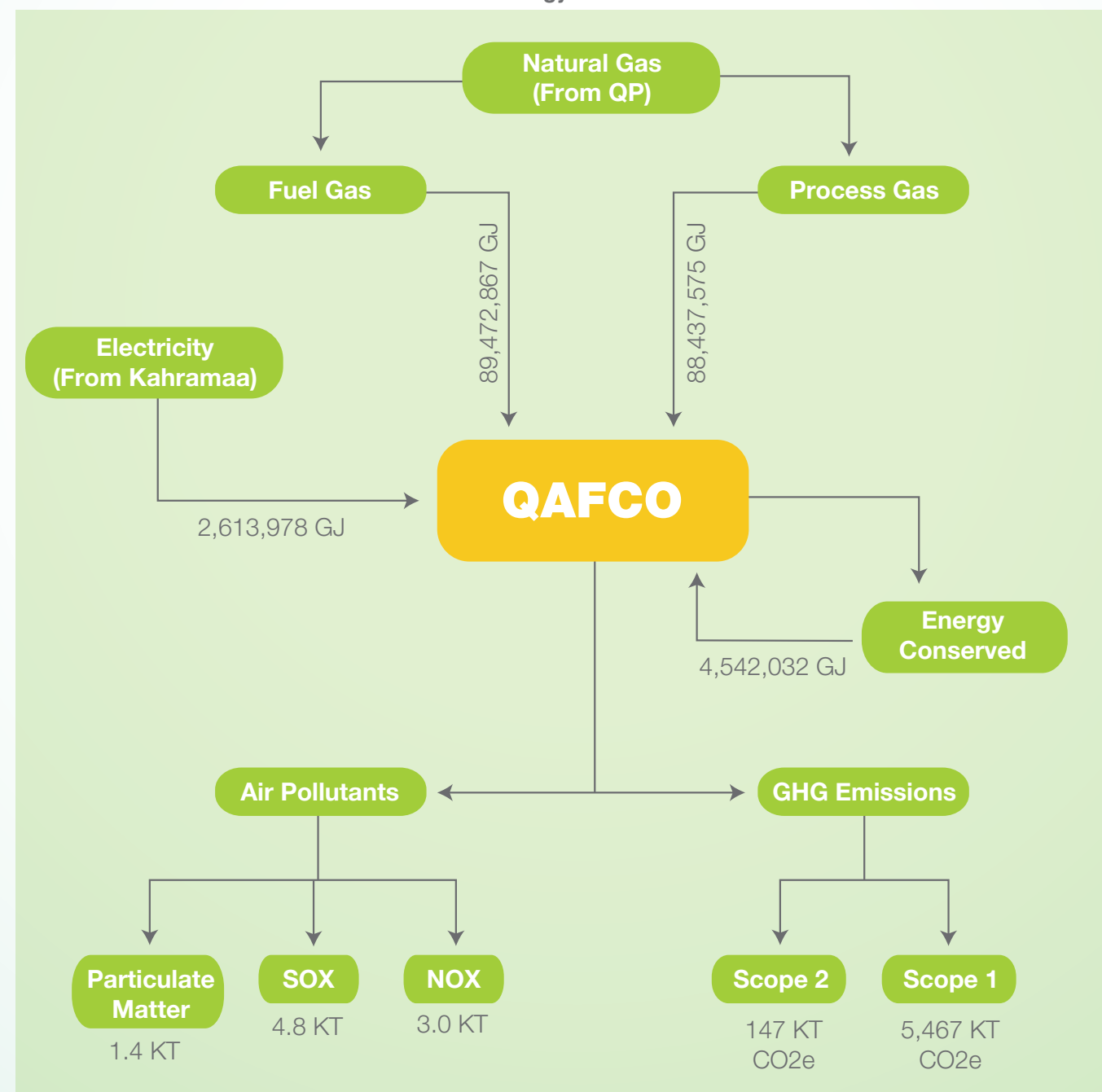
Energy Consumption



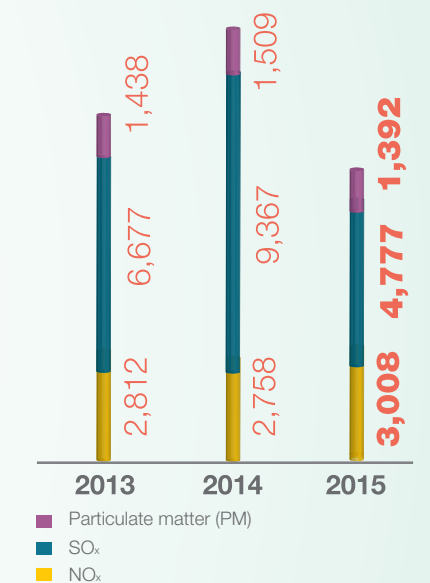
Energy Intensity



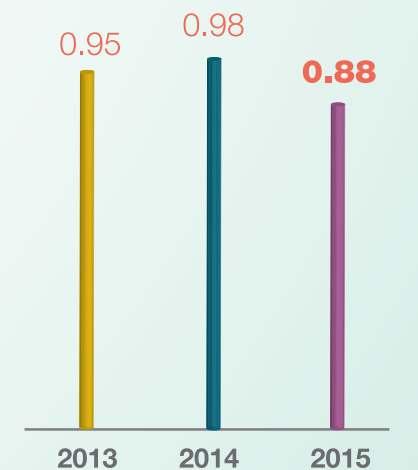
QAFCO's Energy & Emissions Flow



Air Pollutants in Metric Tonnes



GHG Intensity of Products (MT of CO₂e/MT of Products)



Energy Management System

In early 2014, QAFCO began its Energy Management System (EnMS) journey. With the commitment and drive from QAFCO management, a cross-department team consisting of individuals from Safety Environment and Quality (SEQ), Operations and Maintenance was tasked with looking into the ISO 50001:2011 Energy Management System certification and developing the roadmap for its implementation and certification acquisition over the course of twelve to eighteen months.

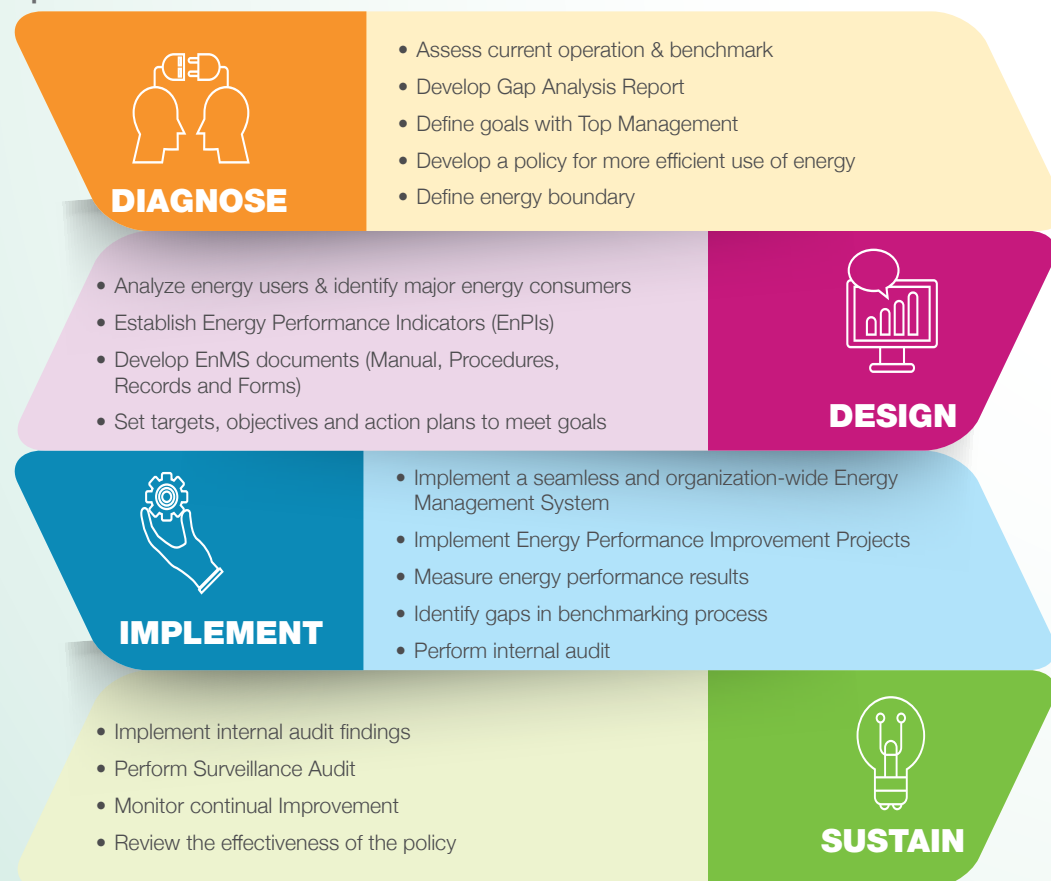
The team conducted a gap analysis of their current systems across all QAFCO plants to identify what actions need to be taken in preparation for the development and implementation of the EnMS. This involved a comprehensive energy review that commenced from the third quarter of 2014 with an extensive consolidation of energy data across the entire organization. In Depth Energy Management

System Training with focussed sessions on Energy Audit was given to the Core Team.

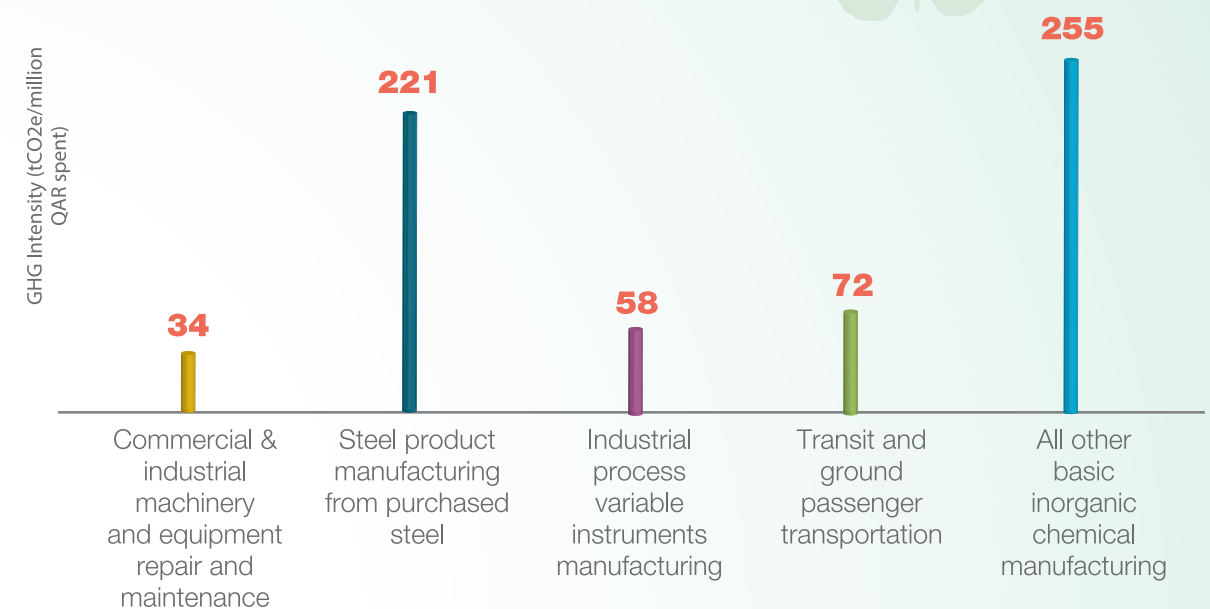
Once the foundation was laid and the system implemented across all of QAFCO plants and buildings, an elaborate training was extended to all QAFCO employees through online medium, classroom training as well as department and section level meetings.

QAFCO has set a target of energy reduction via the Energy Management System, to be achieved over the coming years through the cooperation and action of all Divisions. An energy management system feedback system is embedded in the existing Environment Management System, that allows any staff to propose an improvement in energy related subject. This shall be evaluated by an independent panel with a further proposal of awarding the staff suggesting value added incentives.

EnMS Steps



Average GHG intensity of top 5 spend categories contributing to total supply chain GHG footprint



This graph shows the top contributors to the supply chain GHG footprint. The magnitude of GHG emissions can be driven by expenditure, such as for commercial and industrial machinery and equipment repair and maintenance sectors.

Hence, less spend on products from these sectors could reduce the impact of GHG emissions to the environment arising out of QAFCO's supply chain. However, it is worth noting that this may not always be a feasible reduction strategy.

On the other hand, other sectors, such as steel product manufacturing from purchased steel, are very GHG intensive (they emit more GHG

emissions per QAR million spend) and hence are large contributors to GHG emissions in QAFCO's supply chain. The steel sector is more than three times more intensive than the average across the entire supply chain.

We intend to engage and work with our suppliers to reduce their GHG intensity and/or considering alternative, less polluting products, supporting them in the implementation of sustainable procurement policies, including target setting for GHG reductions.

WAY FORWARD



We are proud to have been an active contributor to Qatar's economic transformation for the past four decades, and we are committed to continuing this endeavour. 2015, was a challenging year for fertiliser manufacturers across the globe - marked by difficult market conditions. While we anticipate that 2016 will also be a challenging year ahead, we are committed to tackling the challenge and using it as an opportunity to further optimize our operations as we began in 2015.

Over the past few years we have taken several steps to improve our energy efficiency and reduce our carbon and water footprints. One of the most important realisations of 2015 was achieving the ISO 50001:2011 -EnMS certification. Having established the EnMS, we are now looking to implement various energy saving initiatives across QAFCO in 2016 and onwards. Similarly, on the water front we will continue to pursue the objective of 'Zero Liquid Discharge' through recycling our excess water and working towards eliminating wastewater discharge to the sea.

Another crucial initiative of 2015 was to embark on the journey of incorporating sustainability into our core procurement process. In 2016 and subsequent years, we intend to progress the initiative by formulating a dedicated supplier's Code of Conduct (CoC) which will communicate

our expectation to both new and existing suppliers. A suitable action plan will be put in place. We intend to look for novel ways to carry out two-way engagements with our suppliers to work with them and aid them in improving their sustainability performance. We will also continue conducting supplier assessment exercises and surveys to determine and understand the value we create for each other.

On the social front, we will be pursuing our ambitious Qatarization targets with more purpose in 2016 & beyond. We will continue to pursue the achievement of the Energy & Industry Sector's Qatarisation target of 50% (or greater) of quality, competent Qataris holding permanent positions. Furthermore, we are committed to providing a safe and healthy working environment to our employees along with investing in them through training to make QAFCO the chosen employer for professionals.

The period ahead will be challenging. However, we are confident that with the support of our employees and stakeholders – we will turn those challenges into opportunities that will add value to QAFCO and the State of Qatar as a whole.



GRI 4 TABLE

GRI content index – Strategy and Analysis		Page No.
GSD	Standard Disclosure Title	4
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation’s strategy for addressing sustainability.	4, 5

GRI content index – Organizational Profile		Page No.
GSD	Standard Disclosure Title	14
G4-3	Report the name of the organisation.	14
G4-4	Report the primary brands, products, and services.	14
G4-5	Report the location of the organisation's headquarters.	14
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	14
G4-7	Report the nature of ownership and legal form.	14
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	37
G4-9	Report the scale of the organisation.	4
G4-12	Describe the organisation’s supply chain.	17
G4-13	Report any significant changes during the reporting period regarding the organisation’s size, structure, ownership, or its supply chain.	4
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	6, 7
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations.	20

GRI content index – Identified Material Aspects and Boundaries		Page No.
GSD	Standard Disclosure Title	12
G4-17	"List all entities included in the organisation's consolidated financial statements or equivalent documents. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report."	8
G4-18	"Explain the process for defining the report content and the aspect boundaries Explain how reporting principles for defining report content has been implemented."	8, 9
G4-19	List all the material Aspects identified in the process for defining report content.	12, 13
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	13
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	13
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	13

GRI content index – Stakeholder Engagement		Page No.
GSD	Standard Disclosure Title	8
G4-24	Provide a list of stakeholder groups engaged by the organisation.	10
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	8, 9
G4-26	Report the organisation’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	9, 10
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	10

GRI content index – Report Profile		Page No.
GSD	Standard Disclosure Title	8
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	8
G4-29	Date of most recent previous report (if any).	8
G4-30	Reporting cycle (such as annual, biennial).	8
G4-31	Provide the contact point for questions regarding the report or its contents.	79
G4-32	Report the ‘in accordance’ option the organisation has chosen. Report the GRI Content Index for the chosen option. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be ‘in accordance’ with the Guidelines.	8
G4-33	"Report the organisation’s policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organisation and the assurance providers. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation’s sustainability report. "	8

GRI content index – Governance		Page No.
GSD	Standard Disclosure Title	19
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	18, 19

GRI content index – Ethics and Integrity		Page No.
GSD	Standard Disclosure Title	14
G4-56	Describe the organisation’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	25-29

ECONOMIC INDICATORS

Aspect: Economic Performance		Page No.
◊ G4 -DMA	Generic Disclosures on Management Approach	34, 35
◊ G4 -EC1	Direct economic value generated and distributed	35
Aspect: Indirect Economic Impacts		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	32
◊ G4-EC9	Proportion of spending on local suppliers	32

ENVIRONMENTAL INDICATORS

Material Aspect: Energy		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	22
◊ G4-EN3	Energy consumption within the organisation	68
◊ G4-EN5	Energy intensity	68
◊ G4-EN6	Reduction of energy consumption	69
Material Aspect: Water		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	66
◊ G4-EN8	Total water withdrawal by source	66
◊ G4-EN10	Percentage and total volume of water recycled and reused	66
Material Aspect: Emissions		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	69
◊ G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	69
◊ G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	69
◊ G4-EN19	Greenhouse gas (GHG) emissions intensity	69
◊ G4-EN18	Reduction of greenhouse gas (GHG) emissions	69
◊ G4-EN21	NOX, SOX, and other significant air emissions	69
Material Aspect: Effluent & Waste		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	66
◊ G4-EN22	Total water discharge by quality and destination	66
◊ G4-EN23	Total weight of waste by type and disposal method	67

Material Aspect: Supplier Environmental Assessment		Page No.
◊ G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	41, 71

LABOR PRACTICES AND DECENT WORK INDICATORS

Sub-Category: Labor Practices and Decent Work

Aspect: Employment		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	46
◊ G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	46
◊ G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	48
Aspect: Occupational Health and Safety		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	54
◊ G4-LA5	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	54
◊ G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	54
Aspect: Training and Education		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	48
◊ G4-LA9	Average hours of training per year per employee by gender, and by employee category	50
Aspect: Diversity and Equal Opportunity		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	44
◊ G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	45
Aspect: Supplier Assessment for Labor Practices		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	56
◊ G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	56

◊ - Not subject to any external assurance



LABOR PRACTICES AND DECENT WORK INDICATORS (CONT)

Aspect: Investment		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	56
◊ G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	56

Aspect: Supplier Human Rights Assessment		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	56
◊ G4-HR10	Percentage of new suppliers that were screened using human rights criteria	56
◊ G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	56

Aspect: Anti-Corruption		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	25
◊ G4-SO3	Total number and % of operations assessed for risks related to corruption	28
◊ G4-SO4	Communication and training on anti-corruption policies and procedures	28

Sub-Category: Product Responsibility

Aspect: Product and Service Labeling		Page No.
◊ G4-DMA	Generic Disclosures on Management Approach	36, 37
◊ G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	36, 37
◊ G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	36, 37
◊ G4-PR5	Results of surveys measuring customer satisfaction	36, 37

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◊ - Not subject to any external assurance



GLOSSARY OF TERMS

ACRONYMS

AQ	Aqueous Ammonia	NOx	Nitrogen Oxides
AQIS	Australian Quarantine & Inspection Service	OFMA	Qatar Financial Markets Authority
CAPEX	Capital expenditure	OH&S	Occupational Health & Safety
CFCs	Hydrofluoro Carbons	OHSAS	Occupational Health & Safety Advisory Services
CIPS	Chartered Institute of Procurement and Supply	OPEX	Operational Expenditure
DMP	Detailed Master Plan	QAFAC	Qatar Fuel Additives Company
EnMS	Environmental Management System (EMS)	QAR	Qatari Rial
EnPIs	Energy performance indicators	QASEC	QAFCO Safety and Environment Committee
ERM	Enterprise Risk Management	QEISS	Qatar Energy & Industry Sustainability Sector
ERP	Enterprise resource planning	QMC	Qatar Melamine Company
ESB	End of Service Benefit	QNCC	Qatar National Cement Company
GCC	Gulf Cooperation Council	QNV	Qatar National Vision
GHG	Greenhouse Gas	QP	Qatar Petroleum
GPCA	Gulf Petrochemicals & Chemicals Association	QRA	Quantitative Risk Assessment
GRI	Global Reporting Initiative	QU	Qatar University
HACCP	Hazard Analysis & Critical Control Points	QVC	Qatar Vinyl Company
HFCs	Chlorofluoro Carbons	RC	Responsible Care
HSDG	High Speed Drum Granulation	RoSPA	Royal Society for the prevention of Accidents
HSE	Health, Safety and Environment	HSEQ	Healthm Safety, Environmental and Quality
HSSE	Health, Safety, Security and Environment	SIS	Safety Information Systems
IASB	International Accounting Standards	TAMUQ	Texas A & M University at Qatar
IFA	International Fertiliser Industry Association	UF	Urea Formaldehyde
IPIECA	International Petroleum Industry Environmental Conservation Association	UNFAO	United Nations Food and Agriculture Organization
IPNI	International Plant Nutrition Institute	ZLD	Zero Liquid Discharge
KPIs	Key performance indicators	SDG	Sustainable Development Goals
MENA	Middle East and North Africa	EnMS	Energy Management System
MIC	Mesaied Industrial City	SEU	Significant Energy User
MME	Ministry of Municipality and Environment		
MORR	Management of Occupational Road Risk		
MSDS	Material Safety Data Sheets		
NDS	National Development Strategy		



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