

TOWARDS A LOW CARBON FUTURE



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His Highness
Sheikh Hamad Bin Khalifa Al Thani
Father Emir



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



ABOUT THIS REPORT

Welcome to QAFAC's 2017 sustainability report. We are delighted to share information on our achievements, successes, challenges and progress on our journey to sustainability.

This report covers the period 1 January to 31 December 2017. This report has been prepared in accordance with the GRI Standards: Core option. It has successfully completed the GRI's Materiality Disclosure Service. To view the GRI content index, please refer to Annex 1.

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

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

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Cautionary Statement:

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

2017 SUCCESS STORIES

Production levels increased by

11% 

Significantly higher revenues

Zero 

lost time safety incidents

100%

reliability of methanol plant

97%

reliability of mtbe plant

Quick wins cost savings 

achieved from synergy project with other mic companies

Further progress

in building process safety culture

72% 

spending on local suppliers and contractors

Higher rate of qatarization (33%) 



CHAIRMAN'S FOREWORD

Our dynamism as a business has been shown this year by how successfully we have managed our operations throughout 2017: restoring higher levels of production and operating safely throughout the year in a challenging business climate. All our people can be particularly proud of the efforts we have made to operate safely every day; we are continuing to build an operating culture in which safety is paramount and never taken for granted.

We are already beginning to see the fruits of our re-defined vision and corporate strategy which have given everyone in the organization a clear perspective on what we are trying to achieve and how. Our focus on operational excellence, growth, value for all stakeholders, and teamwork is already delivering benefit.

As a contributor to Qatari society and economy, we are committed to creating shared value for all our stakeholders. Our focus on producing environmentally friendly products such as methanol and MTBE align with Qatar's National Vision (QNV) 2030 and sustainable development plans, all of which have been embedded in our vision and strategy. We have also seen the value of working effectively with other companies in our sector, by carrying out synergistic projects that are delivering cost savings and sharing good practice.

We know that our continued success as a responsible company depends on our ability to respond to all the risks and opportunities we face, both as a company and as an industry. There is no more significant challenge than that posed by climate change. We are already taking action to manage our operational greenhouse gas emissions and to reduce them wherever practicable. We have made significant investments in plant and equipment to improve efficiency and reduce emissions, and will continue to look for more efficient ways of delivering the products our customers want in a way that protects the natural environment.

I would like to thank the leadership team at QAFAC, board members, all our employees and business partners for their commitment, efforts, and contributions to our business in 2017.

Abdulaziz J. Al Muftah
Chairman of the Board

CHIEF EXECUTIVE OFFICER'S (CEO) FOREWORD

I am delighted to present this, our seventh consecutive, annual sustainability report. The report provides us with an opportunity to inform our stakeholders about the sustainability journey we are on, and to demonstrate our commitment to the environment and socio-economic development of Qatar.

Looking back at 2017, I would like to congratulate the entire QAFAC team for our exemplary performance during the year, especially in the areas of HSSE and reliability. We work in a competitive market and deal with hazardous materials and processes on a daily basis. We met these challenges and delivered excellent safety and operational performance. We continue to build a culture in which safety and business excellence go hand in hand, and in which our people have opportunities to thrive and grow. We also continue to take steps to minimize the environmental impact of our operations. We certainly have a lot to be proud of.

Our primary aim is to be recognized as a safe and reliable supplier of Methanol and MTBE, both locally and globally. 2017 was a year of change and transformation for QAFAC. Under the new vision and strategy that was set in 2016, we continued to focus on implementing programs that improve our cost effectiveness, reliability, safety and efficiency, both in the short and long term. Given the current economic climate, focusing our efforts on improving performance across all areas of our business, building synergies, and maximizing production will enable us to emerge as a stronger company.

Looking ahead, 2018 will be a year of critical planning as we prepare for major plant turnarounds in 2019 that will continue to ensure the safety, reliability, and efficiency of our operations. I am optimistic that 2018 will see us scale even higher heights. I am confident that we can continue to work together to add even more value to our shareholders, customers, and the State of Qatar.

I would like to extend my sincerest appreciation to the entire QAFAC team and to all our stakeholders for their continuing trust and support.

Khalid Sultan Al-Kuwari
Chief Executive Officer



Chapter 1

ABOUT QAFAC

OUR VISION AND MISSION

Our vision is: 'By 2020, to become a world-class producer of Methanol and MTBE.'

Becoming a world-class producer means being ranked amongst the world's best by achieving the highest quality standards and operational excellence.

This vision statement, announced in 2016, has been integrated across QAFAC's operations as we progress towards our new goals. The vision came from the need to adapt to external market circumstances and to adjust to changes in the feedstock supply, which have affected the economic feasibility of purely quantitative growth.

Our corporate strategy is underpinned by and reflects the new vision. It is performance oriented, rather focused solely on growth.

Our mission is to be an international producer of methanol, its high value derivatives, and butane sub-products, in a safe and environmentally friendly manner, contributing to the economic development of Qatar, maximizing shareholders' value.

CORPORATE PROFILE

Qatar Fuel Additives Company (QAFAC) was established by Emiri decree in 1991 as a joint venture between Industries Qatar (IQ), OPIC Middle East Corporation (OMEC), International Octane LLC and LCY Middle East Corp (LCYMEC).

Basic engineering for our facilities was begun in 1992 and in 1993, Chinese Petroleum Corporation and Lee Chang Yung Chemical Industry Corporation (LCY-CPC), both of Taiwan, became shareholders of QAFAC. In 1995, a Project License Agreement was signed with Universal Oil Products (UOP) and Jacobs Engineering. In 1997, an EPC contract awarded to Chiyoda, and in 1999 QAFAC started its operational activities.

Since 1999, we have operated successfully and continued to develop. Significant milestones include the signing ceremony for our Carbon Dioxide Recovery Plant in 2012, which was opened in 2015. In 2016, we launched our new corporate vision. After nearly 20 years in the chemical industry, our journey continues.

DID YOU KNOW?

METHANOL IS A CLEAR LIQUID CHEMICAL THAT IS WATER SOLUBLE AND READILY BIODEGRADABLE"

The Methanol Institute
www.methanol.org



OUR SHAREHOLDERS

15%

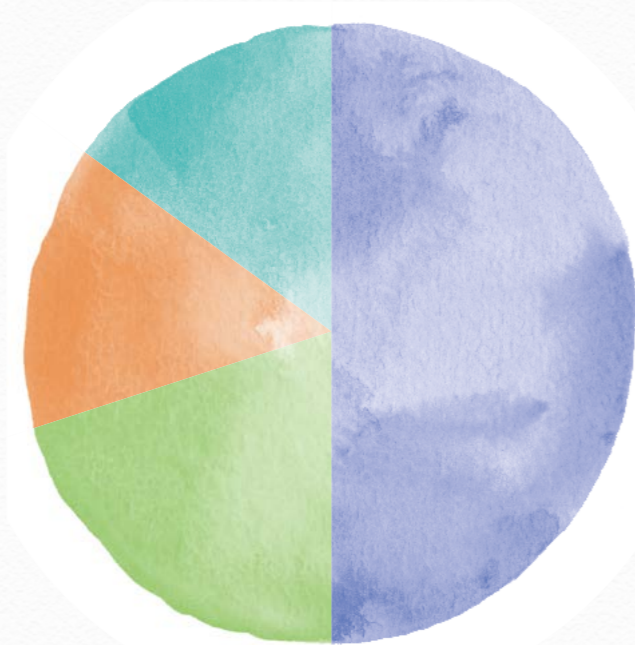
LCY Middle East Corp. (LCYMEC)

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

15%

International Octane LLC

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



50%

Industries Qatar (IQ)

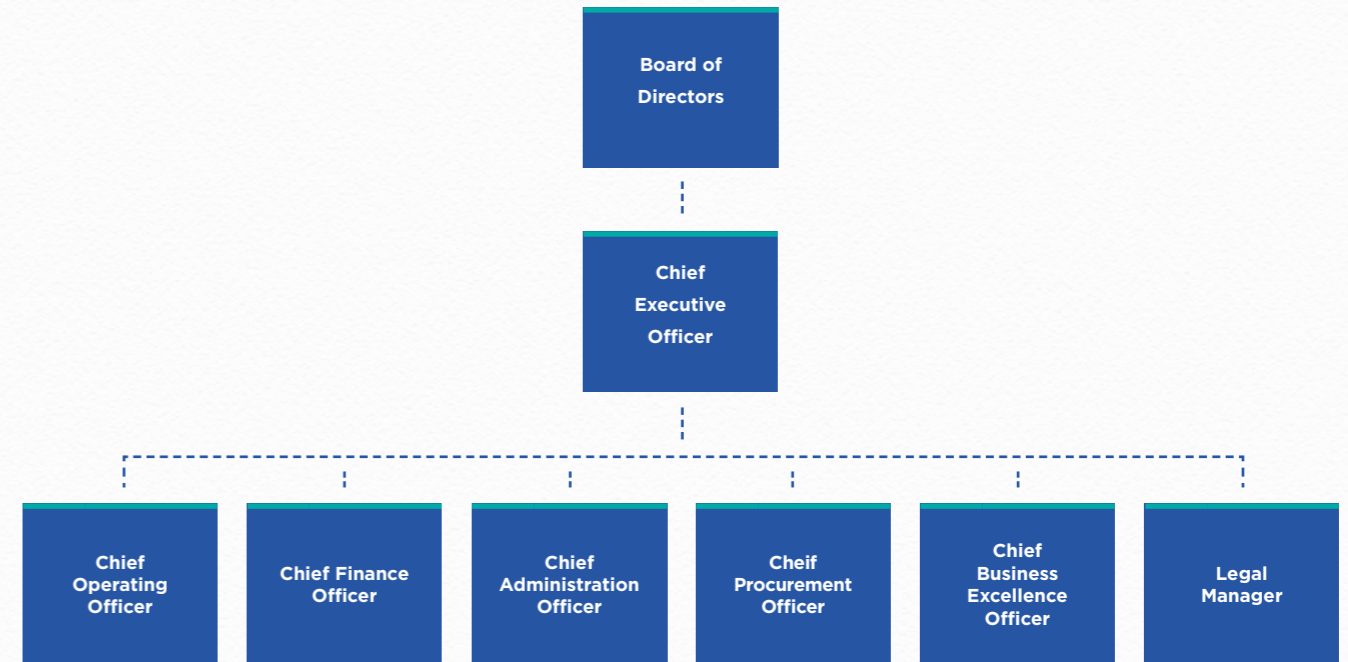
IQ is a limited liability company registered and incorporated in the State of Qatar as a Qatari Shareholding Company (Q.S.C). Qatar Petroleum (QP) transferred all its shares in QAFAC to IQ in 2003.

20%

OPIC Middle East Corporation (OMEC)

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

GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE

We have a robust framework of corporate governance, which includes clearly articulated strategy and values, clear roles and responsibilities, well-defined management processes and systems, and an enterprise-wide approach to the management of risk.

An integral part of our approach to robust corporate governance is our approach to ethical conduct and our Conflict of Interest Policy and Management.

QAFAC's business is guided by our purpose, values, and Code of Conduct. They drive our business decisions and remain the cornerstone of the company's business conduct. We recognize that

these standards are integral components of a truly sustainable company, which is what we strive to be.

Our Code of Conduct provides clear guidance to all employees on what it means to act ethically, professionally, and with integrity. It covers a wide range of topics including anti-bribery, conflict of interest, fraud, corruption, and compliance.

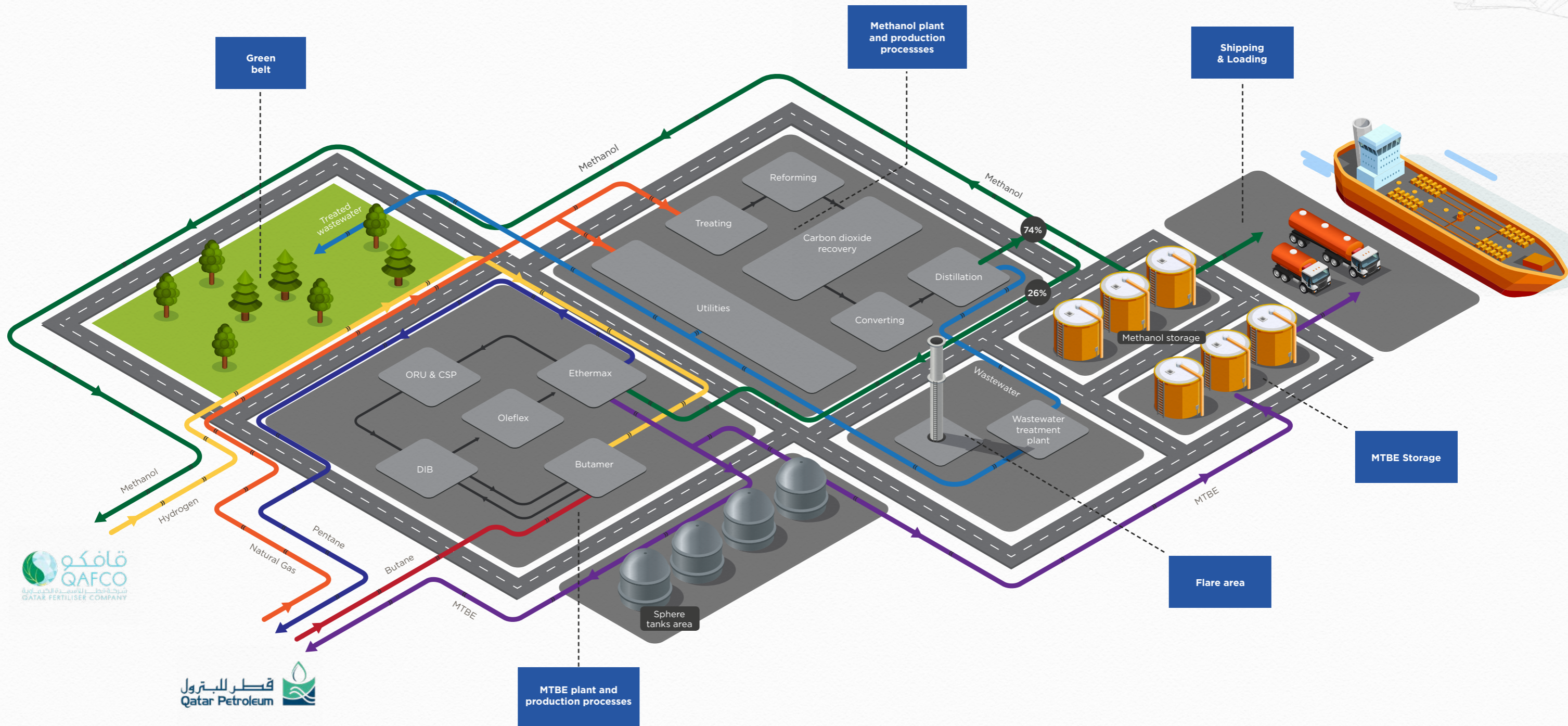
Each year, our employees are required to make a Code of Ethical Conduct Declaration, indicating that they have read and clearly understood the code, and whether they have any actual or potential conflicts of interest. In 2017, there were no cases of corruption or ethical violations.



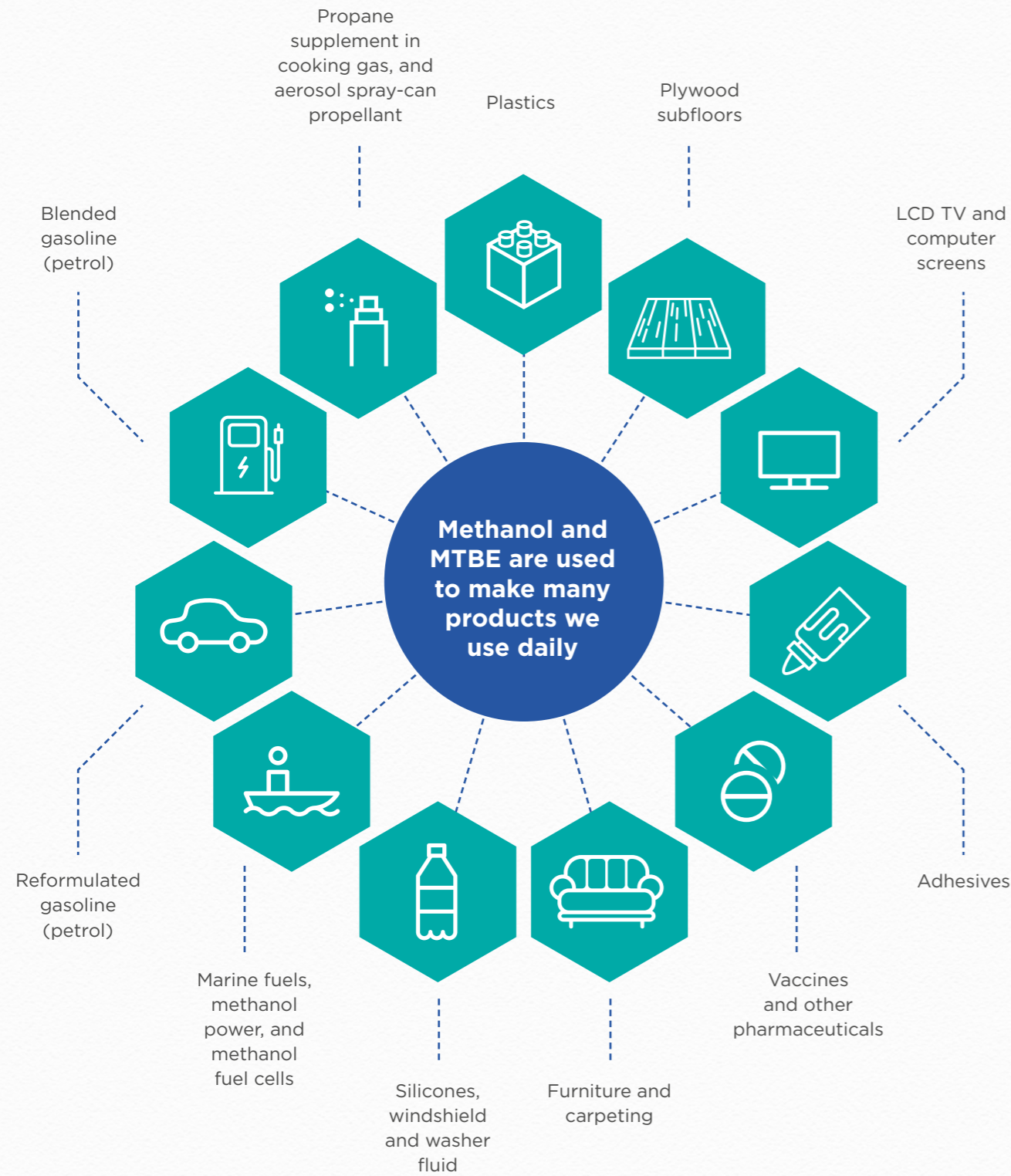
OUR VALUE CHAIN

QAFAC is an integrated facility, where input materials from Qatar Petroleum (QP) and the Qatar Fertiliser Company (QAFCO) are transformed into Methanol and MTBE, and then shipped from site to our customers around the world.

ABOUT QAFAC



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



FATMA YOUSUF AL-JABER

POSITION:

Performance Management Officer

STARTED WORKING AT QAFAC IN:

2013

What do you like about working at QAFAC?

There is high level of cooperation among employees - we work as a team. I believe this is a strong force behind our results of reaching our targets and performance improvement company-wide. QAFAC has also been supportive of my educational aspirations. I recently received a Masters' in Business Strategy from HEC Paris. QAFAC was flexible with my schedule and even created a learning leave, allowing me a few days every month to attend class and study.

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

The expression, "you can't manage what you don't measure," may be a cliché, but performance monitoring has played an important role at QAFAC. We have improved our systems to monitor an increasing number of key performance indicators, which have been instrumental in identifying trends and areas for improvement. Many of the decisions to implement our innovative initiatives and programs can be linked back to our robust performance management systems.

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

The strong emphasis QAFAC places on safety has helped me to change some of my behaviours outside the workplace. You would be surprised that many of little things we do carry risks, and we never think twice about them. From the monthly HSSE Newsletter to other announcements, I am always learning something new.

Chapter 2

MANAGING SUSTAINABILITY



OUR SUSTAINABILITY FRAMEWORK

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

TOWARDS SUSTAINABLE LEADERSHIP



OUR SUSTAINABILITY POLICY

Our sustainability policy is the roadmap that guides us towards fulfilling our sustainability goals, and developing internal management systems, procedures and tools that support the company in achieving its objective of operational excellence.

QAFAC's sustainability policy builds on the five-pillars of our sustainability framework and describes the high-level approach of addressing, implementing and evaluating our progress across each pillar of the framework.

Sustainability Framework Pillar



Sustainability Policy Commitment

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

OUR CORPORATE STRATEGY

In a spirit of continuous improvement, we never stop seeking to learn and improve upon our approach to sustainability. By integrating our approach to

sustainability with our corporate vision and strategic priorities, we are working to ensure it remains a core part of the way we do business, now and in the future.

Our corporate strategy identifies four strategic priorities for 2020:



Growth



Operational Excellence

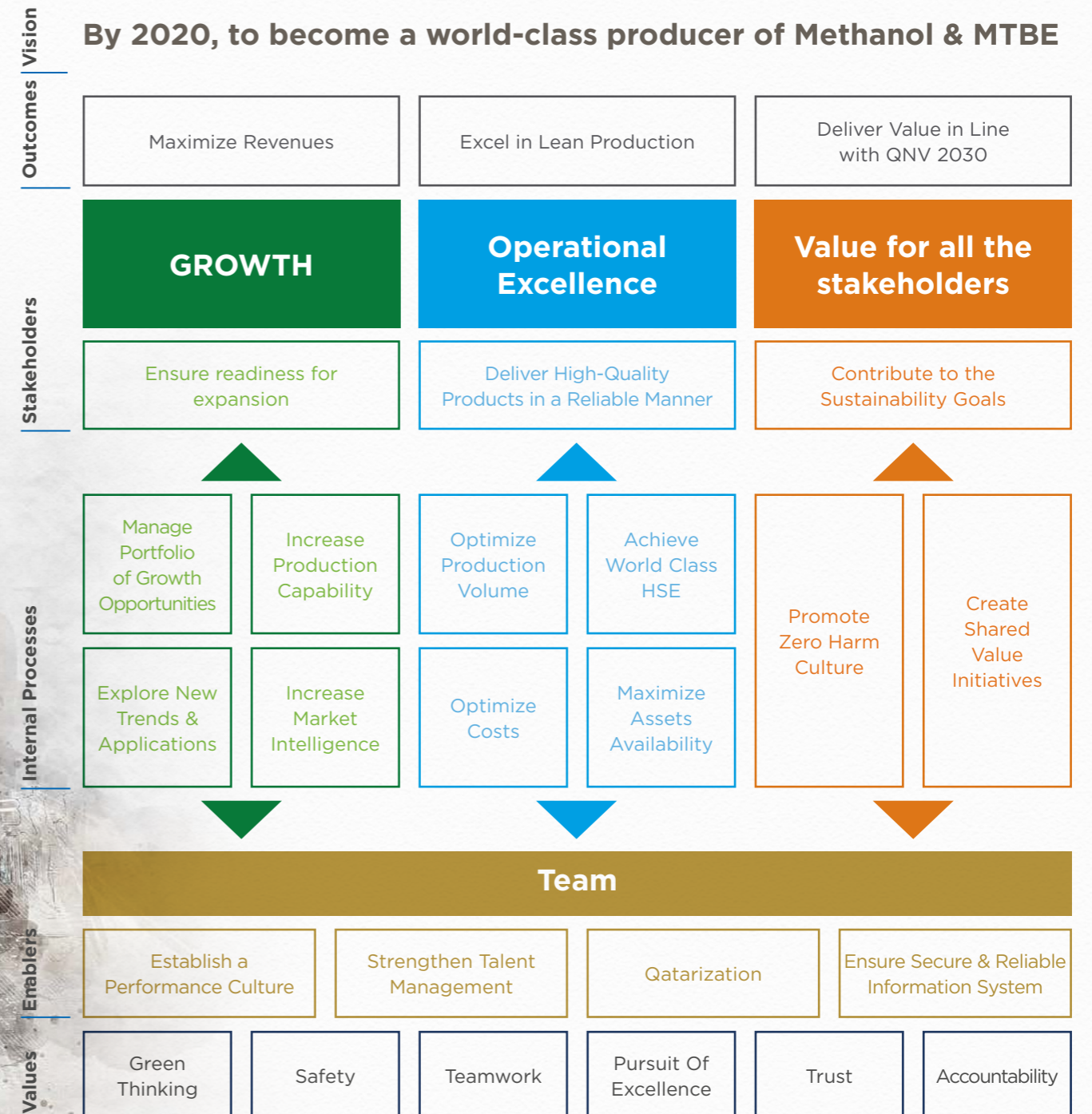


Value to All Stakeholders



Team

For each strategic priority, we identified key indicators to help us focus on the metrics that matter the most to our company goals. We also identified our organizational enablers, which together with the implementation of internal processes and stakeholder interactions, will produce outcomes in line with our strategic goals.



ALIGNING OUR PRIORITIES

We are committed, as a responsible corporation, to promoting sustainability in all our activities. We demonstrate our commitments through the responsible management of our social, environmental and economic impacts outlined in our sustainability policy. These commitments are aligned to our sustainability and corporate strategies. As a company rooted in Qatar, we have linked our commitments to the

objectives, goals and targets established by the Qatar National Vision 2030 (QNV 2030). The table below demonstrates how our various priorities align within this framework.

We set out in the table below the targets we set for ourselves in 2017, along with our performance against them, and our targets for the future.

SUSTAINABILITY FRAMEWORK	TOWARD SUSTAINABILITY LEADERSHIP	SUSTAINABLE GROWTH		CARING FOR THE ENVIRONMENT
Sustainability Policy commitments		<ul style="list-style-type: none"> Expanding market presence and operations, and improving economic performance while contributing to Qatar's economic diversification Building strong relationships with suppliers and customers to reach new levels of quality through process and product innovation 		<ul style="list-style-type: none"> Producing cleaner fuel and fuel derivative products, which will generate lower emissions Managing the environmental impact of operations through a world-class Environmental Management System (EMS) that addresses environmental issues such as energy consumption, fugitive emissions and flaring, water management, and waste management effectively
Corporate objectives	<ul style="list-style-type: none"> Maximize revenues Excel in lean production Deliver value in line with QNV 2030 	<ul style="list-style-type: none"> Ensure readiness for expansion Manage portfolio of growth opportunities Increase production capacity Explore new trends & applications Increase market intelligence Optimize production volume Optimize costs 		<ul style="list-style-type: none"> Achieve world-class HSSE Contribute to sustainability goals
SD Elements and Issues	Sustainability Management	Reliable production	Maintaining Product Quality and Improving Sales	Energy and Water Management
2017 Targets	Conduct benchmarking of sustainability indicators against peer companies on regional and international level and against Energy and Industry sector of Qatar	96% reliability (in both Methanol and MTBE plant)	Achieve maximum possible production levels in accordance with reliability target.	<ul style="list-style-type: none"> Energy intensity: 13.5 GJ/tonne production Freshwater consumption: 3.0 million m³
Progress During 2017	QAFAC conducted benchmarking of sustainability indicators against peer companies on regional and international level and against Energy and Industry sector of Qatar	<ul style="list-style-type: none"> Methanol plant reliability: 100% MTBE plant reliability: 97% 	<ul style="list-style-type: none"> Methanol production: 108.3% of total budget MTBE production: 103.6 % of total budget 	<ul style="list-style-type: none"> Energy intensity: 13.7 GJ/tonne production Freshwater consumption: 1.9 million m³
2018 Targets	Achieve 85% on sustainability index	<ul style="list-style-type: none"> Methanol plant reliability: 96% MTBE plan reliability: 94% 		<ul style="list-style-type: none"> Energy intensity: 13.5 GJ/tonne production Freshwater consumption: 1.5 million m³
QNV 2030	<ul style="list-style-type: none"> Promoting sustainable prosperity Reasonable and sustained rates of economic growth that secure a high standard of living for this and future generations 	Long-term maintenance of strategic reserves of oil and gas to meet the needs of national security and sustainable development.	A business climate capable of attracting foreign funds and technologies and encouraging national investments	<ul style="list-style-type: none"> Preserving and protecting the environment including air, land, water, and biological diversity Sustaining the environment for future generations

SUSTAINABILITY FRAMEWORK	DEVELOPING OUR WORKFORCE		STRENGTHENING OUR SOCIETY			OPERATING RELIABLY AND SAFELY	
Sustainability Policy commitments	<ul style="list-style-type: none"> QAFAC is committed to invest in the development of its most valuable asset – our workforce – to support its development and wellbeing while maintaining equal opportunities for all 		<ul style="list-style-type: none"> Promoting Qatarization Developing a responsible supply chain with a focus on the local supply chain Investing in the community and promoting various sponsorship initiatives 			<ul style="list-style-type: none"> Continually fine-tuning operations and investing in efficient advanced technologies Continually improving our health and safety management systems, while focusing on process safety and personal safety of our employees and contractors 	
Corporate objectives	<ul style="list-style-type: none"> Establish a performance culture Strengthen talent management 		<ul style="list-style-type: none"> Contribute to the sustainability goals Create shared value initiatives 			<ul style="list-style-type: none"> Deliver high-quality products in a reliable manner Achieve world-class HSE Maximize assets availability Ensure secure and reliable information system Promote zero harm culture 	
SD Elements and Issues	Human Rights	Support workforce professional development	Qatarization	Community Investment	Local Procurement	World-class standards in process safety and asset integrity	Employee Health and Safety
2017 Targets	Zero Human rights violations reported	100% of employees have a tailored set of objectives	41% Qatarization	Deliver 8 activities in line with Qatar's sustainable goals	74% spending on local suppliers and services.	<ul style="list-style-type: none"> Complete Phase 2 of the Process Safety Management program Zero process safety incidents 	<ul style="list-style-type: none"> Zero LTA Zero TRIR
Progress During 2017	Zero Human rights violations reported	95% of employees have a tailored set of objectives	33% Qatarization	5 activities delivered in line with Qatar's sustainable goals	72% spending on local suppliers and services	<ul style="list-style-type: none"> Zero process safety incidents 	<ul style="list-style-type: none"> Zero LTA Zero TRIR
2018 Targets	Zero human rights violations reported	100% of employees have a tailored set of objectives	35% Qatarization	Deliver 2 activities in line with Qatar's sustainable goals		<ul style="list-style-type: none"> Zero process safety incidents 	<ul style="list-style-type: none"> Zero LTA Zero TRIR
QNV 2030	<ul style="list-style-type: none"> Promoting human development Establish a secure and stable society operating on the principles of justice, equality, and the rule of law Protecting the rights of expatriate labor 	<ul style="list-style-type: none"> High quality training opportunities for all citizens, corresponding to their ambitions and abilities Recruitment of the right mix of expatriate labor 	<ul style="list-style-type: none"> Incentives for Qataris to enter professional and managerial roles Taking and integrated approach to sound social development A vigorous oil and gas sector that generates advanced technological innovations and contributions to the development of human resources and economic capacity throughout Qatar 			<ul style="list-style-type: none"> A skilled national workforce capable of providing high quality health services Protecting the safety of expatriate labor 	

STAKEHOLDER ENGAGEMENT

We continuously engage with our diverse groups of internal and external stakeholders. We believe that constructive dialogue helps us to address and be responsive to issues of importance to our shareholders, customers, employees, the wider Qatari society and the environment. Through a process of continuous stakeholder engagement, QAFAC reviews the issues that are material to the company and its

stakeholders and implements corresponding actions in each of its sustainability focus areas via programs, initiatives, and dialogue.

We provide below a summary of the key issues for each stakeholder group, along with the methods of engagement to foster these relationships and how we respond those issues.

MAIN STAKEHOLDERS	METHODS OF ENGAGEMENT	SUSTAINABLE GROWTH	CARING FOR THE ENVIRONMENT
Our Shareholders & Investors	<ul style="list-style-type: none"> Quarterly board meetings Active participation in QAFAC's Management Team Annual and sustainability reporting 	<ul style="list-style-type: none"> Financial targets and economic growth Legal compliance Governance Transparency and accountability Shareholders' sustainability mandate Ethics Operational innovation and efficiency 	<ul style="list-style-type: none"> Board committees Monitoring of and ensuring compliance through Internal Audit Department and Ethics Committee Initiation of sustainability management program Business Excellence Department
Our Customers & Muntajat	<ul style="list-style-type: none"> Participation in conferences and exhibitions Open communication and dialogue Monthly meetings with Muntajat 	<ul style="list-style-type: none"> Production and business continuity Product responsibility. Mutual aid and collaboration Supply chain management. Service excellence Open and effective communication Customer feedback 	<ul style="list-style-type: none"> Regular dialogue with Muntajat and partners Membership in industry associations
The Environment	<ul style="list-style-type: none"> Open and full communication with the Ministry of Municipality and Environment (MME) Continual monitoring and assessment of our impact on the environment Sustainability reporting 	<ul style="list-style-type: none"> Climate change mitigation. Efficient water consumption Resource management and optimization. Efficient energy consumption Waste management Compliance with environmental regulations Product impact and responsibility Supply chain impact Biodiversity 	<ul style="list-style-type: none"> Investment in the CDR (Carbon Dioxide Recovery) plant Flare Management Program Environmental and waste management systems Steam Trap Management program Regular reporting of environmental performance Leak Detection and Repair (LDAR) program RATA (Relative Accuracy Test Audit) for CEMS (Continuous Emission Monitoring System)
Qatari Society	<ul style="list-style-type: none"> Open dialogue and collaboration with government agencies Career fairs Interaction with families of employees Participation in exhibitions and conferences Educational/HSSE awareness sessions 	<ul style="list-style-type: none"> Compliance with all regulations Recruitment and development of local talent Preparation of local community for the job market Job opportunities Community engagement Community contribution Awareness of our products' significance and impact Local sourcing 	<ul style="list-style-type: none"> Development of CSR Policy Contribution to community needs Improvement of Qatarization rate
Our Employees	<ul style="list-style-type: none"> Employee satisfaction surveys (every two years) "Town Hall" style meetings with the CEO Informal career planning Intranet Email communications. Internal and external training Educational/HSSE awareness sessions QAFAC Newsletter HSSE Newsletter 	<ul style="list-style-type: none"> Workforce capacity and training Engagement and open communication Transfer of knowledge and succession planning Employee satisfaction Safety in all operations Career and personal development planning Employee wellbeing Occupational health and fitness Rewards and recognition Emergency preparedness and trained safety staff Diverse and inclusive work atmosphere 	<ul style="list-style-type: none"> Recognition and awards Employee/community activities Development and training Heat stress and health awareness campaigns Periodic medical checks Strong emergency preparedness measures Achievement of OSHAS 18001 certificate Process Safety Management (PSM) program Adoption of international safety standards and best practices (e.g. RoSPA)

ENGAGEMENT IN ASSOCIATIONS

As part of our engagement with stakeholders, we are members of strategic external associations.

QAFAC IS AN ACTIVE MEMBER OF THE FOLLOWING ASSOCIATIONS:

- Air and Waste Management Association (AWMA)
- The Royal Society for the Prevention of Accidents (RoSPA)
- The Gulf Petrochemicals and Chemicals Association (GPCA)
- Mary Kay O'Connor Process Safety Center (MKOPSC)
- American Chemical Society (ACS)
- Methanol Institute (MI)
- Asian Clean Fuels Association (ACFA)
- Information Systems Audit and Control Association (ISACA)
- EC-Council



MATERIALITY ASSESSMENT

Through our stakeholder-driven approach to materiality, we determine the relevance of issues to address and report on, considering their significance to both our business and to stakeholders. Defining material topics helps to prioritize areas of the corporate strategy and operations and forms the basis of our reporting. In 2017, the topics below were identified as material and classified under our five sustainability pillars:



OUR APPROACH TO MATERIALITY ASSESSMENT

To keep our materiality assessment current, QAFAC periodically reviews its material topics against the changing context of the industry, emerging trends and the feedback we receive from our stakeholders. In our reporting, we make sure to reflect those critical issues as they arise.

THE SCOPE OF MATERIALITY

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

THE OBJECTIVE OF MATERIALITY

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

QAFAC's materiality assessment consists of the five steps outlined below. The process is used to identify, select and rank the topics addressed throughout the sustainability report.

- 1 Identifying material issues**
We rely on multiple sources to help identify material issues of potential relevance for QAFAC and its stakeholders.

The sources we refer to include:
 - Material issues identified by the Sustainability Accounting Standards Board (SASB) for the oil and gas refining sector.
 - Material issues identified by SASB for the chemical sector.
 - Material issues identified by several peer companies i.e. producers of methanol, MTBE and refining companies.
 - Material topics identified by the Global Reporting Initiative (GRI) Standards relevant to QAFAC's business operations and the GRI G4 Oil and Gas Sector Disclosures.
- 2 Organizing materiality issues around QAFAC's sustainability focus areas.**
- 3 Categorizing issues in accordance with the relevance for a given stakeholder.**
- 4 Obtaining feedback from internal stakeholders regarding priority of material issues relevant to them and to external stakeholders whom they communicate with on a regular basis.**
We communicate via interviews with all key functional areas of QAFAC operations.
- 5 Final prioritization**
Material issues within each sustainability focus area are ranked in accordance with the feedback received during communication with stakeholders.

Chapter 3

SUSTAINABLE GROWTH

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

In common with other oil and gas and petrochemical companies, we have been operating in difficult global economic conditions, in which oil prices have been low. Throughout this period, we have remained focused on resilience and withstanding price competition. We have also sought to increase the efficiency and reliability of our operations and improve the quality of our products.

مصنع الميثانول
METHANOL
PLANT

QAFAC

كفاح

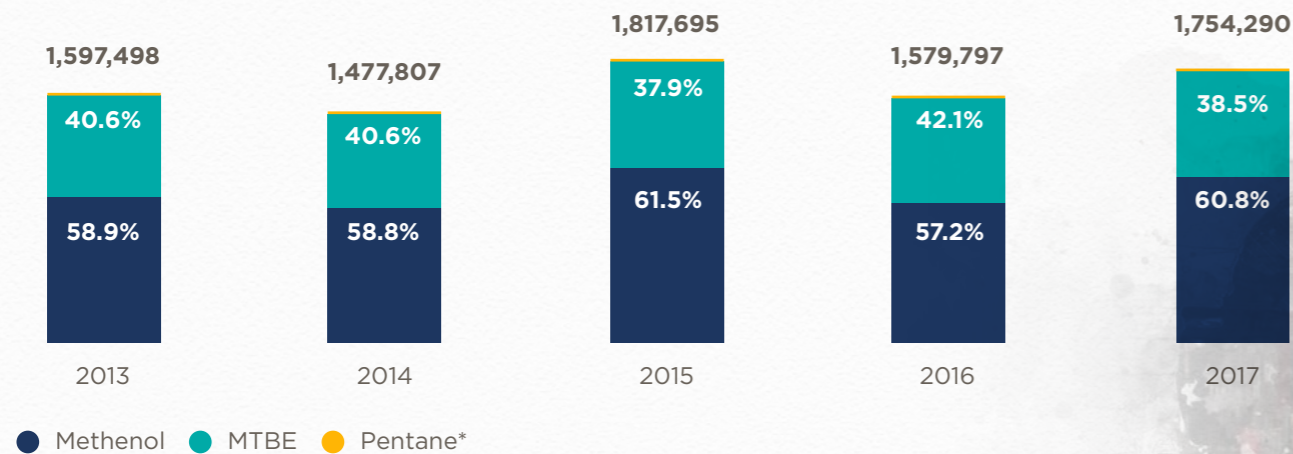
HIGH-VALUE PRODUCTS

PRODUCTION BY MAIN PRODUCTS	2013	2014	2015	2016	2017
Methanol (tonnes)	940,963	869,271	1,118,210	903,767	1,067,020
MTBE (tonnes)	648,022	600,342	688,450	664,835	674,982
Pentane (tonnes)	8,513	8,194	11,035	11,195	12,288

Our performance in 2017

Our methanol plant is designed to produce 3,000 metric tonnes per day of US Federal Grade AA methanol. We also produce approximately 1,830 tonnes of MTBE (Methyl Tertiary-Butyl Ether) per day. Following lower production in 2016 resulting from unplanned outages, we successfully increased levels of production in 2017 across all our major product lines. In 2017, methanol production increased by 18%, MTBE production increased by 2%, and pentane production increased by 10% compared to 2016.

Total Production



● Methanol ● MTBE ● Pentane*

*Less than 1% of total production

Sustainable use of our products

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

Methanol

Methanol is a clear, liquid, organic chemical that is water soluble and readily biodegradable. It is considered a cleaner alternative to conventional fuel produced from natural gas. Methanol is used in the manufacturing of countless consumer and industrial products that are used every day, such as building materials and plastics. It is used as an alternative, cleaner fuel source, including direct gasoline blending. Because of the relative competitiveness of methanol as a feedstock, Methanol-to-olefins (MTO) application has emerged to replace naphtha-based production technology. Methanol can also be used by itself in several other applications such as transportation fuel, wastewater denitrification, fuel cell hydrogen carrier, biodiesel generation and electricity generation.

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

MTBE

Methanol is also used to produce methyl tertiary-butyl ether (MTBE) which is a clean-burning gasoline additive that reduces smog and tailpipe emissions. It is mainly used as an octane enhancer where it helps to reduce lead and aromatic content in gasoline. It is also used as an oxygenate to reduce vehicle emissions.

When used in gasoline formulation, MTBE will lead to a reduction in emissions of exhaust pollutant such as volatile organic compounds (VOC) and particulate matter (PM) which in turn improves air quality due to more complete combustion.

DID YOU KNOW?

“METHANOL IS A CLEAN-BURNING, BIODEGRADABLE FUEL.”

The Methanol Institute
www.methanol.org



SAIF OMAR KHAMIS AL-SHARAM



POSITION:
Materials Manager

STARTED WORKING AT QAFAC IN:
2015

What do you like about working at QAFAC?

It was refreshing to join a company that operates more horizontally. I have also enjoyed the opportunity to get to know most, if not all our employees. QAFAC is a small entity and I enjoy the flexibility in terms of dealing with other colleagues – we are like a family.

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

The CDR plant remains one of the most important sustainability enhancements positively affecting QAFAC. We used to buy carbon dioxide for our production; now we are using this gas that we were already producing, harnessing it, and using it as feedstock! We are now self-sufficient and there could be opportunities for synergies around the selling of excess carbon dioxide.

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

Although the current blockade of Qatar has not affected our operations, it has created an awareness that we must be more self-reliant. We must learn to depend on ourselves more, and as a result, people are looking for new opportunities to create more in-country economic value from agriculture, to services, to manufacturing. There is a great energy in the country. I have become a very active gardener since, and even through my garden is quite small, I am producing plenty of fruits, vegetables and herbs; enough that I am sharing my produce with the neighbours.

ECONOMIC PERFORMANCE

FINANCIAL PERFORMANCE	2013	2014	2015	2016	2017
Revenue (USD 000s)	984,547	816,702	685,861	506,231	671,683
INDIRECT ECONOMIC VALUE GENERATED (USD 000s)					
Employee wages and benefits	45,260	55,678	57,276	54,875	58,472
Contractors paid amount - total	18,455	19,769	26,542	24,186	24,762
Suppliers paid amount - total	13,262	16,150	9,679	9,666	15,598

Revenues in 2017 increased by approximately 24% in comparison to 2016, as a result of higher plant availability / production, coupled with higher average oil prices. Higher oil process had a beneficial effect on the sales price for two of our important products - MTBE and butane, as they are more directly related to oil prices.

We continue to make a significant indirect economic contribution through the payments we make to contractors and suppliers and through the wages and benefits we provide to our own employees. All these increased in 2017, when compared to the previous year.

Ta'win synergy delivery program

We continue to explore opportunities for synergies with other companies in MIC and have developed the Ta'win Synergy Development program in collaboration with Q-Chem, Qatalum, QAFCO, and QAPCO. Throughout 2017, we have worked with these 6 companies to explore synergies that will reduce costs by focusing on large aggregate orders across companies for preferential pricing, for example, in the procurement of health and safety equipment and health insurance packages. This effort has involved mapping procurement spend, identifying areas with the potential for savings, creating topic specific task forces, and launching pilot projects. Quick win savings have already been made, and best practices shared. This synergy program will continue into 2021-22, with the goal of making these synergistic projects business as usual.

Supply chain management continues to play a vital role in the reliability of our operations, ensuring that all materials, parts and equipment are available when needed. We work with our suppliers to ensure we achieve the best possible value for money.



MANAGING RISK

Risk management forms an integral part of our business success and serves as the beacon of our strategic planning. Over a number of years, we have been enhancing and integrating our risk management processes across all departments. These steps enabled us to become the first petrochemical company in Qatar to receive ISO 22301 certification for business continuity management.

We consider internal audit to be one of our risk management lines of defense. We are a member of the Information Systems Audit and Control Association (ISACA), the EC-Council, and adhere to the Institute of Internal Auditors (IIA) framework. We carry out a quality assessment during shareholder audits to ensure continuing conformance with IIA standards. We have co-sourced out internal audit function, to maintain a tight control over cost and capabilities.

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

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

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

DID YOU KNOW?

“METHANOL-FUELED TRUCKS AND BUSES EMIT ALMOST NO PARTICULATE MATTER AND NOTABLY LESS NITROGEN OXIDES THAN THEIR DIESEL-FUELED COUNTERPARTS.”

The Methanol Institute
www.methanol.org



IT SUPPORT

The effective use of Information Technology (IT) at QAFAC is a business imperative and an effective IT system is a key enabler in achieving our strategic business objectives. We aim to align our IT systems with our corporate strategy and we integrate core risk control processes across the company. Our IT investments are aligned with business requirements and are made to deliver value for the business.

Our approach to IT is underpinned by six strategic principles which define the operating mechanism and culture of the QAFAC IT system. They set a rule-based framework, while delivering maximum value to the business at optimum cost and risk.

In line with the company's corporate objective of "Informed Decision Making," QAFAC IT has spearheaded a program aimed at streamlining all IT operations through a portfolio management approach. Four portfolios were identified and implemented in total.

From the continued automatization and digitization of processes, to enhanced communication capabilities and IT security with an emphasis business continuity, 2017 was a landmark year for advancing IT at QAFAC.

In 2017, we embarked on a multi-faceted headcount and surveillance project, designed to improve the safety and security of employees, contractors and visitors, both during normal operation and in the event of an evacuation. Among other benefits, this project gives us the ability to monitor employee and contractors for safety factors such as fatigue and heat. We have also developed a fully automated, real time CEO dashboard, providing a consolidated view of key management information as an aid to informed decision-making. An initiative to increase the speed and value of our daily operations reporting has also been undertaken, enabling more accurate, complete and reliable information, coupled with a range of analytical tools.

IT Strategic Principles



IT as Investment



Centralization



Standardization



Reuse



Efficiency & Effectiveness



Information Security



Chapter 4

OPERATING RELIABLY AND SAFELY

Safety continues to be our core value. It is a critical component in our business decision making, and operating in a reliable and safe manner lies at the heart of our business. Our goal is to ensure 'Zero Harm' for all our employees, contractors, visitors, customers, and shareholders.

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

We invest consistently in our people, plants, and processes to reduce operational risk and drive continuous improvement. In all our projects, we foster Health, Safety, Security and Environment as core values. Each person is encouraged to understand the importance of good health, and their role in creating a safe workplace. Essential QAFAC induction and other training are provided before work is begun, and our safety performance is reviewed during a range of safety meetings with management.

المرافق
UTILITIES

SUSTAINABLE INFRASTRUCTURE

We continue to rehabilitate and expand our infrastructure based on the latest green building requirements, to improve our financial and operational performance. Our goal is for all newly constructed buildings to be in accordance with the Global Sustainability Assessment System (GSAS), which aims to create a sustainable built environment that minimizes ecological impact while addressing specific regional needs and Qatar's environment.

GSAS considers factors within the regional context including, but not limited to, the energy demand of buildings, water consumption, land conservation, material disposal, cultural conservation, and support to the national economy.

In 2017, work continued on several projects to upgrade our infrastructure, including the continued development of our Building Management System, the installation of a special stand-alone industrial elevator, progress in the fabrication of an additional firewater tank, and the installation and commissioning of a coalscer vessel in the MTBE plant. We also completed the contract award process for the QSSA project (QAFAC Support Services Area) with a view to starting work in January 2018.

All these projects are designed to improve efficiency and support safe and reliable operations.

Looking forward

We continued to plan in 2017 for the construction of an MTBE pipeline connecting QAFAC to QP's refinery. This project will improve the safety and reliability of our operations by eliminating the potential for spills when filling tankers, reducing the amount of flammable substances being transported on roadways, reducing traffic, and eliminating loading and unloading bottlenecks. The pipeline construction is expected to finish by 2019.

We also plan to construct a third boiler for steam production, with a Front-End Engineering Design study in progress. This will reduce the load from the other two boilers and will cut NO_x emissions, as well as improve plant reliability. The new boiler will meet the new Ministry of Municipality and Environment (MME) NO_x regulations.

We are also in the process of moving towards near-zero liquid discharge. We are currently conducting a brine study with all other MIC companies to test the effects of brine on marine ecosystems as well as the point of dilution in both winter and summer months. The study is expected to conclude in 2018. In the meantime, we continue to increase the water efficiency of our operations and re-use more wastewater. More information is provided in the 'Caring for the Environment' section of this report.

We are also fully engaged in planning major turnaround activities in 2019. As turnaround projects have a significant impact on plant availability, we are working to make sure the process the scope is clearly defined, and the work is conducted efficiently and safely.

DID YOU KNOW?

“WITH THE CHEMICAL STRUCTURE CH₃OH, METHANOL IS THE SIMPLEST ALCOHOL, WITH THE LOWEST CARBON CONTENT AND HIGHEST HYDROGEN CONTENT OF ANY LIQUID FUEL.”

The Methanol Institute
www.methanol.org



RELIABLE AND EFFICIENT OPERATIONS

Reliable and efficient operations are fundamental to ensuring top performance. In 2017, reliability in our Methanol plant was 100% (against our internal target of 96%) while reliability in our MTBE plant averaged 97% (against our internal target of 96%).

Monitoring production

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

Enhancing plant reliability

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

These initiatives and programs include:

- The creation and use of performance information dashboards, at executive level. These provide real time performance information that help to improve decision making in key areas of performance.
- An approach to risk-based inspection, which provides for dynamic and planned inspection and maintenance activity and enable us to keep a firm grip on operational risks.
- Advanced process control, which introduces systems to reduce the energy and butane consumption within the MTBE plant, as well as enhance production volume by reducing fluctuations affecting plant operation. Since the three major controllers were put into operation in 2016, benefits have ensued in terms of smoother plant operation, reduction of process deviation alarms, improvement in production, and steam savings.



Control Room Building

PROCESS SAFETY

PROCESS SAFETY PERFORMANCE	2013	2014	2015	2016	2017
Loss of containment (LOC) / Process safety incidents	2	0	1	1	0
Emergency response drills	8	12	12	12	13
Safety incident investigation initiated	0	2	2	2	3
Safety incident investigation completed	0	2	2	2	3

Process safety and ensuring the physical integrity of our assets is a fundamental priority at QAFAC and underpins the achievement of excellence in our performance. Good process safety ensures continuity of business operations, safeguards healthy and safe working conditions for QAFAC employees and contractors, minimizes the impact of production activities on the environment, and results in greater acceptance among local society.

Process safety management is the application of management principles and systems to the identification, understanding and control of process hazards to prevent process-related injuries and incidents.

Process safety management

2017 has seen major effort to build awareness of and improve our approach to process safety management.

Our process safety management program aims to align our safety procedure with the world's best industrial practices. Our performance has been good in past years - with no process safety incidents - but we remain vigilant and active in our management of process safety risk.

In developing a robust safety culture in our operations, we believe that a strong commitment from management and clear leadership expectations are required. We are working with DuPont to assist us in adapting its successful, effective and well-known Integrated Process Safety Management System model.

In our operations, we use the OSHA 1910.119 (Management of Highly Hazardous Chemicals) model to analyse our safety practices, identify gaps, and implement recommended process

safety improvements that would help us achieve excellence in HSSE practices. This standard defines the minimum requirements that must be in place to ensure deficiencies are adequately addressed. Such deficiencies can lead to unacceptable risks to safety, health and the environment or losses of assets and/or production.

In 2017, we continued to take action on our three-year AMAN program - an integrated process safety management system which is helping to build a robust and sustainable process safety culture at QAFAC.

Phase 1 of the program, which ran during 2016, was implemented using a collaborative "Integrated Organization" approach. This featured a large and relevant spectrum of the organization across different levels in six multi-disciplinary task force teams. Phase 2 is scheduled to be completed in early 2018. Achievements to date include the completion of extensive training, the definition of critical process safety roles, and the development of a process safety competency matrix.

A wide range of initiatives have been taken forward in the course of 2017. A set of readily available process safety information and procedures has been developed. We have developed an overarching standard to manage process hazard analysis (PHA) and several personnel are undergoing specific training to manage PHA. We have completed the development of a new procedures to cover management of change, pre-start up safety reviews, energy control and isolations. Work has also been conducted to assess and address any gaps in standard operating procedures and standard operating conditions. We have also reviewed and improved the permit to work system, one of the most critical systems to control a safety in the plant.

As part of work on incident management and investigation, three comprehensive incident

investigations were undertaken, following a new procedure. The process helps us to ensure we understand why incidents have happened and uncover the root cause of the problem before making recommendations for improvement.

We have also carried out two strands of work on competency development. One of these focused on effective management of change, so that the site defines and maintains the minimum level of specific process experience, knowledge, and competence to effectively manage and implement process safety. The second strand concentrated on the delivery of a process safety management competency framework, identifying critical roles, and competency levels and how individuals can work towards developing the required skills and experience.

Our work has also focused on contractor management - a vital issue given the large number of contractors within our workforce. Following extensive assessment, we have initiated a number of improved processes, such as developing a new HSSE performance management document for contractors, training QAFAC and contractor managers and supervisors on it, and establishing a new Head of Contractors role in the organization to oversee its implementation.

In 2017, DuPont experts conducted a safety culture perception survey, as part of the Safety Culture and Process Safety Management system evaluation. They interacted at all levels with QAFAC employees (including contractors) and identified perceptions of strengths and areas for improvements in current safety procedures. Some 300 people participated in the survey, equal to 71% of the QAFAC workforce.

Analysis of the results has sought to identify gaps in QAFAC's Leadership, Organization and areas of process safety management. Benchmarking the results against best practices has demonstrated a good safety record, while also identifying room for enhanced leadership visibility and improvements to the safety culture.

In this context, we have three 'visible felt leadership' workshops for senior executives and managers as part of the PSM Leadership Program. Through felt leadership, we encourage leaders to have face-to-face discussions that reinforce positive behaviours and discourage unsafe behaviors. Thirty members of the senior management team learned more about the role they can play in establishing a process safety culture, and of the importance of management visibility among the workforce in encouraging and reinforcing the desired behaviors and attitudes.



OUR SAFETY PROGRAMS

In addition to initiatives to manage process safety, we have a comprehensive approach to the management of personal safety, implemented through a wide range of safety programs.

These programs are underpinned by our HSE Principles and Life Saving Rules. The nine principles provide the foundation for our Life Saving Rules, which aim to protect all workers from life-changing injuries or life-threatening hazardous injuries. The rules highlight simple actions individuals can take to protect themselves and others from harm.

DID YOU KNOW?

“ADDING METHANOL TO GASOLINE DRASTICALLY REDUCES THE EMISSIONS OF TOXINS SUCH AS BENZENE, HEXANE AND XYLENE.”

The Methanol Institute
www.methanol.org



QAFAC HSE Principles

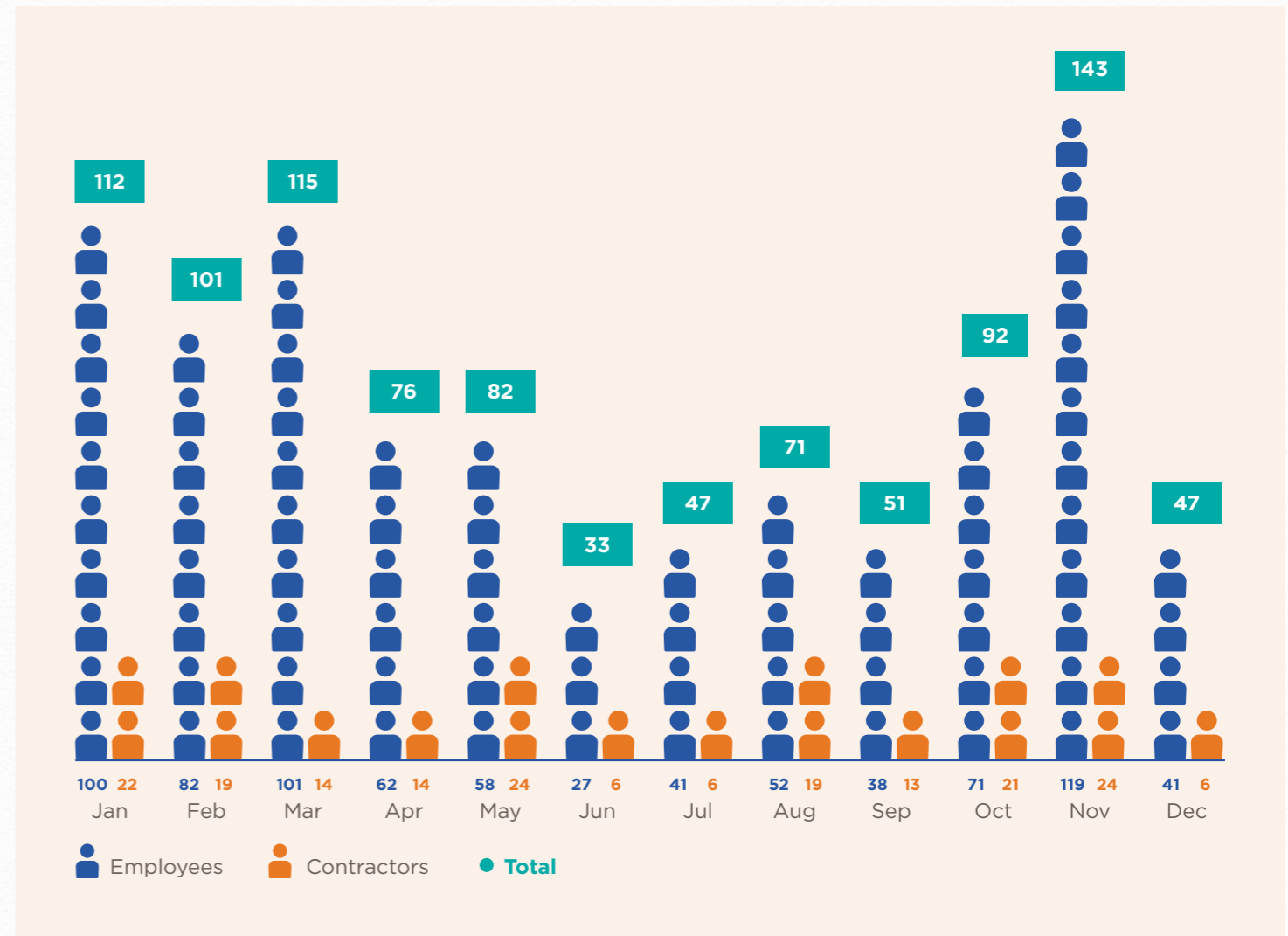
- 01** Safety is a Core Value.
- 02** All injuries, occupational illnesses and HSE incidents can be prevented.
- 03** Working in a safe, healthy and environmentally friendly manner is a condition of employment.
- 04** People are the most important asset of QAFAC and the most important element of the HSE program.
- 05** Senior management owns HSE and is responsible for the development of an organizational safety culture where HSE is the responsibility of everyone.
- 06** Interactive HSE Audits are a must for continuous improvement.
- 07** Employees must be trained to work in a safe, healthy, and environmentally responsible manner.
- 08** All incidents and near misses must be reported, investigated and learnt from.
- 09** Off-the-job safety and health are important parts of the HSE effort.

Behavioral Based Safety (BBS)

BBS encourages employees to adopt the right behavior when faced with different types of risks. It helps employees identify and correct any divergence from the proper ways of working. It is a mechanism that coaches and trains employees to achieve higher standards and continuously learn from their behaviors. In 2017, we introduced an online BBS online system which should increase participation.

Health, Safety, Security and Environment (HSSE) Observations

All our employees and contractors are encouraged to record HSSE observations throughout the year. These observations help to identify job site hazards, controls, and conditions to manage and reduce exposure to risks. Ultimately this reduces injury rates. We encourage participation by presenting monthly awards for the best quality and quantity of observations. In 2017, 980 HSSE observations were recorded by employees and contractors, an average of just over 80 per month.



EMERGENCY MANAGEMENT

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

We reviewed our emergency response procedure in 2017, with the help of an independent third-party. We conduct simulated emergency exercises every month, in which role players carry out actions, functions and responsibilities that would be expected of them in a real emergency. These exercises are used to validate plans and procedures, as well as to practice prevention, mitigation, preparedness, response and recovery capabilities.

The emergency exercises cover fire, hazardous materials, medical, rescue and environmental risks that are credible risk scenarios. There are two types of exercises that we regularly undertake:

- discussion-based, which are typically table-top exercises aimed at familiarizing participants with current plans, policies, agreements and procedures and developing new ones;
- operations-based, which are exercises that validate plans, policies, agreements and procedures, clarify roles and responsibilities, and identify resource gaps in an operational environment. Specific operations-based exercises include drills, functional exercises and full-scale exercises and include emergency activities such as firefighting, managing hazardous materials, patient rescue and care salvage and decontamination.

The mutual aid capacity of MIC (Mesaieed Industrial City) is also regularly tested as these exercises are done in close coordination with MIC Emergency Services.

OPERATING RELIABLY AND SAFELY



HEALTH AND SAFETY

HEALTH AND SAFETY PERFORMANCE	2013	2014	2015	2016	2017
Work hours (employees)	469,968	542,016	496,408	462,648	442,839
Work hours (contractors)	940,120	2,819,236	559,160	593,568	764,469
Employee fatalities	0	0	0	0	0
Contractor fatalities	0	0	0	0	0
Employee lost-time injuries	0	0	0	0	0
Contractor lost-time injuries	0	0	0	0	0
Employee total recordable injuries	0	0	0	0	0
Contractor total recordable injuries	0	1	0	1	1
Employee occupational illnesses	0	0	0	0	0
Heat stress events	0	0	0	0	0

Occupational health and safety continues to be an integral part of our business decision making at QAFAC. It is vital that we meet the highest occupational health and safety standards in all our operational activities. We believe that excellence in managing workplace health and safety is a key component of our long-term success. This extends beyond solely ensuring our workers' safety on site; we provide training and education to help people improve their general well-being.

Our goal is to ensure 'Zero Harm' to all employees, contractors, visitors, customers and shareholders. We manage safety throughout all our business units by having robust systems and procedures in place and by building a culture of safe operations.

We were very proud to reach 10 million safe work hours for contractors in 2017 - a remarkable achievement.

DID YOU KNOW?

VEHICLES POWERED BY METHANOL ENGINES CAN REDUCE GREENHOUSE GAS EMISSIONS BY **25-35%**

COMPARED TO TRADITIONAL GASOLINE, AND EMISSIONS ARE ALSO LESS REACTIVE, REDUCING URBAN OZONE, A MAJOR COMPONENT OF SMOG."

The Methanol Institute
www.methanol.org

HEALTH AND SAFETY TRAINING

Our employees receive appropriate health and safety training, not only to protect their own wellbeing, but also to protect their colleagues. Our aim is to build and sustain a positive safety culture.

This begins from the earliest days of an individual's time at QAFAC: all new employees must undergo HSSE Induction training which includes information on risk assessment, waste management, environmental awareness, and the emergency response plan.

In 2017, we provided more than 6,700 HSSE training hours, covering a diverse range of topics such as emergency response training, first aid, heat

stress awareness and permit to work processes. Approximately 93% of the training hours were provided internally.

Throughout the reporting year, QAFAC invested \$217,550 in total on HSSE training in addition to other career and skills development training programs. The average cost of training per employee was \$665 and average training time provided was 21 hours per employee.

HSSE TRAINING: 2017

TRAINING NAME	NUMBER OF TRAINEES PLANNED	NUMBER OF TRAINEES ATTENDED	TRAINING DURATION (HOURS)	TOTAL TRAINING HOURS PROVIDED
Emergency Response Team training	367	305	8	2,440
Confined space entry	48	48	8	384
Permit to Work (PTW)	61	61	8	488
PTW (Refresher)	21	21	2	42
Heat Stress awareness	92	92	1	92
Emergency Response Plan awareness	47	45	2	90
Basic First Aid	14	10	2	20
Advance First Aid	14	13	16	208
Authorized Gas Tester - AGT	35	31	8	248
Safety Induction (DVD) Employees / Trainees	25	25	2	50
Safety Induction (DVD) Contractors	1,333	1,333	2	2,666
Energy control procedure	15	15	8	120
Life saving rules	205	200	2	400
Total training	2,277	2,199	-	6,728

OCCUPATIONAL HEALTH

Throughout the year, we have run a range of information campaigns to increase awareness of health-related issues such as influenza, heat illness, strokes, high cholesterol, and cardiovascular disease (CVD). Their aim is to raise awareness of the need for health lifestyles, including a balanced diet and the benefits of food safety.

QAFAC's MIC clinic provided our employees with flu vaccinations and CVD screenings to minimize the risk of illness.

Heat stress

We have a comprehensive approach to heat stress management in order to manage employees' and contractors' ability to work in highly challenging, hot weather conditions. We use a monitoring heat index to keep everyone aware of the heat conditions and the precautions to be taken. In 2017, we updated our flag system to notify people of high risk conditions. For the past six years, we have not suffered a heat stress incident, which is a positive performance given that our people work in conditions where long heat waves are common.

Medical check on QAFAC employees

Prospective employees are given a health check to determine their fitness for performing their role. Thereafter, we require all our employees to undergo periodic medical checks at the MIC clinic, which has been certified by the Qatar Council for Healthcare Practitioners. These periodic checks allow us to carefully monitor and manage any health risks.

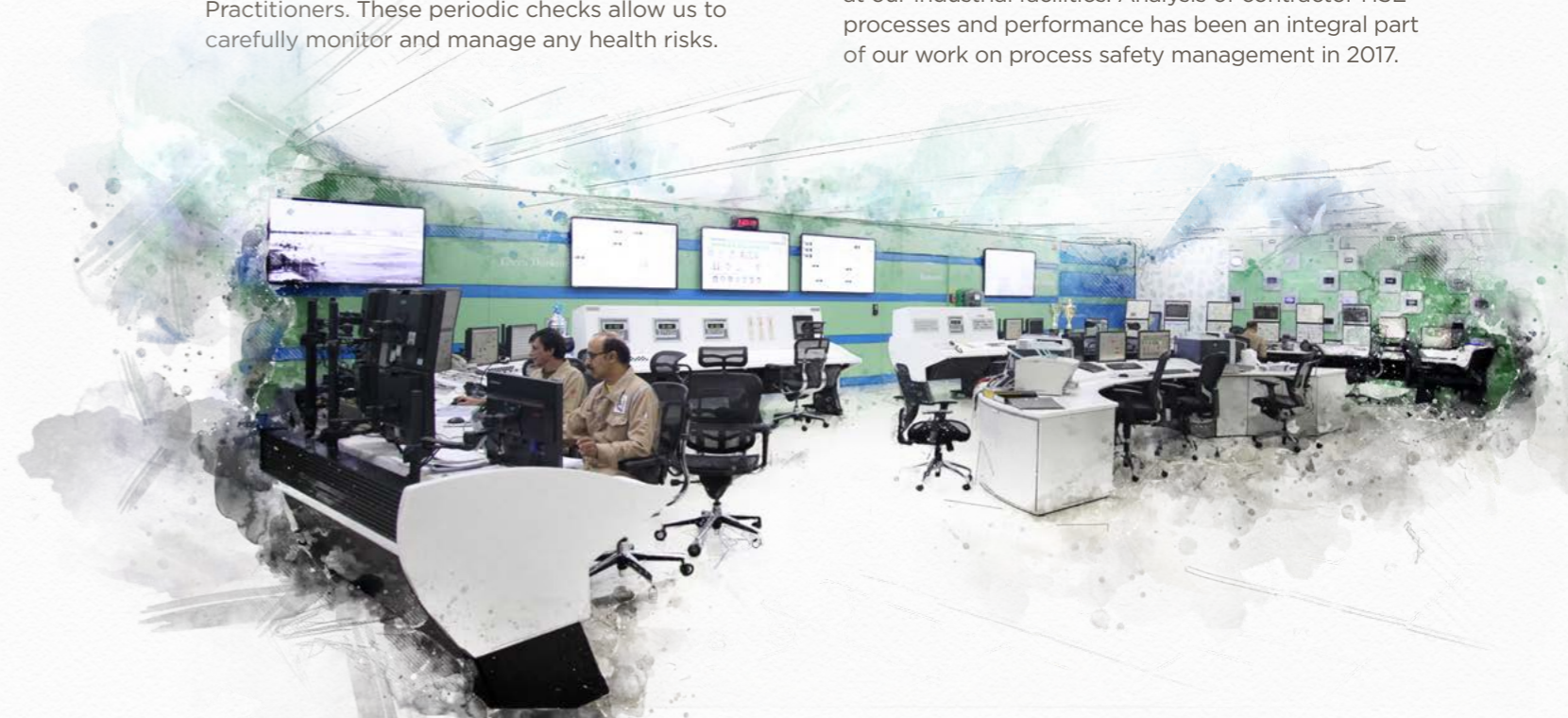
A good example of this kind of activity in 2017 was the focus on the physical fitness of our fire safety officers, which complemented their emergency response exercises designed to grow their competencies.

The medical clinic also carries out a wide range of health awareness campaigns. In 2017, these covered heat stress awareness, cancer, blood glucose, vitamin D deficiency, hydration, and the use of antibiotics. The clinic also leads health monitoring activities including drinking water sampling, hygiene inspections, nurses training, and first aid training.

Managing the safety and wellbeing of contractors

We work closely with our contractors to meet our safety standards and make no distinction between the standards we expect of employees and contractors. Everyone, whether employee or contractor, must meet the best industrial practices and international standards at all times.

Contractors form an integral part of our workforce and are involved during maintenance and upgrade work at our industrial facilities. Analysis of contractor HSE processes and performance has been an integral part of our work on process safety management in 2017.



Chapter 5

DEVELOPING OUR WORKFORCE

At QAFAC, we focus on talent development and growth. We help our employees build their skills and careers, and provide them with a safe, secure, and engaging work environment. Our performance management system not only provides a clear means of determining remuneration but is a valuable tool for objective setting and performance measurement.



WORKFORCE DIVERSITY

WORKFORCE COMPOSITION	2013	2014	2015	2016	2017
BY EMPLOYMENT LEVEL (NUMBER)					
Senior management	13	13	13	11	10
Middle management	21	21	21	18	17
Staff	295	364	348	308	300
BY NATIONALITY (NUMBER)					
Expatriates	254	266	284	241	236
Qatari nationals	75	98	98	96	91
Qatarization (% of Qatari employees in the total workforce of QAFAC)	23	27	26	29	33

WORKFORCE AGE PROFILE	2013	2014	2015	2016	2017
Employees aged 18-30	59	72	78	60	55
Employees aged 31-40	67	79	77	68	63
Employees aged 41-50	126	124	117	105	104
Employees aged 51-60	77	88	110	104	100
Employees aged 61 and above	-	35	-	-	5

FEMALE EMPLOYMENT	2013	2014	2015	2016	2017
Number of female employees	24	33	36	26	24
Female employment rate (%)	7.3	9.1	9.4	7.7	7.3
Females employees in senior management	-	1	1	1	1

Having a diverse and inclusive workforce helps us deliver more innovative and effective business outcomes. We are committed to fostering diversity and building an inclusive corporate culture where employees can reach their potential regardless of gender or ethnicity. We promote equal employment, training and career development opportunities for women. In 2017, women represented around 7% of the total workforce.

We also seek to help to address the challenge of youth unemployment. Through initiatives that build a pool of talented, young Qatari engineers. In 2017, people aged 18-30 made up around 17% of our total workforce, similar to the percentage in 2016.

ABDULLA BIN MOHAMMED AL KHALIFA

POSITION:

Assistant Personnel Administration Manager

STARTED WORKING AT QAFAC IN: 2017

What do you like about working at QAFAC?

I joined QAFAC in the last quarter of 2017, and I have been overwhelmed by the kindness of QAFAC employees, especially the family culture which is rare and unique. QAFAC employees are professional, and QAFAC is considered as one of the world-class companies in taking care of the welfare of its employees.

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

QAFAC is taking sustainability initiatives seriously. In the Personnel Division, we are in the process of shifting all paper transactions into our SAP system, where huge paper savings will be realized, as well as a better and more efficient utilization of manpower hours. Automating all these transactions will help free up employees' time to engage in more value-added work and less administrative tasks.

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

Sustainability is a coherent part of the Qatar Vision 2030, and I have implemented this in my own house. I have installed automatic light switches to save electricity and I am continuously directing to save water. In QAFAC, I have started to learn how sustainability can positively impact plant processes, and I am excited to learn and contribute to the further uptake of sustainability at QAFAC. I am sure that I will find further relevant sustainability practices that might be applicable in my daily life.



RECRUITMENT

Our aim is to remain a preferred choice for young engineers seeking a career. With a view towards attracting talented graduates, we participate in all major career fairs and are home to one of the most popular internship programs for local and international university students. We have been actively involved throughout 2017 in recruitment - seeking to provide new positions and take on new hires for existing position where possible.

We seek to hire talented people who will take our company forward. We make sure all new hires are equipped with the right tools to succeed at their jobs and are welcomed as part of the company. To attract the best in a highly competitive market, we offer carefully devised vocational training, on-the-job training, and align their values to the company's values.

Once in place, managing our talent pipeline is essential to ensure we have the right people in the right jobs, and to make sure our business can grow and meet its objectives.

With approximately 30% of QAFAC's workforce aged over fifty, we need clear succession plans for all critical senior roles to ensure business continuity. To prepare for the retirement of a large cohort of our workforce over the coming few years, which will reach its height in 2019-2020, we have identified the critical roles that would be difficult to fill quickly through external hire or internal succession. We have also identified junior personnel suitable for active development in the areas necessary for success in a given role.

DEVELOPING OUR PEOPLE

We encourage innovation and want to retain individuals who care about and want to contribute to our everyday success.

In continuation to our strategy of enhancing knowledge and support high flyer employees, QAFAC provide Masters' and Bachelors' degree sponsorship opportunities for Qatari professionals. Seven employees have successfully completed and achieved an overseas degree, and two ladies completed diploma level.

Our graduate engineering program was first introduced in 2015. Through this two-year program, freshly graduated engineers from Qatari universities can join QAFAC and rotate across maintenance and production functions, learning from the finest minds and using cutting-edge technologies. This initiative is not exclusive to Qatari nationals but applicants must be born and raised in Qatar.

Upon completion, graduates may be asked to join QAFAC as permanent employees. Nine individuals graduated from the program in 2017 and three have been offered full-time roles.

In addition to 17 QAFAC employees studying degree programs at overseas universities, five employees are engaged in courses at local universities, and five more undertaking diplomas in various disciplines locally.

We currently have 27 Qataris engaged on our local development program and 25 involved in our academic program. Three employees have undertaken Masters' degrees and one employee has been accepted in the prestigious Qatar Leaders program.

DEVELOPING OUR PEOPLE THROUGH TRAINING

Training and development are fundamental to how we develop our people. We provide our employees with diverse opportunities at managerial and specialist levels to develop their skills and experience.

In 2017, we invested approximately QR 7.3 million in training and development. We focused mainly on developing leadership and technical skills.

TRAINING	2013	2014	2015	2016	2017
Total number of training hours for total workforce	4,176	4,452	2,681	2,860	-
Average hours training per employee per year	12.7	12.2	7.0	10.7	-
Average hours training per employee for nationals	24	780	30	30	-
Total cost of training (QR)	14,184,346	10,930,711	15,912,657	8,760,000	7,290,112
Average cost of training per employee (QR)	43,113	30,029	41,656	6,993	-



QATARIZATION

Supporting the development of Qatari employees is part of our commitment to Qatar's National Vision 2030. We are making steady progress towards our goals in attracting, developing and retaining the best Qatari talents, by pursuing initiatives that gives Qatari employees the opportunity to reach their full potential. Our Qatarization rate currently stands at 33%, an increase from 29% in 2016. Our targeted rate for 2018 is 35%.

DID YOU KNOW?

“METHANOL CAN NOT ONLY BE USED AS A DIRECT TRANSPORTATION FUEL BUT ALSO AS A HYDROGEN CARRIER FUEL FOR FUEL CELL TECHNOLOGIES AND A FUEL FOR ELECTRIC POWER GENERATION.”

The Methanol Institute
www.methanol.org



RETAINING OUR PEOPLE

Staff turnover rate was low in 2017, at 2.1%, reflecting both our success at providing people with a rewarding work environment and external uncertainties in the labor market resulting from challenging economic conditions. Turnover for female employees remained low (1 individual) compared to male employees (6 individuals).

We carry out an employee engagement survey every other year, which gives employees an opportunity to communicate their feelings about the organization and their work. In 2017, we continued to address the findings from the 2016 results and will be undertaking the next survey in 2018.

STAFF TURNOVER	2013	2014	2015	2016	2017
Total number of employees who left the organization	9	4	18	30	7
Turnover by employment level (number)					
Senior management	2	0	1	0	1
Middle management	3	1	3	0	1
Staff	4	3	14	30	5
Turnover by gender (number)					
Male	8	4	16	23	6
Female	1	0	2	7	1
Turnover by age (number)					
Aged 18-30	0	3	2	5	0
Aged 31-40	2	0	5	6	3
Aged 41-50	4	1	2	8	0
Aged 51-60	3	0	9	11	14

At the close of 2017, we will be rewarding 37 employees who will have completed five, ten, 15 and 20 years of service with QAFAC. This will mark the first time since its establishment in 1991 that the company will be able to congratulate employees who have completed 20 years of service. This is a clear reflection that QAFAC is an organization that offers its employees excellent opportunities to build long-lasting careers.

2.1%

RECORD LOW STAFF TURNOVER OF JUST 2.1%

DID YOU KNOW?

“METHANOL IS USED AS A KEY COMPONENT IN THE DEVELOPMENT OF DIFFERENT TYPES OF FUEL CELLS - WHICH ARE QUICKLY EXPANDING TO PLAY A LARGER ROLE IN OUR ENERGY ECONOMY. FROM LARGE-SCALE FUEL CELLS TO POWER VEHICLES OR PROVIDE BACK-UP POWER TO REMOTE EQUIPMENT, TO PORTABLE FUEL CELLS FOR ELECTRONICS AND PERSONAL USE, METHANOL IS AN IDEAL HYDROGEN CARRIER. WITH A CHEMICAL FORMULA OF CH3OH, HAS MORE HYDROGEN ATOMS IN EACH GALLON THAN ANY OTHER LIQUID THAT IS STABLE IN NORMAL CONDITIONS.”

The Methanol Institute
www.methanol.org



“It is indeed an honor to be at the helm of an employee-centric organization that rewards the loyalty, hard work and dedication of our employees. I take immense pleasure in extending our hearty congratulations to the 37 long service employees who have completed five, ten, 15 and 20 years of glorious service with QAFAC. On behalf of QAFAC, I thank you all for your valuable contributions towards the ongoing success of the company.”

Khalid Sultan Al-Kuwari, CEO



Chapter 6

CARING FOR THE ENVIRONMENT

We recognize that our processes have potentially negative environmental impacts, and work therefore in accordance with robust environmental management systems to mitigate those potential impacts.

We are committed to preserving and protecting the natural environment and have a range of environmental conservation processes and activities.

المراقبة
جودة الهواء
AQMS (Ambient Air
Quality Monitoring System)
كمكان



CLIMATE CHANGE AND ENERGY EFFICIENCY

Climate change is a critical global challenge, representing an urgent and irreversible threat to the planet. We aim to contribute to the fight against climate change, while providing our products to meet present and future demand.

We seek to implement closed loop processes that result in cost savings, and reductions in emissions, waste and raw material use.

Our Carbon Dioxide Recovery (CDR) unit, which forms part of the methanol plant, continues to use production resources for maximum efficiency, while simultaneously avoiding significant emissions of carbon dioxide (CO₂). We have become self-sufficient in generating CO₂, which is used as an input material to produce methanol.

This in turn helps avoid CO₂ generation by other Qatari industries by approximately 500 tonnes per day. In addition to increasing methanol production, the CDR plant reduces water consumption by around 10% by recycling recovered water vapor from flue gases. It also results in lower NO_x emissions.

Energy efficiency has always been an important priority. By managing our energy consumption, we strive to increase cost efficiency in our operations and fulfil greenhouse gas targets. In 2017, energy intensity (measured as GJ/tonne of production) declined, following the increase in 2016.

ENERGY CONSUMPTION	2013	2014	2015	2016	2017
Direct energy consumption (natural gas diesel, purge gas, and off gases used as fuel) (GJ)	20,964,690	18,761,283	23,442,665	21,506,200	22,980,107
Indirect energy consumption (electricity) (GJ)	771,782	739,512	874,080	821,444	864,108
Total direct and indirect energy consumption(GJ)	21,736,472	19,500,795	24,316,745	22,327,644	23,844,215
Energy intensity (GJs/tonne production)	13.68	13.27	13.46	14.23	13.69

The installation of our Isothermal Methanol Converter (IMC) in 2015 enabled us to increase our efficiency in the use of natural gas by reducing the use of natural gas as feed-in material. The IMC continues to perform well, helping to improve the consistency of production.

GHG EMISSIONS	2013	2014	2015	2016	2017
Direct GHG emissions (diesel and fuel gases, scope 1) (tonnes CO ₂ e)	823,722	856,445	1,059,287	974,770	862,325
Indirect GHG emissions (electricity, scope 2) (tonnes CO ₂ e)	105,285	100,696	119,020	111,853	207,058
Total direct and indirect GHG emissions (tonnes CO ₂ e)	929,007	957,141	1,178,307	1,086,623	1,069,383
GHG intensity (tonnes CO ₂ e/tonne production)	0.58	0.65	0.65	0.69	0.61

NON-GHG AIR EMISSIONS	2013	2014	2015	2016	2017
SO _x (tonnes)	103	94	108	117	116
NO _x (tonnes)	1,363	1,254	1,371	1,237	1,185

Our production processes generate non-greenhouse gas air emissions such as sulphur dioxides (SO_x), oxides of nitrogen (NO_x) and particulate matter (PM). As a result, we continually seek to reduce these emissions. In 2017, total NO_x emissions declined by about 4% compared with 2016, continuing on the downward path seen over the past five years. SO_x emissions remained flat. We will continue with our efforts to reduce air emissions, in line with MME requirements and best practice.

One such initiative being pursued to reduce NO_x emissions is the SNCR project - selective non-catalytic reduction. This system aims to reduce NO_x emissions generated by fuel combustion in the methanol reformer. Engineering for the project is in progress, with a phased approach to its development before commissioning in 2019-2020. The project will help us to meet Ministry of Municipality and Environment requirements.

Commissioning of new AAQMS

We have recently commissioned a new state of the art Ambient Air Quality Monitoring System (AAQMS). The new monitoring system will help us make better assessments of air quality in MIC. It is in compliance with international ambient air monitoring specifications and will help us in meeting local regulatory requirements.

The monitoring system is capable of monitoring lower atmosphere ozone, sulphur dioxides, polycyclic

aromatic hydrocarbons (PAH), solar radiation, particulate matter (PM2.5 and PM10), nitrogen oxides and other metrological parameters like wind direction, wind speed, temperature and relative humidity.

Data will be shared with neighboring industries for facilitating different air capacity modeling studies. This monitoring system has the capacity to integrate with central data collection systems run by the Ministry of Municipality the Environment, which will help in monitoring ambient air quality at the state level.



Ambient Air Quality Monitoring Station

Flaring	2013	2014	2015	2016	2017
Flaring of off-specification gases (MMSCM)	103	94	108	117	116

Flaring

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

We are applying the hydrogen recovery approach to minimize flaring, which allows us to re-inject hydrogen instead of flaring. In addition to minimizing flaring, this approach also reduces the use of raw materials.

We are continuing with efforts to remove hydrogen sulphide (H₂S) from RED regeneration net gas by installing caustic scrubbing units. Net gas will be used as fuel in the fuel network. We are also planning to install a caustic treatment plant to treat the spent caustic before sending it to the effluent treatment plant. The project feasibility study is currently in progress.

In 2017, our flaring reduced to levels that are more typical of the previous five years, following the process interruptions which caused flaring to rise significantly in 2016.

Indoor air quality

Indoor air quality (IAQ) is about having clean air inside our office buildings and is important in protecting the health and wellbeing of our employees.

We have installed state-of-the-art portable monitoring equipment to measure 16 air quality parameters. To date, all parameters are normal in relation to industrial guidelines for indoor air quality. In 2017, we have completed two rounds of indoor air quality monitoring in all QAFAC complex buildings.

DID YOU KNOW?

“METHANOL HAS A LONG HISTORY OF USE IN RACING VEHICLES WHERE IT IS VALUED BOTH FOR ITS POWER PRODUCING PROPERTIES AND ITS SAFETY ASPECTS RELATIVE TO GASOLINE: IT IS HARDER TO IGNITE, IT BURNS MORE SLOWLY, IT EMITS NO BLACK SMOKE AND EMITS LOWER RADIANT ENERGY, WHICH MAKES SURROUNDING MATERIALS LESS LIKELY TO CATCH FIRE.”

The Methanol Institute



WATER MANAGEMENT

Water efficiency forms an integral part of our environmental management approach. To overcome our water scarcity challenges, we have wastewater treatment units that enable us to treat water and reuse it in our operations and irrigation.

We are always seeking enhancements that can reduce our water use. On occasion, initiatives which achieve this also deliver reliability benefits. For example, we have recently installed a new filter to remove dust from the flow of natural gas, which had been causing problems such as equipment fouling and instrument choking, resulting in reduced throughput. The introduction of the new filter has saved water and reduced demands for instrument maintenance.

A long-term project to improve our sanitary and process waste streams was completed in 2017. The project, initiated in 2015, sought to enhance the performance of the wastewater treatment plant and improve the quality of treated water to meet Ministry of the Environment specifications.

A number of modifications were made to the sanitary sewage treatment unit and to the process waste water treatment facilities. Water from this modification will be fed to QAFAC 'near zero liquid discharge' project, in which 85% of process waste water will be recovered.

We continue to participate in a brine study initiated by all MIC industries to test the effects of brine on marine ecosystems as well as the point of dilution in both winter and summer months. The study is expected to be completed in 2018.

Our total use of water (both purchased, and company-generated) increased in 2017 when compared to the previous year. In 2017 (as in 2016), 50% of the sanitary wastewater was reused in irrigation of the trees around plant facilities and the main road leading to QAFAC, known as the 'Green Belt.'

WATER CONSUMPTION AND WASTEWATER DISCHARGE	2013	2014	2015	2016	2017
Fresh water used, purchased (m ³)	1,563,951	1,219,204	1,132,829	1,054,688	1,088,820
Fresh water used, company generated:	-	125,615	814,680	723,250	782,531
• of which water recovered and reused from CDR plant (m ³)	-	125,615	315,360	222,563	275,590
Total wastewater generated, including non-contact cooling water (m ³)	720,960	484,961	567,859	501,902	529,694
Water discharged, including non-contact cooling water (m ³)	317,724	258,463	276,744	250,788	266,937
Recycled wastewater discharged to the Green Belt (m ³)	403,235	226,498	291,115	251,114	262,757
Share of wastewater recycled to the Green Belt (%)	56	47	51	50	50
Percentage of water recycled and reused (%)	0	10	72	69	72



WASTE MANAGEMENT

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

DID YOU KNOW?

“FROM A COMBUSTION POINT OF VIEW, METHANOL IS REGARDED AS A SAFER FUEL THAN PETROL, AS IT BURNS MORE SLOWLY AND DEVELOPS LESS HEAT.”

The Danish Technological Institute
www.dti.dk

WASTE GENERATION AND RECYCLING	2013	2014	2015	2016	2017
Total waste disposed (tonnes)	682	658	695	1,074	801
Total industrial waste (hazardous) disposed to MIC Hazardous Waste Treatment Center (tonnes)	518	493	508	825	485
Reclaimed amine waste sent for Incineration (tonnes)	-	19	43	55	60
Domestic waste (tonnes)	164	146	144	194	256
Oil waste, recycled (tonnes)	20	66	58	24	17
Total waste recycled (tonnes)	21	66	64	45	43

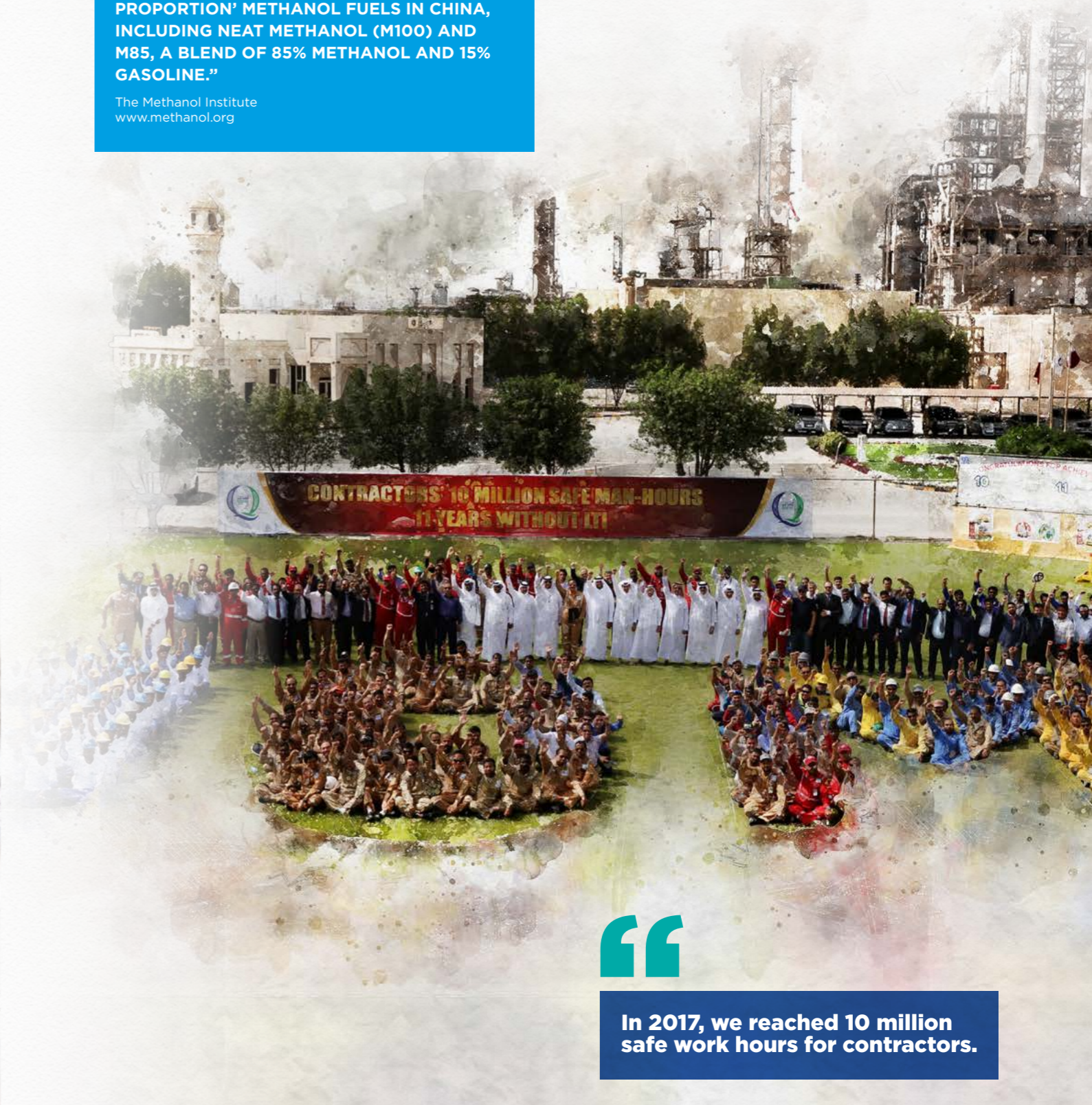


In 2017, QAFAC constructed a state-of-the-art temporary hazardous waste storage area. The area is equipped with a heat and fire detection system as well as a spill containment system.

DID YOU KNOW?

“METHANOL REPRESENTS 7% OF CHINA'S TOTAL TRANSPORTATION FUEL POOL. OVER THE PAST FEW YEARS, 470,000 TAXIS, TRUCKS AND BUSES HAVE BEEN CONVERTED TO RUN ON 'HIGH PROPORTION' METHANOL FUELS IN CHINA, INCLUDING NEAT METHANOL (M100) AND M85, A BLEND OF 85% METHANOL AND 15% GASOLINE.”

The Methanol Institute
www.methanol.org



“

In 2017, we reached 10 million safe work hours for contractors.

CARING FOR THE ENVIRONMENT

Chapter 7

STRENGTHENING OUR SOCIETY

We recognize that how we conduct our business can have wide-ranging socio-economic impacts on local communities. Our aim is to create shared value for all our stakeholders, so our purchasing decisions across our value chain play an important role.

The support we extend to local businesses is aligned to our company goals and QNV 2030, which includes supporting local procurement to help develop the national economy, creating long-term jobs and hiring locals to ensure the development of Qatar's human capital, improving quality of lives, and addressing the needs of the local community.



INDIRECT ECONOMIC IMPACT

SUPPORTING LOCAL SUPPLIERS	2013	2014	2015	2016	2017
Percentage of locally based suppliers (% of total suppliers)	65	65	60	61	61
Local suppliers paid amount – total (QR '000)	90,170	92,391	101,778	91,427	29,511
Percentage of spending on local based contractors and suppliers (% of total spending)	78	71	77	74	72

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

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

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

department has also renegotiated several long-term contracts, generating significant savings.

In 2017, 74% of our total procurement spending was awarded to locally based contractors and suppliers, a 2% decrease compared to 2016.

Procurement will continue to play an important part in the success of the plant turnarounds planned in early 2019. Successful purchase planning, especially for long-lead items, will enable a smooth transition by ensuring equipment is available as per schedule, eliminating delays. We have continued with these plans throughout 2017.

DID YOU KNOW?

“METHANOL'S HIGH OCTANE AND OXYGEN CONTENT PRODUCE A CLEANER BURNING GASOLINE WHICH SIGNIFICANTLY LOWERS VEHICLE EXHAUST EMISSIONS. WHEN PRODUCED FROM NATURAL GAS OR BIOMASS, METHANOL FUEL HAS A LOWER CARBON INTENSITY (OR CARBON FOOTPRINT) THAN GASOLINE PRODUCED FROM PETROLEUM.”

The Methanol Institute
www.methanol.org



ALI IBRAHIM AL-BEHAH

POSITION:
Head of Contracts

STARTED WORKING AT QAFAC IN:
2002

What do you most like about working at QAFAC?

There are many opportunities to interact with fellow employees across the company at QAFAC. I find that I am always crossing new horizons and learning something new from consultants. I enjoy this type of working environment and I think that QAFAC has done a great job at building a healthy work culture.

Moreover, I am grateful for the opportunities to grow professionally. I first joined QAFAC as an electrical technician. I have gained various educational credentials, including an MBA, through the talent enhancing program provided by QAFAC management.

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

QAFAC has enhanced its approach to contractor management. As contractors are integral to the operations of the company, we are making every attempt to ensure that we are building lasting partnerships with our contractors. QAFAC is also working to enhance how it assesses contractors, to ensure that they uphold the highest standards for safety, health, and well-being.

How has your knowledge about sustainability at work transferred to your own life?

I believe that education and innovation are important. Helping others learn and grow intellectually is one of the greatest things you can give. Just as QAFAC has provided educational opportunities to me, I like to give back to others when I can. I worked with a group of students from the Qatar Foundation on a project titled, "Green Home: Sustainable Energy Management and Home Automation," for which they won a prize. It was exciting, and I am proud of the students' achievement.



MADE IN QATAR

In 2017, QAFAC was an active participant in the Qatar Petroleum (QP) stand, which brought together all QP subsidiaries under one roof at the 5th edition of the Made in Qatar exhibition, held in December, at Doha Exhibition and Convention Center. Organized by Qatar Chamber in cooperation with the Ministry of Energy & Industry, the Made in Qatar exhibition is the largest industrial exhibition in the country.

Its main objective is to support and promote Qatari products in the country's pursuit of achieving self-sufficiency and reducing its dependence on imports.

More than 320 local companies participated in the exhibition, attended by a record 15,000 visitors. The exhibition served as a major networking interface between local manufacturers, businessmen, investors and consumers.

STRENGTHENING OUR SOCIETY

DID YOU KNOW?



METHANOL IS BROKEN DOWN NATURALLY IF DISCHARGED INTO NATURE AND CAN BE DILUTED WITH WATER IN THE CASE OF MAJOR DISCHARGES.

The Danish Technological Institute
www.dti.dk

QATARIZATION

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

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

SUPPORTING EDUCATION AND TRAINING	2013	2014	2015	2016	2017
Number of Qatari students sponsored to study in universities abroad	14	9	9	21	-
Number of Qatari students sponsored to study in university/technical school in Qatar	10	8	8	12	-
Number of trainees and interns at QAFAC	16	20	13	17	-
Number of QAFAC employees supported to complete their education	-	33	40	33	-
Total cost for supporting Qatari students and QAFAC employees in their education (QR)	-	-	2,268,050	2,758,065	-

CONTRIBUTION TO RESEARCH AND INNOVATION

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

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

DID YOU KNOW?



BENZENE, XYLENE, AND PARTICULATE MATTER ARE ALL ELIMINATED, AND SINCE METHANOL IS LESS REACTIVE IN THE ATMOSPHERE, IT ALSO REDUCES GROUND-LEVEL SMOG PRODUCTION WHICH HAS A MAJOR IMPACT ON HEALTH IN URBAN ENVIRONMENTS."

The Methanol Institute
www.methanol.org



SUPPORTING THE NEEDS OF SOCIETY

As a Qatari company, we play an important role in contributing positively to Qatari society. We strongly believe that in addition to operating responsibly and ethically, we can make a broader contribution to local communities. We are committed to supporting development programs with benefits that are based on the needs of communities, improve quality of life, and create a sustainable future.

Our CSR policy, which has been in place since 2015, prioritizes the issues of most importance to our stakeholders and which are most likely to have a positive impact on the community. Its focus is on meeting society's needs in health, education, environmental awareness, and sports.

QAFAC's Corporate Social Responsibility Committee screens all community activity proposals that fall under our four focus areas, supporting those programs aligned with QNV 2030 and addressing the needs of all segments of society.

INVESTMENT IN COMMUNITY INITIATIVES	2013	2014	2015	2016	2017
Community investment (QR)	1,185,593	7,655,618	17,157,000	7,826,000	1,144,916
COMMUNITY INVESTMENT BY AREAS OF IMPACT (QR)					
Spent on educational initiatives	2,390,392	601,139	2,020,000	900,124	971,059
Spent on environmental initiatives	513,398	836,476	928,200	38,399	105,976
Spent on safety initiatives	497,035	2,376,589	291,200	32,928	13,350
Spent on health initiatives	202,227	6,751,248	928,200	140,519	24,280
Other	-	6,750,540	3,658,400	32,947	3,603

SUPPORTING THE SPIRIT OF QATAR

In December 2017, QAFAC joined the nation in celebrating the national day of Qatar. The event marked a wide range of activities that paid tribute to the rich and diverse heritage and culture of Qatar.

Qatari flags adorned the premises of both the head office and the Mesaieed office and cake cutting ceremonies, in commemoration of Qatar's national day, were held at both venues.

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



We are proud to be the citizens and residents of a nation that continues to demonstrate enviable levels of resilience in the midst of trying challenges. We reaffirm our solidarity and loyalty to our beloved nation as it embarks on a series of path-breaking initiatives that will catapult it to unprecedented levels of progress and development.”

Khalid Sultan Al-Kuwari, CEO

ANNEXES



ANNEX 1. GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organizational profile	
	102-1 Name of the organization	Qatar Fuel Additives Company Limited
	102-2 Activities, brands, products, and services	32
	102-3 Location of headquarters	Doha, Qatar
	102-4 Location of operations	QAFAC operates only in Qatar
	102-5 Ownership and legal form	11,12
	102-6 Markets served	QAFAC products are sold in Asia and in the Middle East
	102-7 Scale of the organization	32,35,52
	102-8 Information on employees and other workers	52
	102-9 Supply chain	14,15
	102-10 Significant changes to the organization and its supply chain	No significant changes
	102-11 Precautionary Principle or approach	Embedded in QAFAC's approach to sustainability management
	102-12 External initiatives	QNV 2030
	102-13 Membership of associations	27
	Strategy	
	102-14 Statement from senior decision-maker	7,9
	102-15 Key impacts, risks, and opportunities	7,9, 22-23
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	13
	Governance	
102-18 Governance structure	13	
Stakeholder engagement		
102-40 List of stakeholder groups	26	
102-41 Collective bargaining agreements	Trade unions are not allowed in Qatar	
102-42 Identifying and selecting stakeholders	26	
102-43 Approach to stakeholder engagement	26-29	
102-44 Key topics and concerns raised	26	
Reporting practice		
102-45 Entities included in the consolidated financial statements	Financial statements include the activities of QAFAC and no other entity	
102-46 Defining report content and topic Boundaries	4,28,78	
102-47 List of material topics	28	
102-48 Restatements of information	No restatements	
102-49 Changes in reporting	No significant changes	
102-50 Reporting period	January 1, 2017 - December 31, 2017	

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 102: General Disclosures 2016	102-51 Date of most recent report	2016
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	4
	102-54 Claims of reporting in accordance with the GRI Standards	4
	102-55 GRI content index	74-77
	102-56 External assurance	Not assured

GRI Standard	Disclosure	Page number(s) and/or URL(s)
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31
	103-2 The management approach and its components	31
	103-3 Evaluation of the management approach	32,35
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	32,35
	201-4 Financial assistance received from government	No financial assistance received from the government
Market Presence		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	56,71
	103-2 The management approach and its components	56,71
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	56
Indirect Economic Impacts		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	68
	103-2 The management approach and its components	68
	103-3 Evaluation of the management approach	68
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	40
	203-2 Significant indirect economic impacts	68
Procurement Practices		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	68
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	68
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	13
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	13
GRI 300 Environmental Standards Series		
Materials		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24,64
	103-2 The management approach and its components	24,64
	103-3 Evaluation of the management approach	24,64
GRI 301: Materials 2016	301-2 Recycled input materials used	64
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24,60,61
	103-2 The management approach and its components	24,60,61
	103-3 Evaluation of the management approach	24,60,61
GRI 302: Energy 2016	302-1 Energy consumption within the organization	60
	302-2 Energy consumption outside of the organization	60
	302-3 Energy intensity	60
	302-4 Reduction of energy consumption	60

GRI Standard	Disclosure	Page number(s) and/or URL(s)
Water		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24,63
	103-2 The management approach and its components	24,63
	103-3 Evaluation of the management approach	24,63
GRI 303: Water 2016	303-1 Water withdrawal by source	63
	303-3 Water recycled and reused	63
Emissions		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24,60-62
	103-2 The management approach and its components	24,60-62
	103-3 Evaluation of the management approach	24,60-62
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	60-62
	305-2 Energy indirect (Scope 2) GHG emissions	60
	305-4 GHG emissions intensity	60
	305-5 Reduction of GHG emissions	60
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	61
Effluents and Waste		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24,63,64
	103-2 The management approach and its components	24,63,64
	103-3 Evaluation of the management approach	24,63,64
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	63
	306-2 Waste by type and disposal method	64
	306-3 Significant spills	64
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	25,51
	103-2 The management approach and its components	25,52,54-57
	103-3 Evaluation of the management approach	25,52,54-57
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	56
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	25,39
	103-2 The management approach and its components	25,42-49
	103-3 Evaluation of the management approach	25,42-49
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	47
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	25,48,55
	103-2 The management approach and its components	25,48,54,55
	103-3 Evaluation of the management approach	25,47,48,55
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	48,55
	404-2 Programs for upgrading employee skills and transition assistance programs	48,54

GRI Standard	Disclosure	Page number(s) and/or URL(s)
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	25,52
	103-2 The management approach and its components	25,52
	103-3 Evaluation of the management approach	25,52
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	52
Non-discrimination		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	25,52,54
	103-2 The management approach and its components	25,52,54
	103-3 Evaluation of the management approach	25,52
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Zero incidents
Child Labor		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	QAFAC does not have operations where there is significant risk of child labor. The company does not hire anyone under the legal working age in Qatar.
	103-2 The management approach and its components	13,25,36
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Zero
Forced or Compulsory Labor		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	QAFAC adheres to all laws relating to worker rights and follows international guidelines. QAFAC takes significant steps to help ensure that there are no violations of worker rights, including forced or compulsory labor among contractors.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	25, See 103-1 for Forced or Compulsory Labor above
Socioeconomic Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	13,36
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Zero incidents

ANNEX 2. REPORTING SCOPE AND BOUNDARIES OF MATERIAL TOPICS

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

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