



BACKSIDE COVER



FRONT SIDE COVER

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INSIDE BACK COVER





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



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



## About This Report

Welcome to Qatar Fuel Additives Company's first annual public sustainability report, presenting QAFAC's sustainability performance on key economic, environmental and social issues. This report has been prepared according to the Global Reporting Initiative (GRI) G3.1 framework and has been awarded a GRI application level of B.

## CHAIRMAN'S MESSAGE

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



The Qatar National Vision 2030 envisages the strategic utilization of Qatar's current strong economic status for a prosperous, sustained growth for Qatar and a high quality of living for the people of Qatar. The importance of the Vision has made contributing to it a responsibility borne by all: government agencies, companies, and individuals alike. At QAFAC, we have long taken it upon ourselves to help propel Qatar toward its aspirations, and we will continue to do so. One of our contributions to a thriving future for Qatar is the adoption of sustainability practices and sustainability reporting within our operations. In this, Qatar Fuel Additives Company's (QAFAC) first public sustainability report, I am proud to share with you our sustainability ambitions.

The chief of our sustainability ambitions is the fulfilling of our national mandate and shareholders' vision. Our national mandate is guided and inspired by the Qatar National Vision which, along with the National Development Strategy, provides us with the most important issues for Qatar in the economic, human, social, and environmental spheres. Our shareholders' vision is to maintain our status as a major producer of methanol and MTBE, measured by our economic performance as well as by our commitment to Qatar's most material human, social, and environmental issues. It is through the lens of our national mandate and our shareholders' vision that we set forth our sustainability ambitions.

The impact of our economic diversification and the environmental characteristics of our products, methanol and MTBE, comprise our first contribution to Qatar. It is our ambition to continue producing and supplying our products in a sustainable way, making us an industry leader in environmental, social, and human aspects. We have already demonstrated strong progress in environmental leadership by investing significantly in the Carbon Dioxide Recovery plant. This planned plant will capture carbon dioxide emitted from our operations and feed it back into our methanol production. Such a project will address Qatar's climate change concerns while improving our operational performance.

Finally, we are proud to present this report as our contribution to the Sustainable Development Industry initiative, a platform that encourages sustainable practices and transparency within the Qatari industrial companies' collective efforts toward achieving sustainability in Qatar.

A handwritten signature in black ink, appearing to be 'H. Al-Mohannadi', written over a horizontal line.

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



## GENERAL MANAGER'S MESSAGE

**NASSER JEHAM AL-KUWARI**  
General Manager



Sustainable development and sustainability management are concepts that were born in the early nineties, out of concern for humanity's impact on the earth and our ability to maintain a high quality of life for the current and future generations. Qatar has taken on the sustainability challenge through the Qatar National Vision 2030 and is fully committed to reaching a state of sustainable development and growth. At QAFAC, we share these sustainability concerns and look toward maintaining our development and enabling future generations to enjoy the quality of life we possess. Contributing to the development of the downstream economy is not enough; we seek to achieve this development in the most environmentally efficient and friendly manner possible. Finally, we place major focus on the QAFAC family and the Qatari people, working to provide them with the skills, knowledge and tools to succeed and enjoy a high-quality standard of living.

Given the international challenge of climate change, we have partnered with Mitsubishi Heavy Industries to build the largest Carbon Dioxide Recovery plant in the region, aimed at implementing the latest technologies in our production process. By separating CO<sub>2</sub> from output flue gas and injecting it into our methanol operations instead of emitting it into the atmosphere, we will reduce our CO<sub>2</sub> output by around 500 tonnes per day. This will generate a huge reduction of emissions in a carbon-intensive industry and will demonstrate our firm commitment to sustainability.

In addition to our economic and environmental goals, we also take social sustainability very seriously. We fully embrace the Qatarization goals put forth by the Qatar National Vision 2030 and we understand the value of cultivating local talent and providing local opportunities. Most importantly, we are working to minimize our environmental impact and climate change effects through adoption of innovative best practices.

In this report, we share with you our sustainability progress, performance and future ambitions. Our sustainability ambitions framework summarizes our approach and progress toward achievement of our national mandate and shareholders' vision – an approach that is conscious of the environment, community and our employees' needs. Through this report and future annual sustainability reports, we are proud to share our progress with you.

**NASSER JEHAM AL-KUWARI**  
General Manager



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Qatar Fuel Additives Company (QAFAC) is an embodiment of Qatar's long-term strategic planning to expand and diversify its petrochemical downstream industry. Since commencing our operations in 1999, we have established a sound governance structure guided by a strong vision, firm values, and extensive knowledge and expertise. Through the application of these qualities and others, we continue to play a role in Qatar's progress toward sustainable economic diversification.

### Our Roots

QAFAC is a joint venture established in 1991 by Industries Qatar, OPIC Middle East Corporation, International Octane LLC, and LCY Middle East Corp. QAFAC was formed with the goal of diversifying the downstream industry by utilizing Qatar's hydrocarbon resources to produce and export methanol and MTBE (methyl tertiary-butyl ether).

### Our Vision

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

### Our Mission

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.

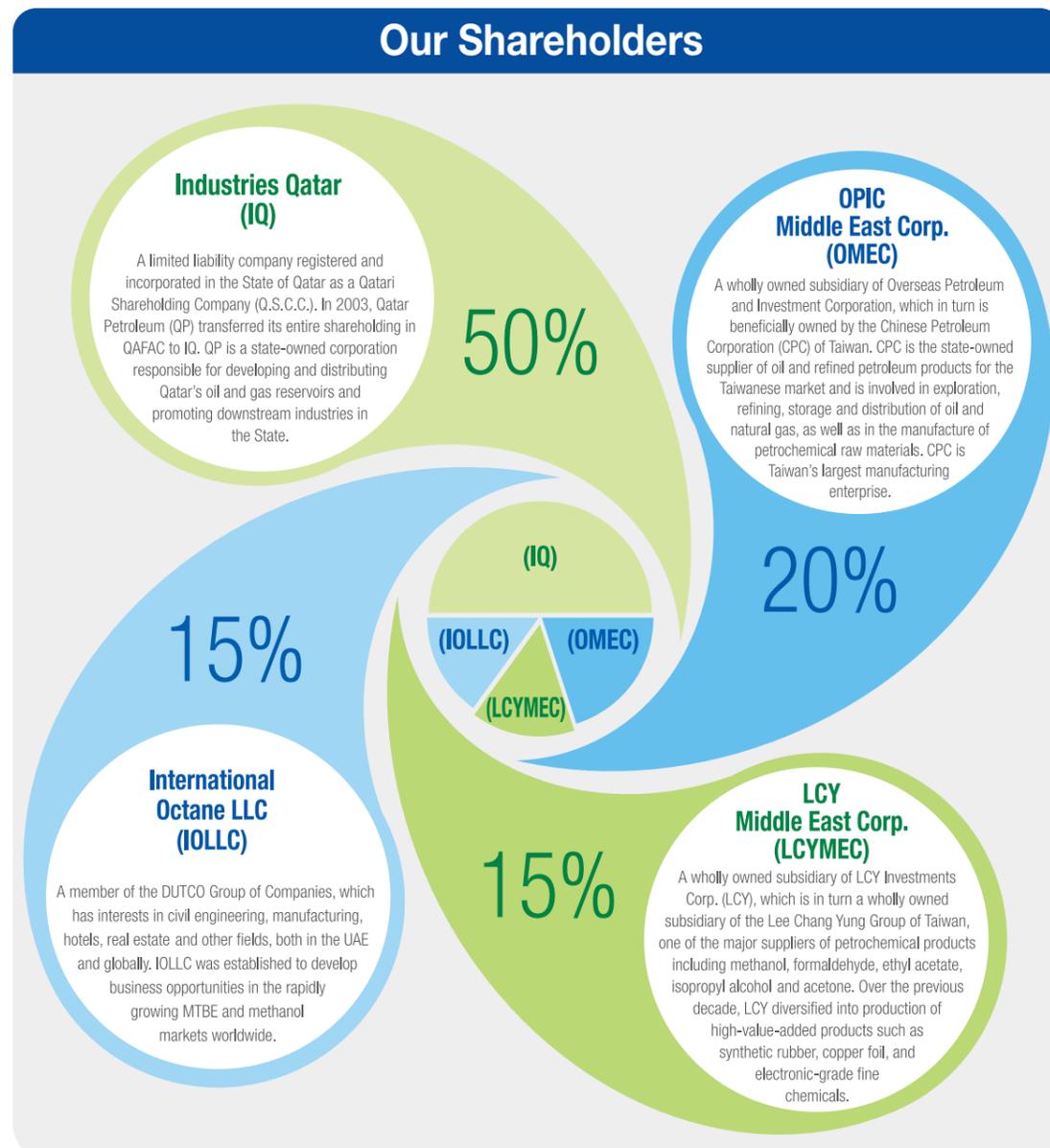


## Our Values

QAFAC continues to refine its business processes, reduce operating costs, and improve its efficiency through the development of and adherence to a system of values. These values are:

- Focus on quality
- Continued improvement of our processes and personnel
- Open and honest communication
- Utilization of our personnel to their fullest potential
- Cultivation of a team-based approach to problem solving
- Providing of employment opportunities to the people of Qatar
- Comprehensive planning

## Our Shareholders



## Our Future

2011 was a landmark year for QAFAC, during which we attained record levels of production and economic performance. QAFAC fully intends to use the momentum from 2011, and from our previous 13 years of operational excellence, to continue pushing our boundaries and achieve even greater success.

In 2012, we will be implementing new strategies and clearer operational procedures to ensure coordination and cohesiveness in achieving QAFAC's vision. These strategies, which involve fostering growth opportunities, pursuing active partnerships with our stakeholders, strengthening management systems, and increasing overall operational excellence, will provide us with a more efficient engine for reaching our goal: becoming one of the top global producers of methanol and its high-value derivatives.

## Good Governance

Our governance structure is built on a strong consciousness of ethics, accountability, and transparent communication. Maintenance of ethics and accountability is achieved via our compliance with regulations holding us accountable for conscientious operations, and transparency is accomplished via our regular communication to stakeholders of our progress toward commitments.

The publishing of this sustainability report is our most recent step along the road to transparency. In preparing this report, we disclosed over a hundred indicators of the Global Reporting Initiative (GRI) framework.

### Governance structure

Our highest governance body, the board of directors, consists of eight members representing each of our shareholders. Together they bring our shareholders' collective strategic knowledge and commitment to our mission, with the aim of guiding QAFAC's strategic direction and holding us accountable to our vision, ethical conduct, and regulations.

### Board of Directors

Hamad Rashid Al-Mohannadi – Chairman	Nasser Khalil Al-Jaidah – Vice Chairman
Abdulla Saleh	Chia-Chao Yeh
James Wu	Nasser Jeham Al-Kuwari – General Manager
Bowei Lee	Saad R. Al-Muhannadi

The board of directors meets quarterly with QAFAC's senior and executive management, who lead the implementation of the organization's strategy and direction.



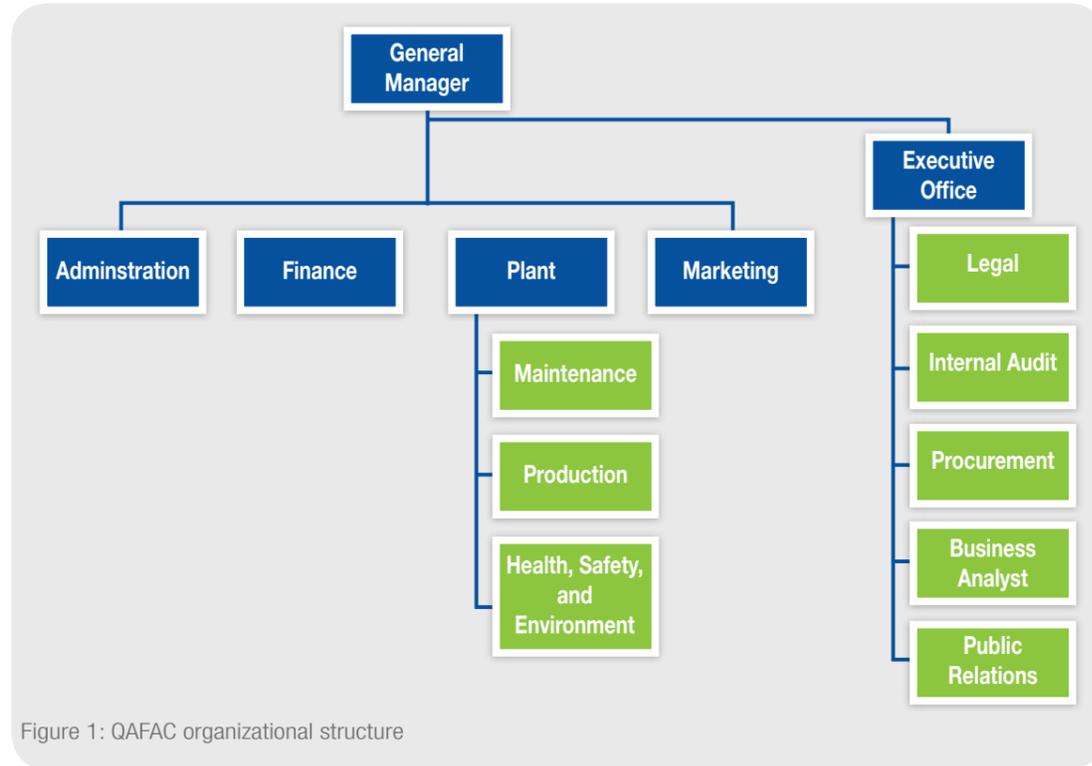


Figure 1: QAFAC organizational structure

## Ethics and Compliance

Ethical conduct and integrity are essential to strong and sound governance. At QAFAC, our Code of Conduct committee oversees adherence to our Ethical Conduct Guidelines, while our Internal Audit division reviews our processes to ensure compliance with all laws and regulations and to analyze risks of inadvertent non-compliance.

In 2011, The Code of Conduct committee reviewed the Ethical Conduct Guidelines to ensure the Guidelines' clarity and effectiveness in defining all ethical, conflict-of-interest, and corruption issues. The Code is integrated into the induction process of new employees, and each employee is required to sign a declaration indicating that he or she is aware of the Guidelines and will fully abide by them.

As mandated by the board of directors, all employees are responsible for, and are expected to declare, any issues of non-compliance or poor ethical conduct. The Code of Conduct ensures full anonymity for any person raising ethical, integrity, or conflict-of-interest concerns. Each member of the board files a conflict-of-interest statement annually and together with all employees must declare any conflicts of interest as they arise.

Assessment of compliance with laws and regulations is the responsibility of the Internal Audit department, which in 2011 conducted 3 audits for compliance with regulations and business processes. One 2012 goal of the Internal Audit department is to expand risk audits to cover all business units.



*The QAFAC vision establishes a strong foundation for our sustainability ambitions, as it defines our success by our commitments to operational excellence, to Qatar and Qataris, to our employees and to the environment.*

## Our Sustainability Ambitions



In this, our first public sustainability report, we are proud to present our sustainability ambitions for 2012 and beyond. The QAFAC vision establishes a strong foundation for our sustainability ambitions, as it defines our success by our commitments to operational excellence, to Qatar and Qataris, to our employees, and to the environment. Building on our vision and values, we have determined our most material sustainability ambitions by incorporating a full understanding of the issues most important to our stakeholders and by aligning our goals to address these issues.

### Material Sustainability Issues

Our sustainability ambitions are guided by our keen awareness of the issues and concerns that are most important to our stakeholders. Constant engagement with our stakeholders enables us to cultivate this awareness, and transform it into understanding; we are thus able to respond to our stakeholders' most material issues, and report on our performance, through sustainability management. The table below reflects this dynamic of stakeholder engagement, issue awareness, and issue response.

Our Stakeholders	Methods of Engagement	Material Issues	Methods of Response
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> <li>Quarterly board meetings</li> <li>Active participation in QAFAC's management team</li> <li>Annual and sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Financial Performance and economic growth</li> <li>Legal compliance</li> <li>Governance</li> <li>Transparency and accountability</li> <li>Shareholders' sustainability mandate</li> <li>Ethics</li> <li>Operational innovation and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Board committees</li> <li>Monitoring and ensuring of compliance through Internal Audit Department and ethics committee</li> <li>Developing and planning of strategic direction</li> <li>Initiation of sustainability management policies and guidelines</li> <li>Proactive participation in the SDI (Sustainable Development Industry) initiative</li> </ul>
 <p>Industry Partners (customers, suppliers, industry association)</p>	<ul style="list-style-type: none"> <li>Participation in conferences and exhibitions</li> <li>Open communication and dialogue</li> <li>Customer satisfaction surveys</li> <li>Customer evaluation surveys</li> </ul>	<ul style="list-style-type: none"> <li>Production and business continuity</li> <li>Product responsibility</li> <li>Mutual aid and collaboration</li> <li>Supply chain management</li> <li>Service excellence</li> <li>Open and effective communication</li> <li>Fair business dealing</li> </ul>	<ul style="list-style-type: none"> <li>Regular dialogue with customers and partners</li> <li>Membership in industry associations</li> </ul>
 <p>Environment</p>	<ul style="list-style-type: none"> <li>Open and full communication with the Ministry of Environment</li> <li>Continual monitoring and assessing of our impact on the environment</li> <li>Sustainability reporting</li> <li>Participating in environmental initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Climate change</li> <li>Water consumption</li> <li>Resource management</li> <li>Energy consumption</li> <li>Waste management</li> <li>Compliance with environmental regulations</li> <li>Product impact and responsibility</li> <li>Supply chain impact</li> <li>Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Investment in the CDR (Carbon Dioxide Recovery) program</li> <li>Implementation of Flare Loss Monitoring program</li> <li>Implement waste and environmental management systems</li> <li>Regular reporting of environmental performance</li> </ul>
 <p>Qatar</p>	<ul style="list-style-type: none"> <li>Open dialogue and collaboration with government agencies</li> <li>Career fairs</li> <li>Interaction with families of employees</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with all regulations</li> <li>Recruitment and development of local talent</li> <li>Involvement with local community for the career opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Development of community engagement strategy</li> <li>Contribution to community needs</li> <li>Improvement of Qatarization rates</li> </ul>

Our Stakeholders	Methods of Engagement	Material Issues	Methods of Response
 <p>Employee</p>	<ul style="list-style-type: none"> <li>Participation in exhibitions and conferences</li> <li>Educational/HSE awareness sessions</li> <li>Employee satisfaction surveys (every four years)</li> <li>Open style meetings with Management</li> <li>Informal career planning</li> <li>Intranet</li> <li>E-mail communications</li> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Community contribution</li> <li>Awareness of our products' significance and impact</li> <li>Local sourcing</li> <li>Workforce capacity and training</li> <li>Engagement and open communication</li> <li>Transfer of knowledge and succession planning</li> <li>Employee satisfaction</li> <li>Safety during operations, maintenance shutdowns, and projects</li> <li>Career and personal development planning</li> <li>Employee wellbeing</li> <li>Occupational health and fitness</li> <li>Rewards and recognition</li> <li>Emergency preparedness and trained safety staff</li> <li>Diverse and inclusive work atmosphere</li> </ul>	<ul style="list-style-type: none"> <li>Recognition and awards</li> <li>Employee-community activities</li> <li>Development and training</li> <li>Heat stress campaigns</li> <li>Periodic baseline medical examinations</li> <li>Strong emergency preparedness measures</li> <li>Achievement of OSHAS 18001 Certification</li> <li>Certification of international safety standards and best practices (e.g., RoSPA)</li> </ul>

## Our Ambitions Framework

QAFAC's sustainability ambitions represent our dedication to our stakeholders' most important issues, examined and focused through the lens of QAFAC's vision, mission and values. Our ambitions have been presented in a framework, to be used as a tool for our ongoing sustainability reporting.

The guiding star of our ambitions framework is our commitment to fulfilling Qatar's national mandate and the vision of our shareholders (pg. 14). We are proactive in aligning our ambitions with the QNV 2030 as well as with Qatar's National Development Strategy (NDS) 2011-2016. Maintenance of strong operational and economic performance is another core element of our framework, allowing us to meet our shareholders' economic targets while contributing strongly to diversification of the downstream industry.

QAFAC is a global provider of MTBE and methanol, supplying over 60% of its product to markets outside the Middle East. Our strategy for the company involves enhancement of our global position, becoming a leader in MTBE and methanol production and quality (pg. 27) while maintaining our excellence in health, safety and environment.

As a member of the petrochemical industry, we are keenly aware of our role and responsibilities in tackling climate change and environmental impact challenges. It is our ambition to manage and minimize our environmental impact and to mitigate climate change effects caused by our operations (pg. 37).

QAFAC is a proud member of the community fabric of Qatar. Whether by contributing to local communities through our Qatarization efforts, or through supporting local organizations, or by directly benefiting Qataris, QAFAC is fully committed to advancing good citizenship (pg. 49).

QAFAC's employees are its family and they are the engine that drive our operations. We are therefore dedicated to ensuring their safety, health, personal development and overall wellbeing (pg. 53).

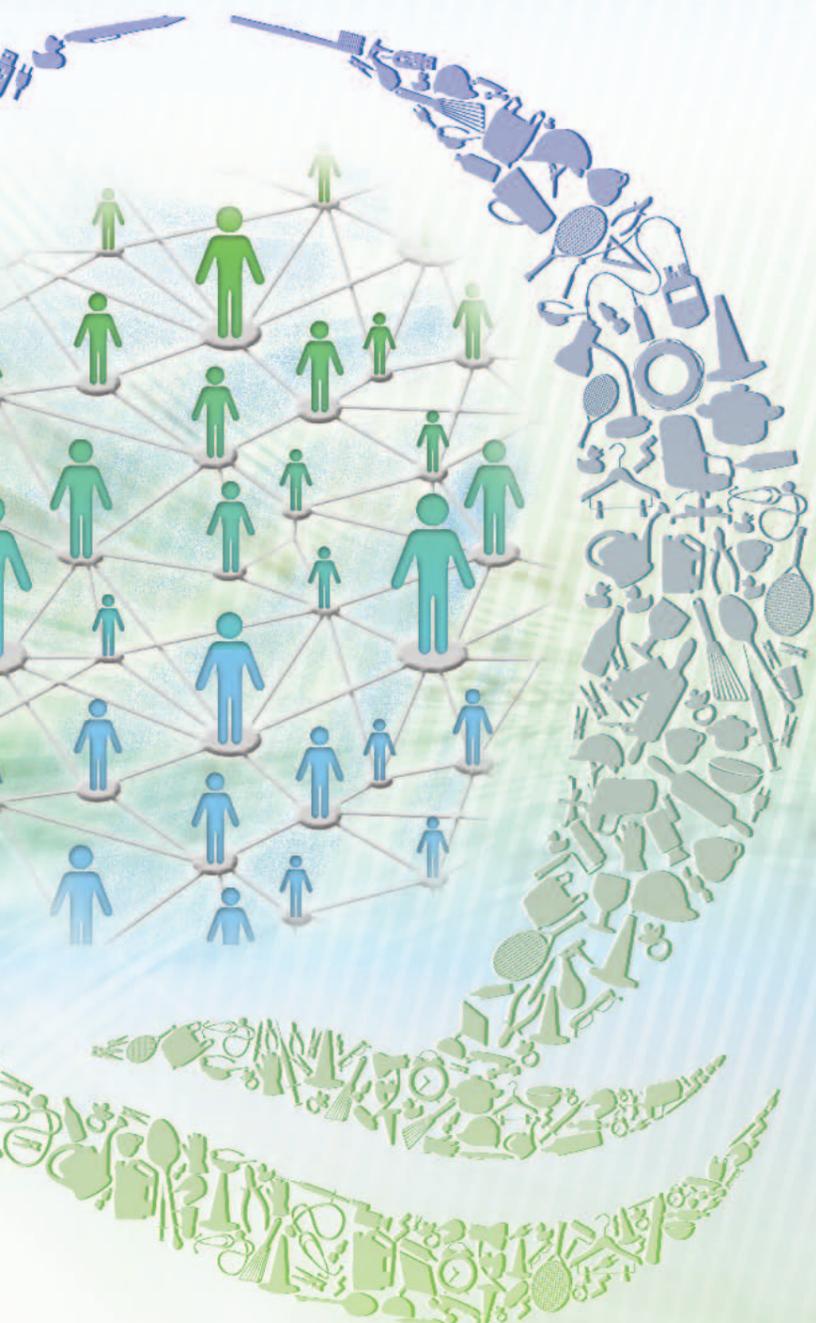


## Sustainability Management Committee

Achievement of sustainability is a continuous journey, one that requires diligent implementation of sustainability principles throughout all operations. QAFAC is fully committed to all such implementations. In 2012, our goal is to establish a sustainability management committee that will use our sustainability framework to: translate our ambitions into concrete objectives at the business-unit level; raise awareness of sustainability issues; engage our stakeholders; and continually assess our progress toward our objectives. On committee recommendations, QAFAC will continue to communicate our progress to stakeholders through our annual sustainability reports.



*Our contributions to the Vision manifest as continued efforts to strengthen our presence in the marketplace and to ensure a healthy, safe, and high standard of living for our employees, our stakeholders, and all Qataris, now and into the future.*



## Fulfilling Our National Mandate and Shareholders' Vision

QAFAC is committed to the Qatar National Vision 2030. Our contributions to the Vision manifest as continued efforts to strengthen our presence in the marketplace and to ensure a healthy, safe, and high standard of living for our employees, our stakeholders, and all Qataris, now and into the future.

### Our Response to the “Four Pillars” of the Qatar National Vision



QAFAC was established with the goals of developing the downstream petrochemical industry and securing economic diversification. Methanol's numerous applications in the marketplace, along with MTBE's specific environmentally friendly applications, make QAFAC well suited to achieving these goals while aligning itself with the Qatar National Vision 2030 and the National Development Strategy 2011–2016. Methanol is considered to be a clean source of energy, because it emits fewer toxins into the air and because it consumes, during production, carbon dioxide that would otherwise contribute to total GHG. In addition, by focusing on local production of methanol and its broad spectrum of related products, QAFAC directly contributes to Qatar's economic diversification. MTBE, through its use as an oxygenate fuel additive helping fuel to burn more completely, contributes to significant reduction of tail-gas pollution generated by Qatar's motor vehicles.

QAFAC has also responded to, and continues to proactively participate in, the Sustainable Development Industry (SDI) initiative launched by QP, a major shareholder in QAFAC's parent company, Industries Qatar. Launched in 2010, the SDI initiative coincided with the release of Qatar's first sector-level sustainability report, and is QP's HSE Regulations and Enforcement Directorate' (DG) response to sustainability concerns, encouraging sustainability reporting with a specific focus on safety and climate change indicators. QAFAC was awarded a certificate of appreciation by QP for stepping up as one of the first participants in the SDI.

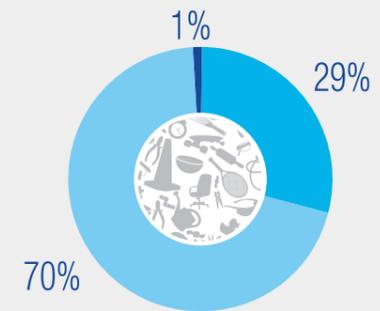


Figure 2: The General Manager of QAFAC receives QP's appreciation award for participation in the first Sustainability Development Industry initiative.

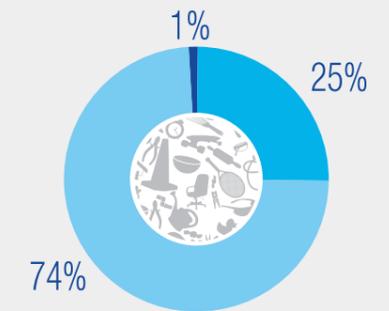
In furtherance of our shareholders' vision of economic and production excellence, QAFAC has consistently achieved strong economic results. In 2011, we recorded our strongest economic of our products' global market prices.



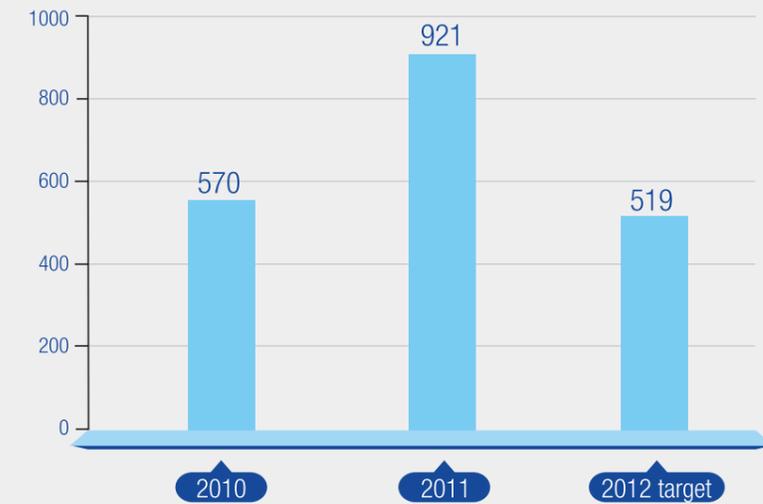
Revenue by product in 2010



Revenue by product in 2011



Total Revenue in USD- Millions



Our strong financial performance, combined with our products' unique characteristics, ensures that we will continue to contribute to Qatar's economic diversification in an environmentally conscious way. We are thus ideally positioned to take great strides toward fulfillment of the QNV30 and our shareholders' vision.

*Our goal is to be recognized as one of the highest quality producers of methanol and MTBE in the world*

## Global Producers of Methanol and MTBE

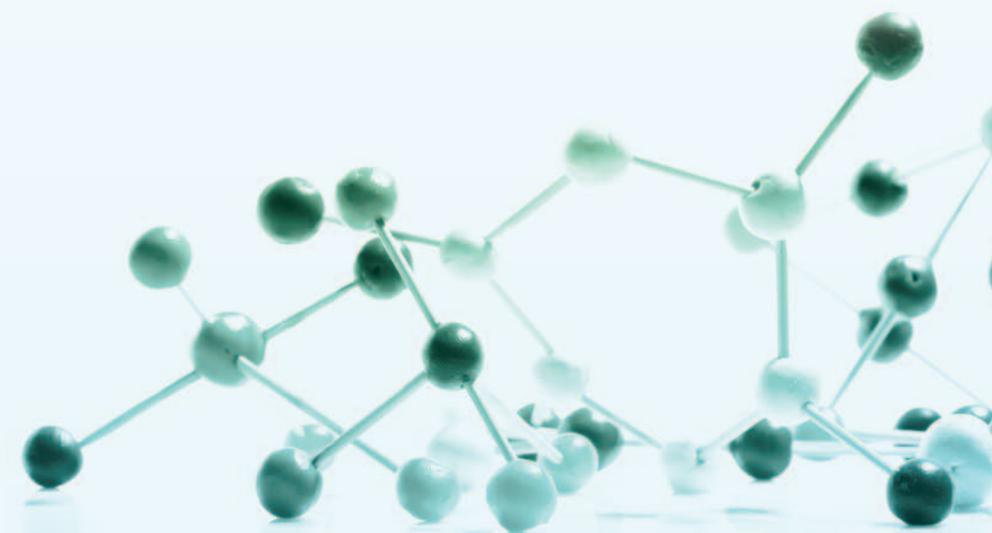
For over 12 years, QAFAC has produced methanol and MTBE of the highest quality (certified grade AA), supplying it to local and international markets. We continuously fine-tune our production operations and our relationships, with both suppliers and customers, in order to reach new levels of quality. Our goal is to be recognized as one of the highest quality producers of methanol and MTBE in the world.

### Our Products

In 2011, we produced 1,021,872 and 654,549 tonnes of high-quality methanol and MTBE, respectively. Our methanol provides alternative and cleaner fuel options, in addition to being used as a raw material in various other products, while MTBE is a fuel additive that reduces vehicle air emissions and thus results in cleaner fuel.

### Methanol

Methanol is a clear, colorless, flammable liquid that is biodegradable and water-soluble. Due to the variety of its applications, the diversity of basic raw materials needed to produce it, the cleaner emissions resulting from its burning, and some of its chemical properties, methanol is one of the world's most important commodities, with over 100,000 tonnes used per day as fuel or chemical raw material.



Methanol, used in a pure form or as a feedstock chemical, has a broad spectrum of applications. Pure methanol has several uses as a raw material, for MTBE acetic acid, urea-formaldehyde, wastewater denitrification, cell hydrogen carriers, and many other petrochemicals. It is also used as an alternative energy source, highly valued by consumers and manufacturers alike due to its cleaner emissions, cheaper prices (relative to gasoline), and the abundance of materials available to create it. Methanol is considered to be environmentally friendly, because CO<sub>2</sub> that would normally be emitted into the air is used to enhance the production of methanol. In addition, methanol is considered to be a safer fuel, since methanol-induced fires can in many cases be extinguished by water. Numerous car manufacturers are currently developing new technology enabling vehicles to run on methanol. Other uses include as a chemical raw material for hundreds of other chemicals, such as plastics, paints, carpeting, insulating, refrigerants, and many more.

QAFAC's methanol plant is designed to produce 2950 tonnes of methanol per day, using natural gas supplied by QP and entered into the steam reforming and gas synthesis process. One distinguishing characteristic of methanol is that it can be produced from a variety of raw materials: coal, biomass, waste from paper production, and even CO<sub>2</sub> pollution ; technologies are thus currently being developed that will allow capture of available carbon dioxide from effluent gases, and from ambient air, to be used as a feedstock material for the production of methanol. This would further decrease GHG while creating cleaner energy.

Methanol production	2010	2011	2012 Target
Total methanol production (Tonnes)	879,197	1,021,872	959,321

### Methanol In Our Lives



### MTBE

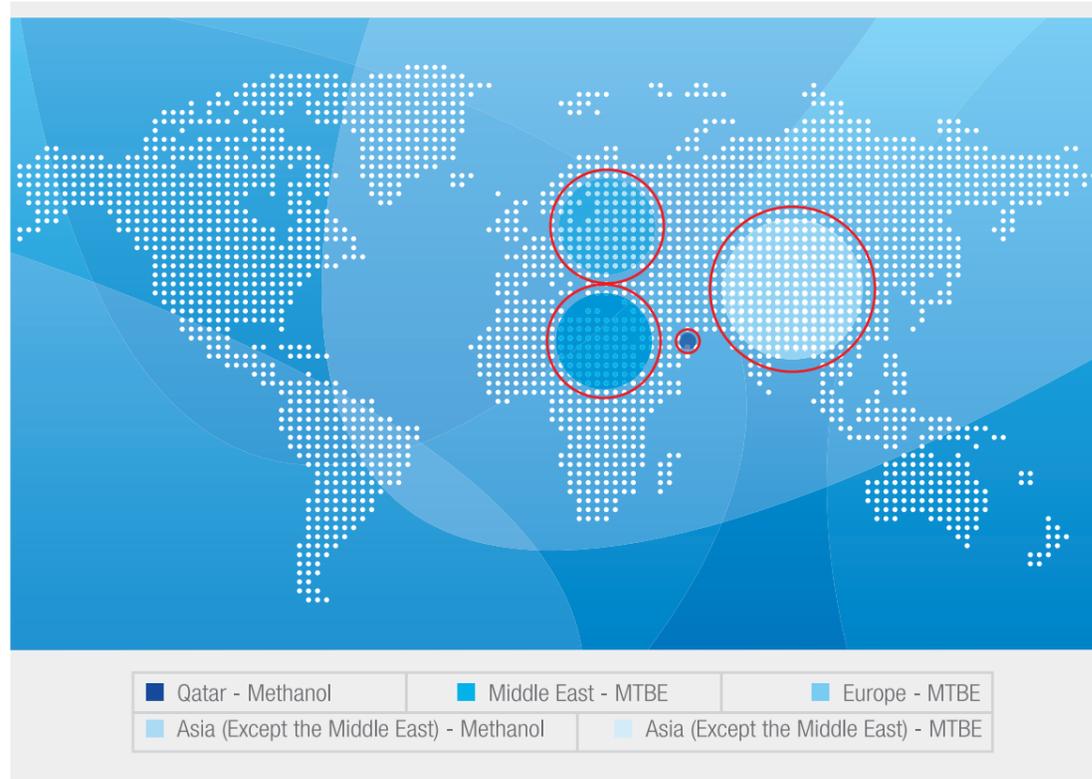
Methyl tertiary-butyl ether (MTBE) is a flammable and colorless liquid used almost exclusively as an additive to gasoline, reducing the fuel's air emissions. When added to gasoline, MTBE acts as an oxygenate that boosts the fuel's octane rating and adds oxygen to the combustion reaction; the result is a reduction of unburned hydrocarbons and carbon monoxide in the exhaust, which reduces the total emissions caused by burning the fuel.

1) <http://www.methanol.org/Methanol-Basics.aspx>  
 2) <http://www.methanol.org/Health-And-Safety/Frequently-Asked-Questions.aspx>

3) <http://www.methanol.org/Methanol-Basics/The-Methanol-Industry.aspx>

One of the raw materials required in the production of MTBE is methanol. Along with butane acquired from QP, approximately 680 tonnes of QAFAC's daily methanol production is used to produce MTBE. QAFAC's MTBE plant has a production capacity of 1830 tonnes per day; we produced 654,549 tonnes of MTBE in 2011, and our 2012 target is 520,013 tonnes.

MTBE production	2010	2011	2012 Target
Total MTBE production (Tonnes)	512,705	654,549	520,013

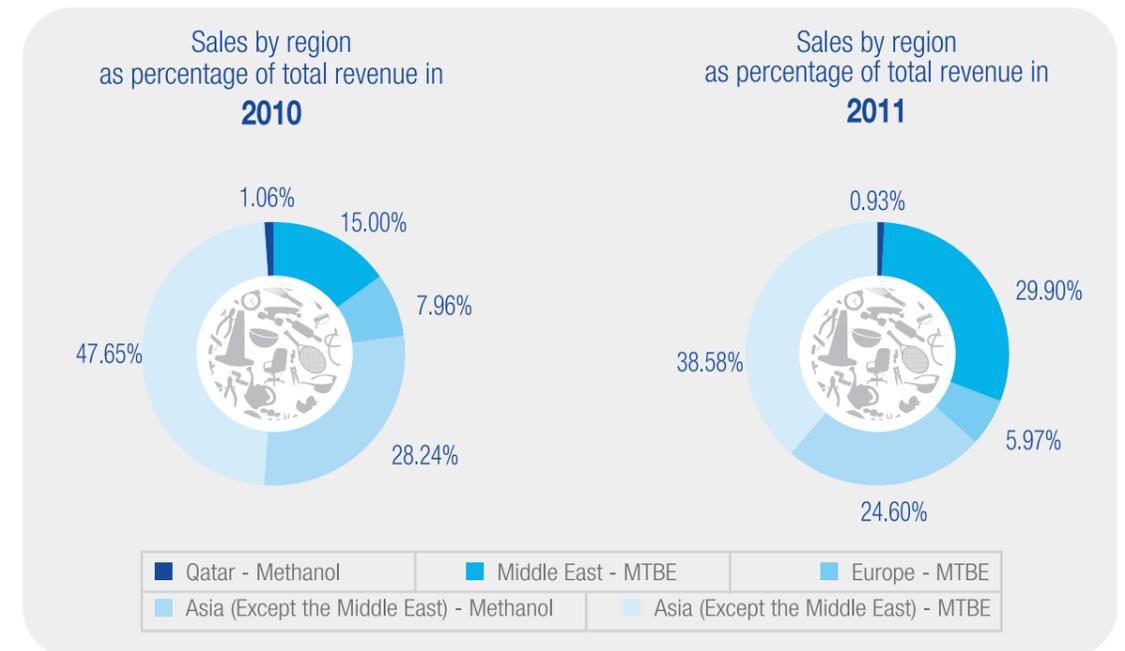


### Our Customers

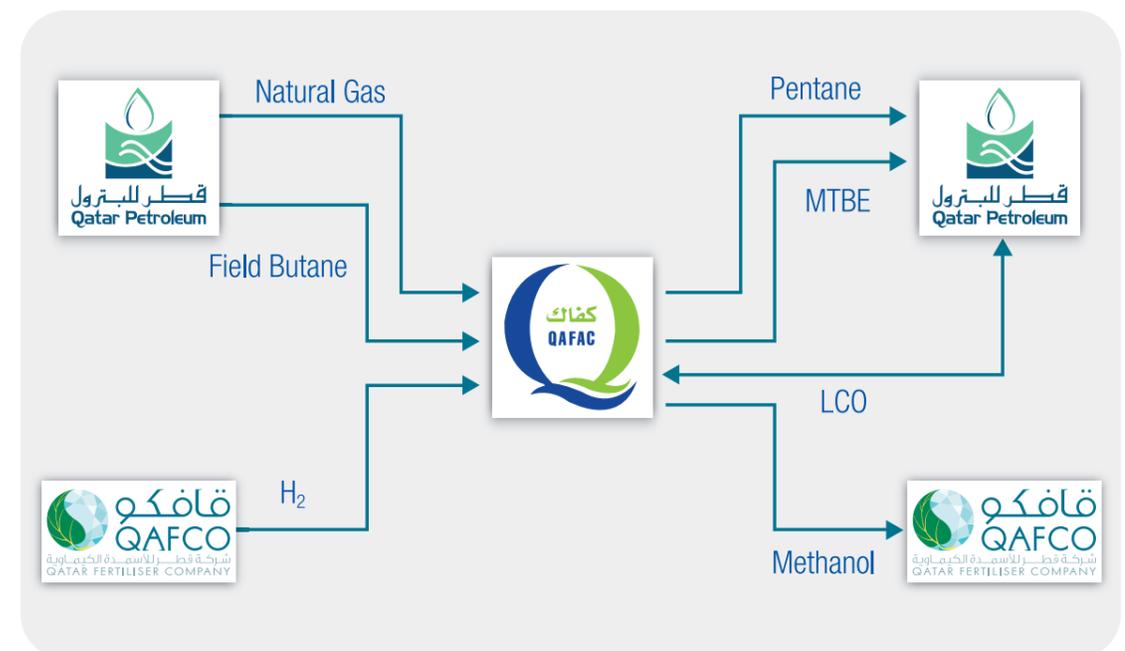
Prior to 2009, QAFAC's products were sold and marketed solely by our shareholders. Since then, we have shifted to a direct marketing of our products, improving the relationship between QAFAC and our customers through direct communication and business transactions. We conduct customer satisfaction and customer evaluation surveys on a yearly basis, allowing our customers to rate QAFAC in the areas of service, product, pricing, invoicing, and overall experience with QAFAC. In 2011, we achieved a 100% customer satisfaction rating, with all customers grading us as "good" or higher in all criteria. The satisfaction and evaluation surveys have created an open dialogue between QAFAC and our customers, ensuring that we will continue to strengthen customer relations and enhance our operational efficiency.

### Global and regional markets

In 2011, we strengthened our regional market in the Middle East by nearly doubling its size, while our sales in Qatar remained at approximately the same relative levels. Asia remains our biggest market, with over 60% of our MTBE and methanol exported to Asian markets.



QAFAC keeps firmly in sight its role in contributing to the economic development of Qatar. As part of our local development efforts, we have established a trading agreement involving raw materials and product with neighboring companies in the Mesaieed Industrial City.



Natural gas, the primary raw material used to produce methanol, is provided by QP, along with the field butane utilized in MTBE production. QAFAC then provides QP with MTBE, and also with pentane, a by-product of our operations. In addition, light-cycle oil (LCO) utilized in MTBE production is both supplied by QP and then returned to QP for treatment. QAFAC provides QAFAC with H<sub>2</sub>, which is used in the MTBE process start-up, while QAFAC in turn provides QAFAC with methanol.

## Product responsibility

Shipping is used to transport our products to our international customers, while direct pipelines are used for nearby industrial customers. Local customers receive our products via truck. Regardless of whether or not we are responsible for delivering our products to clients, QAFAC always place a major emphasis on strong health, safety, and environment (HSE) systems and performance from all parties involved. Consequently, we have experienced zero incidents of spills or leakages during transportation of our products. In addition, we work to prevent mishandling of our products by customers, by providing our customers with Material Safety Data Sheets (MSDS) for our products.

## Reliability of supplies

QAFAC is committed to high quality in its products as well as in its services. Reliability of supply is an important issue for our customers, and we utilize production standards and preventative maintenance to ensure timely delivery of our products. Whenever unforeseen supply interruptions have occurred, our “open and continuous communication” approach to customer relations has resulted in complete customer awareness and satisfaction, allowing us to mitigate the results of unplanned interruptions and work with customers to develop positive contingency procedures.

Reliability of supplies	2010	2011
Unplanned interruptions	0	3
Number of preventative maintenance actions taken	5,082	6,767
% of preventative maintenance activities of all maintenance activities	83.60%	87.72%

Our Health, Safety, and Environment (HSE) department utilizes IT solutions to enhance process reliability. UltraPIPE is a complete plant inspection data management and analysis program that ensures that all plant inspection data is fully analyzed and tracked. In addition, a Risk-Based Inspection (RBI) system, to be adopted by both of QAFAC’s plants, will create a map of high-risk assets and equipment, allowing safety and inspection procedures to focus on high-risk areas.

## Business Excellence during Shutdowns

Operational shutdowns allowing routine maintenance on the plants are planned for every four years. On occasion, however, it is necessary to schedule additional temporary shutdowns in order to conduct preventative maintenance or efficiency improvements. Such was the case with the shutdown that took place in early 2012, which was necessary for the planned installment of a new exchanger in the coldbox tower of the MTBE plant, as well as for required upgrades and preventative repairs.

During any plant shutdown, QAFAC must balance two important factors: speed and safety. Speed is vital, as it is essential to resume production and supplies to our customers as soon as possible; however, it is equally essential that all shutdown and maintenance work be conducted in the safest way possible. During our 2012 shutdown, significant measures were taken that resulted in zero lost-time incidents while allowing completion of work in a record time of 42 days.

The completion of shutdown work at a record speed without compromising safety required strong planning and collaboration efforts across all of QAFAC’s departments. Such efforts are one product of QAFAC management’s HSE strategy, which identifies clear communication, strong health and safety focus, defined responsibilities, and leadership as the primary elements of operational safety. Emphasis on clear communication and rigorous health and safety measures was conveyed to the project supervisors and contractors, while clear managerial duties and responsibilities were mapped out internally, to eliminate the conflict of responsibilities that is often a main cause of safety incidents. Additionally, during every moment of work, members of the project’s senior management were present on-site to oversee procedural details.

The success of the 2012 shutdown would not have been possible without the clear management, project structure, and collective efforts of all teams involved. QAFAC is already planning its 2014 turnaround shutdown by creating work plans detailing management structure and identifying all necessary materials, and by drawing up a comprehensive list of tasks and schedules for the project.



## Our Suppliers and Contractors

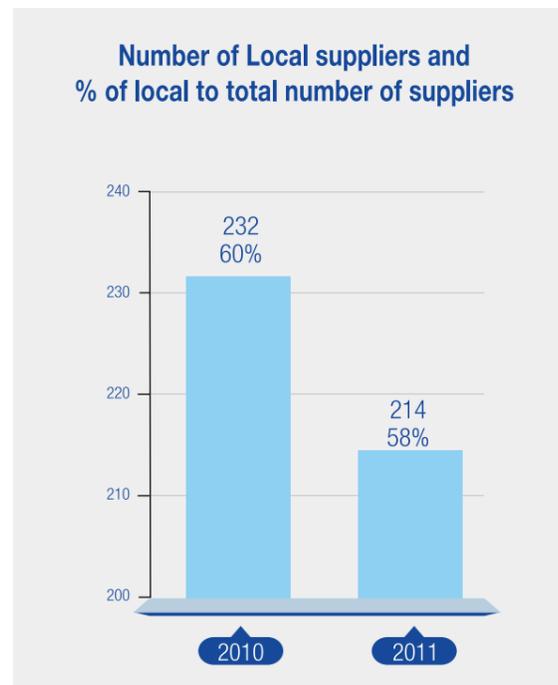
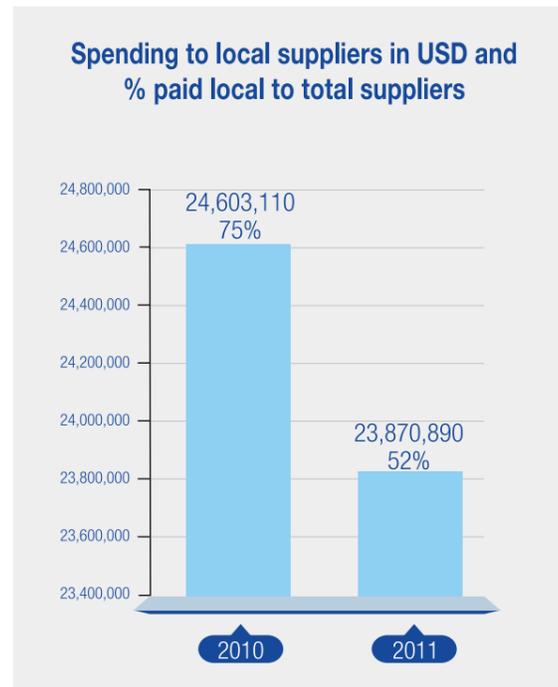
QAFAC's approach to safety, health, quality, the environment, and sustainability commitments extends to its suppliers, contractors, and service providers. All of our agreements mandate health, safety, and environmental criteria, and whenever our terms are not met by our third-party entities, we take swift and strict action to remedy the situation.

### Local sourcing

One of our sustainability goals is the development of the Qatari economy by increasing our local spending whenever possible. However, in 2011, preparations for our scheduled maintenance shut-down resulted in a slight increase in our foreign procurement percentage. This occurred mostly because certain equipment and services, essential to streamlining our operations and guaranteeing safety procedures, were not available locally or regionally.

### On-time procurement delivery

Maintaining our daily operations requires constant on-time and high-quality delivery, the ensuring of which requires a strong commitment to efficient and effective procurement processes and overall business excellence. In continued pursuit of improvement, our procurement team is currently working on initiatives to shorten the procurement process concerning frequently used materials, allowing QAFAC to focus on critical procurement issues and long-term strategic partnership. These initiatives include: implementation of a new procurement system, for improved process management and presenting of more accurate performance metrics and KPIs; signing of a long-term agreement with a freight company; and creation of long-term agreements governing procurement of frequently used materials.



### Caring for our contractors

The procurement team is generally responsible for finalizing all contractual and formal agreements with contractors and service providers. All of our contractors and service providers enjoy the same HSE measures and human rights guarantees granted to our employees. It is thus the responsibility of the procurement team to clearly state QAFAC's HSE and human rights criteria prior to hiring third-party entities, and to monitor the entities' extension of relevant measures to its employees.

One incident with a service provider illustrates our commitment to this principle. The company in question delayed payment of salaries to its employees who had been contracted by QAFAC, and provided poor living accommodations and transportation. These conditions put the contractors under significant unhealthy stress. QAFAC, upon becoming aware of the issue, discussed the matter promptly and directly with the management of the service provider, demanding the prompt payment of worker salaries and improvement of their accommodations and transportation as per the contracted agreement. The service provider quickly complied with the command, resulting in a positive resolution for the contracted employees.



*We believe that only those companies that incorporate environmentally sound policies and an eco-friendly business culture will be able to reach and maintain the status of industry leaders.*



## Our Impact on Climate Change and the Environment

An integral part of QAFAC's vision is the successful meeting of the challenges posed by climate change. We are determined to conduct our operations in as "green" a manner as possible, thereby ensuring Qatar's environmental and economic longevity and prosperity. Caring for the environment is thus an essential element of our core business philosophy; we believe that only those companies that incorporate environmentally sound policies and an eco-friendly business culture will be able to reach and maintain the status of industry leaders.



In 2011, we took strong measures to reduce the environmental and climatic impact of our operations. One such measure was the establishment of an Environmental Management System. Another measure comprised our most important development of 2011: the putting in place of our initial plans for a Carbon Dioxide Recovery (CDR) plant and related processes. CDR is a globally recognized cutting-edge technology that will both boost our production and reduce our GHG emissions.

### Environmental Management System

At QAFAC, we believe in comprehensive planning in order to create strong systems and processes for all of our operations. Our Environmental Management System (EMS) encompasses all environmental policies and procedures that govern our processes, and provides a structured approach to all major environmental issues. It is the responsibility of each of QAFAC's employees to fully understand and practice our environmental policies.

QAFAC's EMS was awarded the ISO 14001 certification in 2004, which was renewed in 2008 and 2011, demonstrating its continued high quality. In line with the philosophy behind our EMS, we have established strong auditing programs and routines, including:

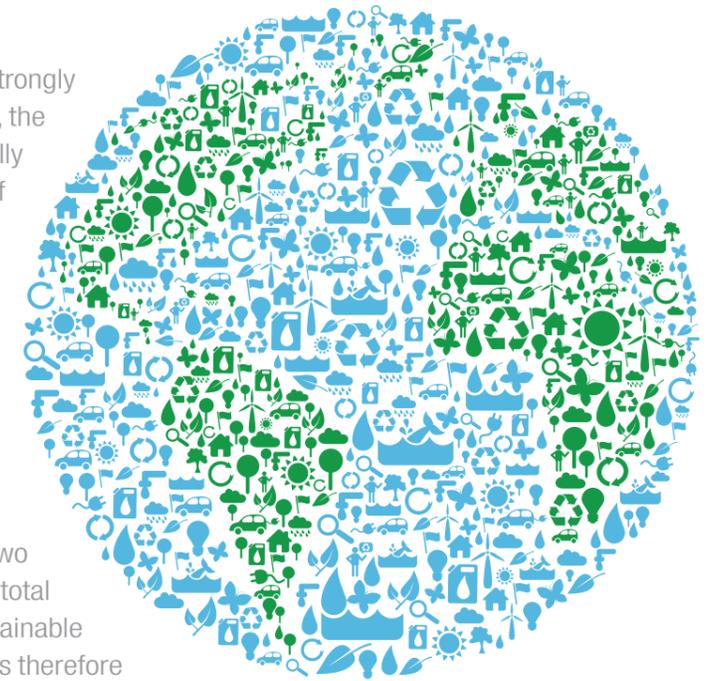
- An EMS internal audit, conducted every six months
- Third-party surveillance audits, conducted annually
- Third-party re-certification audits, conducted every three years

QAFAC is a member of the Air & Waste Management Association (AWMA) USA and the Asian Clean Fuel Association (ACFA)



## Climate Change

Although Qatar's economy is strongly influenced by the oil and gas industry, the high risks and adverse—and potentially irreversible—long-term effects of climate change put environmental issues at the forefront of Qatar's national agenda. Therefore, Qatar is taking a leadership role in advancing strong solutions to climate change issues by hosting the UN Climate Change Conference COP18 in 2012.



The energy and industry sectors are two of the main contributors to Qatar's total greenhouse gas emissions. The Sustainable Development Industry (SDI) initiative is therefore taking significant steps to improve these sectors' reporting on environmental issues, as well as implementing innovative solutions to reduce Qatar's environmental footprint.

QAFAC's air emissions, resulting from daily operations and energy consumption, form the main component of QAFAC's impact on climate change. QAFAC directly monitors emissions from all parts of the facility and utilizes sophisticated technology and programs to reduce or eliminate emissions.

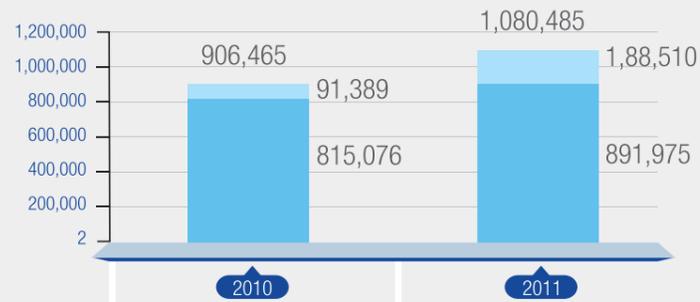
### Total GHG emissions

The constituent gases of our significant air emissions are carbon dioxide (CO<sub>2</sub>) and mono-nitrogen oxides (NO<sub>x</sub>), in addition to flaring occurring in the methanol and MTBE plants. To reduce our NO<sub>x</sub> emissions, QAFAC has a plan to use selective non-catalytic reduction (SNCR) process for Methanol reformer flue gases. This method utilizes ammonia that is injected into the flue gas emissions which reacts with NO<sub>x</sub> to form nitrogen and water reducing the overall NO<sub>x</sub> emissions significantly.

Plant gas emissions by tonnes	2010	2011
CO <sub>2</sub>	1,016,474	891,932
NO <sub>x</sub>	1,072	1,305

Direct GHG emissions (total CO <sub>2</sub> equivalent) in tonnes	2010	2011
Methanol and MTBE plants emissions	814,787	891,932
Vehicle emissions	289	43
<b>Total direct GHG emissions</b>	<b>815,076</b>	<b>891,975</b>

Total GHG emissions tonnes



Total indirect GHG emissions (Electricity Consumption)	91,389	188,510
Total Direct GHG emissions	815,076	891,975
<b>Total GHG emissions</b>	<b>906,465</b>	<b>1,080,485</b>

### Flaring

QAFAC's Flare Loss Monitoring program is a third-party emissions control measure designed to identify leaky valves that could potentially cause emission flares. The program uses ultrasonic equipment to analyze valves for risks of leakage, signaling maintenance staff that repairs are needed.

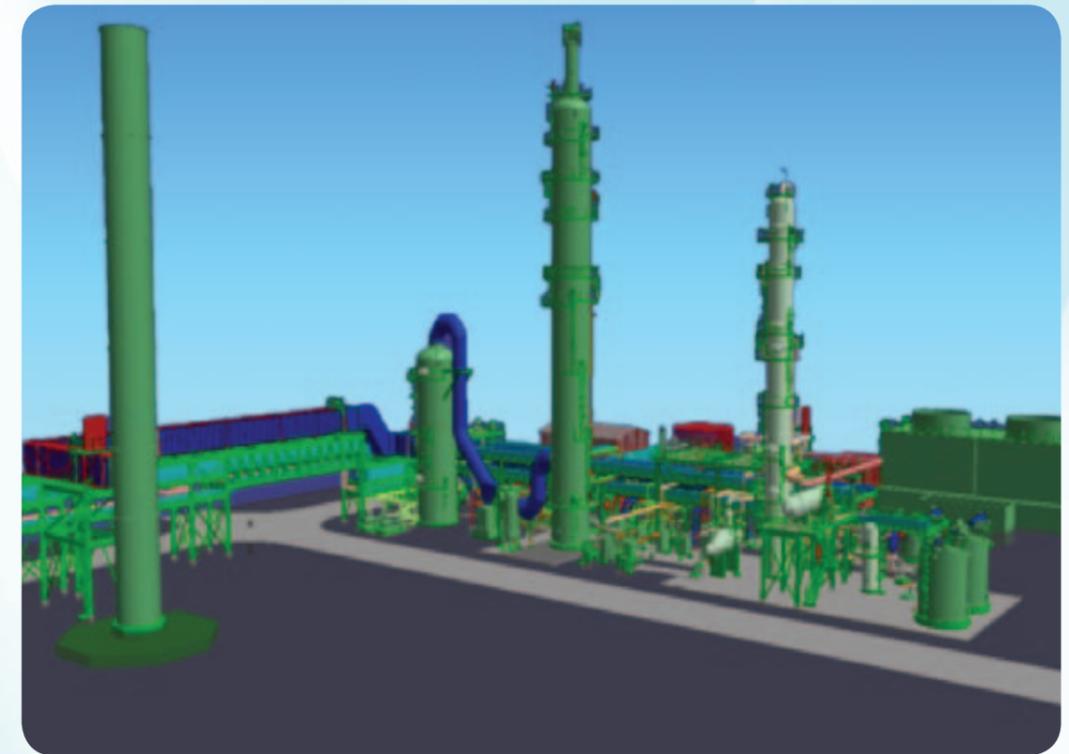
Flaring in 2010 was significantly less than in 2011. This was a result of the operational shutdown that took place in 2010, and is not reflective of greater operational flaring in 2011.

Flaring by plant (in tonnes)	2010	2011
Methanol plant	7,957	8,349
MTBE plant	15,759	18,856
<b>Total flare quantity</b>	<b>23,716</b>	<b>27,205</b>



### Carbon Dioxide Recovery (CDR) Program

As part of our resolve to do our part to fulfill the QNV 2030 and step up to the challenges posed by climate change, we are always looking for innovative ways to reduce our emissions of greenhouse gas. The CDR Program, in partnership with Mitsubishi Heavy Industry (MHI), is an innovative solution that will simultaneously reduce QAFAC's total emissions and capitalize on a prime business opportunity. By capturing CO2 recovered from output gas and repurposing it for use in our methanol production processes, we will both reduce harmful CO2 emissions and improve our methanol production efficiency. When completed, our CDR plant will be the first to be used for methanol production, and it will also be the largest plant of its kind built by MHI.



Our search for available technologies to support the CDR Project began in 2011 and was successfully concluded in early 2012, to critical acclaim and coverage by regional media and within the global industry. Along with its partnership with MHI, QAFAC has signed an agreement with Qatar National Bank, the largest financial institution in Qatar, for a USD 80 million commercial loan to fund the project.

Our capital investment in the CDR Project represents one of QAFAC's core philosophies: that operational and business excellence go hand in hand with environmentally sound policies. The technology of the CDR program, which is currently used by only nine plants in the world, is scheduled to come online in late 2014; its incorporation into our operations will cement Qatar's status as a leader in the advancement of sustainable industry.

### Fugitive emissions

QAFAC's LDAR (Leak Detection and Repair) program has been implemented at both the methanol and MTBE plants. This program follows the U.S. Environmental Protection Agency's standards for the synthetic organic chemical industry (SOCMI). In essence, the program checks all components of the facility that are subject to any leakage, identifies any leaks, and calculates the possible amount of gas or material leaked. Any leaks are then repaired, and further analysis is done to ensure that no other leaks remain. Finally, frequency detection tests are planned and conducted on suspect components.

Some of the measures currently in place to reduce fugitive emissions are listed below.

- All pressure relief valves and vent lines from sampling devices and pump handling process fluid are vented to the flare system.
- Tandem mechanical seals are used in centrifugal pumps and compressors to eliminate gland leaks.
- Methanol and MTBE storage tanks are fitted with internal floating roofs to minimize vapor discharges.
- Construction material is chosen to minimize the effects of corrosion and eliminate leakages caused by corrosion-related failures.

Realized savings on Fugitive Emission measurements (LDAR)	Actual reduction	Percentage reduction
Total amounts saved by first repair attempt	89,814 Kg/yr	27.62%
Estimated amount of saving for 2012 (second phase of the project)	159,247 Kg/yr	48.98%

### Energy consumption

QAFAC's largest area of energy consumption is electricity imported from Kahramaa, Qatar's national energy grid, to power the production plants. QAFAC recognizes the importance of the reduction of energy consumption to the goal of minimizing climate change impact; we continually track and record our yearly energy consumption in order to analyze and improve our energy efficiency. The 13% higher energy consumption reflected in 2011's figures is the result of the maintenance shutdown that occurred in 2010, which artificially lowered 2010's figures.

In addition to electricity consumption, diesel and gasoline are utilized for heavy machinery and transportation vehicles, respectively. Diesel consumption is closely tracked, and is dependent upon the number of maintenance, routine, or special projects occurring during a given year. As with electricity consumption, the relatively high figures shown for 2011 are a result of the influence had on 2010 figures by the 2010 shutdown.

QAFAC maintains a fleet of fewer than 20 vehicles, most of which are utilized for safety, security, and transportation needs within and near to the facilities. Though gasoline consumption is negligible compared to diesel consumption, QAFAC intends to implement methods of tracking and managing gasoline consumption in the future.

Energy consumption	2010	2011
Electricity consumption (MWh)	193,747	218,528
Electricity consumption (GJ)	697,489	786,701
Diesel operational consumption (liters)	105,942	15,997
Diesel operational consumption (GJ)	3,862	583
Total direct and indirect energy consumption (GJ)	701,351	787,284

*Global consumption of water has been growing at a rate that exceeds the earth's supplies.*

*There is no escaping this fact, and it is of grave concern on every possible level, from the global to the local scale.*



## Water Management

Global consumption of water has been growing at a rate that exceeds the earth's supplies. There is no escaping this fact, and it is of grave concern on every possible level, from the global to the local scale. Water supplies in Qatar and the region are exceptionally scarce, and water shortages pose, and will continue to pose, one of the most formidable challenges faced by our nation. Achieving Qatar's sustainability ambitions mean that we, every one of us, must responsibly utilize our water resources, reduce water consumption, and properly manage wastewater. This is no less true of companies than it is of individuals.

### Water consumption

QAFAC's operational and domestic water needs are supplied by Kahramaa. The majority of our water consumption takes place during methanol production – specifically, during the steam reforming and gas synthesis process, in which water is converted into steam and used as a raw material for creation of methanol. Production maintenance shutdowns affect our water consumption significantly, which is evident from the higher volume of water consumption in 2011 compared to 2010.

Water consumption (m <sup>3</sup> )	2010	2011
Total water consumption	1,170,556	1,289,819

Our wastewater is treated and utilized according to our plan of developing a “green belt” within QAFAC's facilities and along the main entrance road. The goal of this project is to utilize treated wastewater to improve our carbon footprint. Approximately 560 trees were planted in the green belt between 2009 and 2010, supported by a dedicated treated wastewater pumping system and a network of approximately 2.5 kilometers of irrigation pipes. Currently, over 75% of treated wastewater is utilized for the green belt. We plan to extend our project to include another area to the northwest of our facilities.

## Waste Management

QAFAC's approach to waste management is a simple but powerful one: minimize waste generation while maximizing the repurposing of any waste generated. QAFAC's waste falls into three categories: domestic waste, operational non-hazardous waste, and operational hazardous waste. Each type of waste has specific processes and guidelines for treatment.

Waste disposed	2010	2011
Total industrial waste (hazardous) disposed to MIC Hazardous Waste Treatment center (tonnes)	183	506
Total domestic waste (m <sup>3</sup> )	2800	2800

All of QAFAC's hazardous waste is moved to the Mesaieed Industrial City (MIC) Hazardous Material Treatment Center. For non-hazardous materials, several initiatives and procedures have been put in place for extensive recycling and repurposing programs, including:



- Utilization of industrial waste, like liquid hydrocarbons and various waste gaseous streams containing hydrocarbons, for steam generation. The waste is sent to boilers equipped with liquid firing burners, which consume the waste by creating steam.
- Recycling of spent lube oil, performed by the lube oil supplier.
- Use of sludge produced by the wastewater treatment plant for land conditioning and as fertilizer for inedible plants within QAFAC's facilities.
- Returning of spent catalyst to the supplier, to be used for regeneration and metals recovery. Possibilities involving regeneration of spent molecular sieves are being considered.
- Use of a state-of-the-art can-crusher to prepare spent aerosol cans for recycling. The machine collects all remaining aerosol vapors into a filter and then hydraulically compresses the can to one-eighth of its original size. The resulting metallic disk can then be recycled as ordinary metal scrap, all hazardous components having been removed.
- Commissioning of state-of-the-art crushers of empty metallic drums to prepare the drums for recycling. Before the empty drums are compressed, they are thoroughly cleaned of any material residue. The machine hydraulically compresses the drum to one-eighth of its original size; the resulting metallic disk can then be recycled as ordinary metal scrap, all hazardous components having been removed.
- An extensive recycling drive launched in 2010. A total of 13 recycling stations were placed throughout QAFAC's facilities, each station containing 5 color-coded wheeled bins for collection of different types of waste:
  - Spent Aerosol cans
  - Oily rags
  - Spent gaskets
  - Metal scrap
  - General waste
- Explorations of potential methods of utilizing spent wash oil from the MTBE plant as a byproduct for local and international oil recycling companies.

- Replacement of disposable plastic water bottles with refillable thermos bottles. This initiative has eliminated approximately 12,000 disposable plastic water bottles per month.

## Product Stewardship

QAFAC is dedicated to maintaining heightened awareness of safety and environmental consciousness. We make strenuous efforts to ensure that we contribute positively to the environment, by creating cleaner products and making our fuels more efficient. It is with the utmost gravity that we view our responsibility of eliminating incidents that inflict damage upon the environment.

MTBE is water-soluble, and is thus considered to be a toxic water pollutant. Therefore, elimination of MTBE leaks, which could potentially lead to contamination of groundwater, is an issue of great concern. We at QAFAC are conscious of our product responsibility, and we make every effort to forestall any incidents that may result in water contamination. Our onshore final product tanks are continually monitored for minor leaks, and as a backup safety measure, we have enacted protocols to measure levels of toxicity in the soil in the vicinity of the product storage silos, via placement, monitoring, and maintenance of soil sensors and tracking equipment.

QAFAC's daily operations involve the use of several hazardous chemicals. These chemicals are strictly controlled and monitored to avoid misuse, prevent staff exposure, and eliminate fire and spill incidents. Containment, labeling, signage, and fit-for-purpose dissemination of information are key elements of QAFAC's control procedures. Each incoming material is accompanied by Material Safety Data Sheets (MSDS) designed to inform users of the chemicals' properties and to instruct personnel in safe handling guidelines, both during regular operations and in emergencies. In addition, MSDS are used during our regular emergency drills and trainings, and all of our customers are provided with MSDS appropriate to their purchases.



*The Qatar National Vision 2030 focuses on increasing the participation of Qataris in the workforce through a campaign of broad investment in certifications and training programs, incentives for Qataris to pursue professional and management roles in business, and high-quality training for all of Qatar's citizens.*



## Active Citizenship and Community Engagement

QAFAC is a firm believer in the importance of active citizenship and investing in the local community. Our Qatarization programs and our efforts to meet the QNV 2030 Qatarization goals comprise our primary channel of communication with Qatari communities, and we are constantly seeking new and closer ways of engaging with society, understanding community needs, and collaborating with community members. To this end, we have developed a strategy of active, voluntary, and effective community contributions.

### Qatarization

The Qatar National Vision 2030 focuses on increasing the participation of Qataris in the workforce through a campaign of broad investment in certifications and training programs, incentives for Qataris to pursue professional and management roles in business, and high-quality training for all of Qatar's citizens. In line with the Vision, QAFAC is targeting a 50% Qatarization rate by 2016.

Qatarization rate	2010	2011	2012 goal
Number of Qataris in QAFAC	51	54	69
Percentage of Qataris in QAFAC	16.7%	18%	23%

In pursuit of its Qatarization goals, QAFAC seeks to induct students into the industry by reaching out to high schools and vocational/technical schools, offering training and internships positions to qualified students. QAFAC works with these students to help them accrue experience and create career and personal development plans, and also to develop the competencies and leadership skills necessary for advancement to management positions. In addition, conditional upon student training needs and development plans, QAFAC works to sponsor students in continuing their higher education, locally and abroad.

Qatarization efforts in numbers	2010	2011
Students sponsored to study at universities abroad	5	5
Students sponsored to study at universities or technical schools in Qatar	8	9
Trainees and interns at QAFAC	14	17

Figure 3: Qatari student participants of QAFAC's Qatarization programs



## Community Engagement

Interrelations between businesses and communities are becoming increasingly dynamic, and company participation is becoming more and more intertwined with the threads of an ever-developing economy and society. Qatar's Vision requires the industry to shoulder a bigger load in accelerating Qatar's advancement; with this in mind, we are dedicated to engaging with our communities and contributing to their development and growth. QAFAC is expanding its efforts to enhance and strengthen its community engagement activities through the development of engagement strategies, which will serve to guide our activities and add value to both the community and QAFAC.



Figure 4: Young students take part in activities arranged by QAFAC at 2011's Environment Fair.

*Our employees are more than just a collection of individuals; they are a cohesive team, highly skilled and driven by QAFAC's core values.*



## Our Employees' Wellbeing

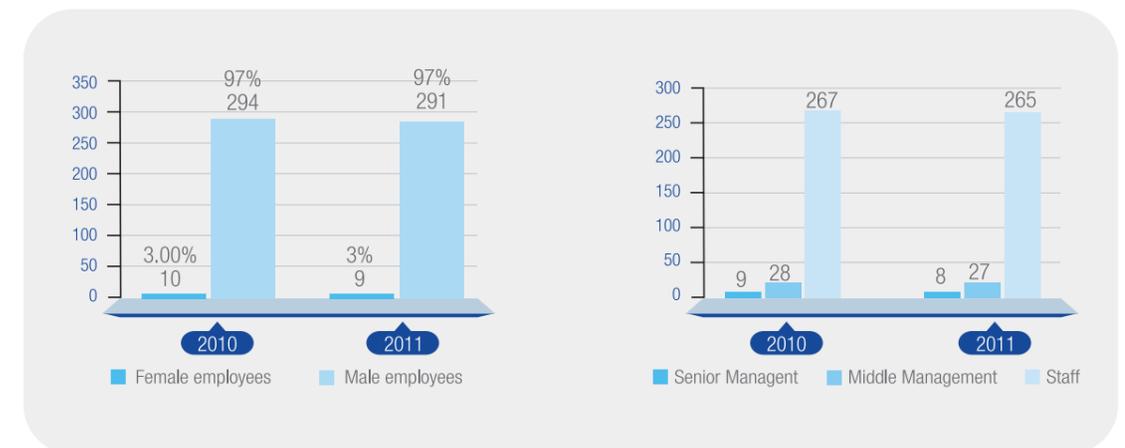
At QAFAC, we believe that our business family is essential to our sustained success. Our employees are more than just a collection of individuals; they are a cohesive team, highly skilled and driven by QAFAC's core values, and it is they who enable QAFAC to achieve its lofty ambitions. The sustainable promotion of a diverse, engaging, enriching, healthy, and safe workplace is therefore one of our top priorities, as is the creation of a fulfilling and satisfactory experience for our employees.

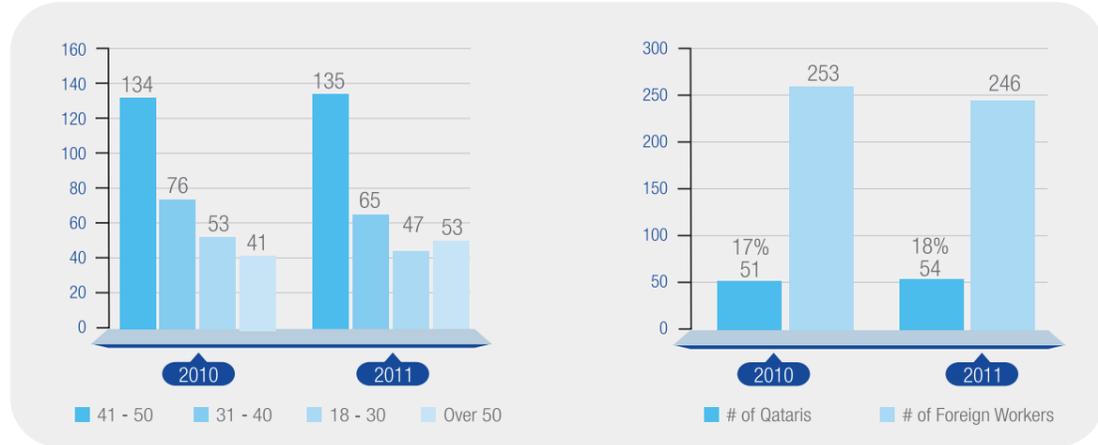
### Profile

With only 300 employees, QAFAC's workforce is small and tightly-knit, admirably suited to a company culture built upon honest and open communication. Transparency in all levels of communication is a key element of our culture, as it blends accountability, clarity, and operational efficiency to improve both our daily activities and special projects.

Since our inception, we have had many members grow with us and commit significant portions of their careers to QAFAC. However, as 18% of our employees are over 50 years old, we are currently faced with the challenge of ensuring our business continuity. Addressing this issue is critical to our success, and QAFAC is committed to developing a strong succession plan to initiate new employees into our culture and integrate them within our established business processes smoothly and effectively.

	2010	2011
Total number of employees	304	300

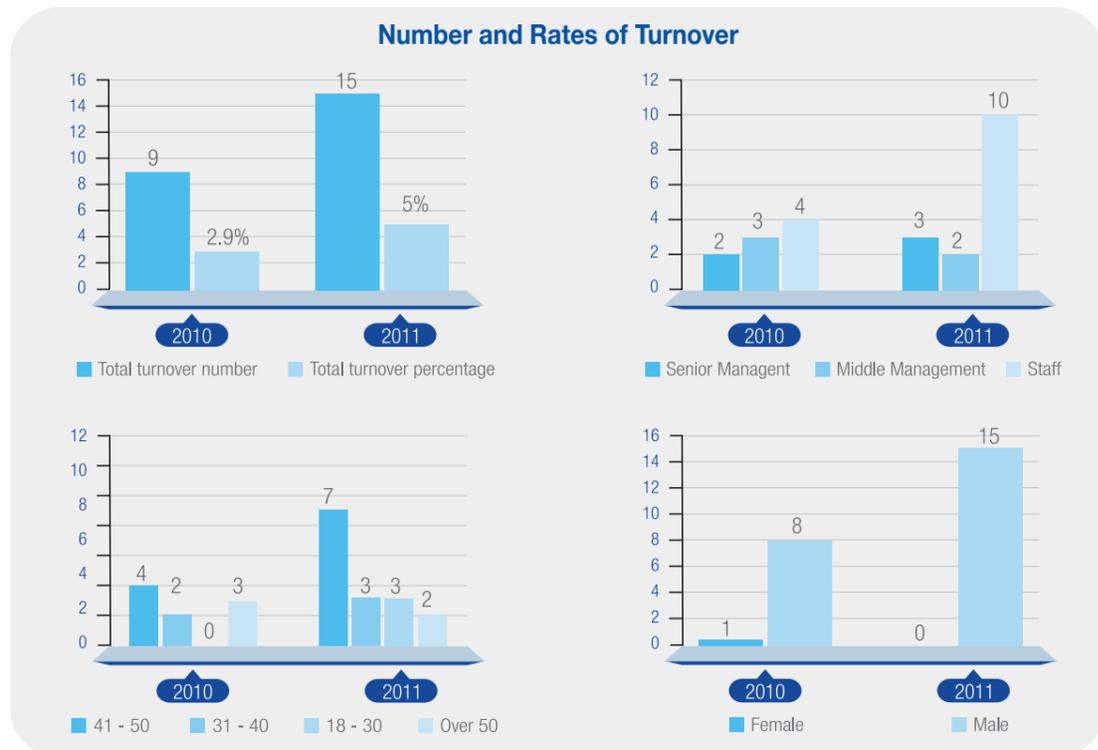




## Engagement and Satisfaction

Our open culture encourages engagement between management and employees on a daily basis. As a supplement to this, we have established specific communication channels and engagement opportunities in order to guarantee clarity and promote understanding of our employees' needs. To measure employee satisfaction, QAFAC conducts a satisfaction survey every four years, with the next round of surveys scheduled for the last quarter of 2012. In addition to the survey, 2012 will feature a revamping of our intranet, increasing its accuracy in capturing our corporate activities and encouraging greater interaction between our employees.

QAFAC's low 5% turnover rate reflects our employees' strong satisfaction with their work experience. The anticipated increase in turnover rate in the coming years is a result of the impending retirement of our most senior members.



## Training and Development

QAFAC's training and development program is based on a needs-, skill-, and competency-based assessment. In 2011, the total number of training hours for our employees increased by over 60% – a reflection of our strong focus on developing the knowledge and capacity of our workers. Every manager is responsible for assessing his employees' training needs and conducting personal discussions with them, concerning their career direction and the training regimen most appropriate to their jobs and desired goals.

QAFAC is committed to equality in the workplace. Although the average number of training hours for female employees is considerably less than the average number of hours per male employee, as shown in the table below, this is a reflection of training logistics rather than of our training philosophy. The majority of our training is technical in nature, and as most of our female employees work in administration, their training is necessarily of a different focus and duration than the training provided to our technical employees.

Training, company-wide	2010	2011
Total training for female employees (hours)	28	14
Average training per year for female employees (hours)	4	2
Total training for male employees (hours)	1386	2338
Average training per year for male employees (hours)	5.4	9
Total training for total workforce (hours)	1,414	2,353
Average training per year for all employees (hours)	5.5	9.2

Training costs	2010	2011
Total cost of training (USD)	923,776	1,020,361
Average cost of training per employee (USD)	3,595	3,970



## Health and Safety

At QAFAC, health and safety concerns are the responsibility of every team member. QAFAC management has put into place systems and procedures to ensure the health, safety, and emergency preparedness of the organization as a whole.

### Health

Our occupational health department, led by an occupational health nurse, conducts training sessions in health awareness and preventative practices as part of the overall HSE training regimen. The Health, Safety, and Environment (HSE) department also oversees medical examinations of all employees every two years, and is responsible for coordinating with Mesaieed Health Center in the conducting of health campaigns or for administering emergency treatment.



QAFAC's HSE department conducts frequent training sessions that integrate all aspects of health, safety, and environmental issues.

HSE training in 2011		
<b>Employees trained</b>		
Number of employees trained on HSE topics	252	ERT Training = 48; Permit to Work = 164; First-aid = 7; Safety Induction = 8; Waste Management = 25
<b>Training hours</b>		
Total training hours on HSE topics	2126	2202 additional hours (Contractors Safety Induction) for 1101 contractors

### Safety

QAFAC has strong and comprehensive tools in place to track all safety incidents, ensuring our continuous improvement in performance over time. In 2011, QAFAC experienced only a single lost-time incident and a single medical treatment case. Safety concerns are managed through internal reporting systems, with each department contributing to the resolution of high-risk issues in its area of authority. This results in a cohesive and collaborative approach to safety at QAFAC.

Detailed statistics on safety cases	2009	2010	2011
Working hours (hours)	790,732	1,634,922	976,030
Fatalities	0	0	0
LWDCs	1	0	1
Severity of LWDCs	51	0	3
RWDCs	0	0	0
MTCs	0	2	1
Incident Investigation Completion (%)	NA	95%	32%
LWDC: Lost Working Days Case	MTC: Medical Treatment Case		
RWDC: Restricted Working Days Case	Severity of LWDC: Number of days lost per LWDC		

Safety incident rates	2009	2010	2011
LTIF, overall	1.26	0.00	1.02
LTIF, contractors	0	0	0
LTIF, staff	2.64	0.00	2.17
TRIR, overall	1.26	1.22	2.05
TRIR, contractors	0.00	0.84	1.94
TRIR, staff	2.64	2.22	2.17
LTIF (Lost-Time Incident Frequency): (Fatalities + LWDC)/working hours*1,000,000			
TRIR (Total Recordable Incident Rate): (Fatalities + LWDC+RWDC+MTC)/working hours*1,000,000			

Vigilant maintenance of safety requires an approach that is both proactive and preventative. QAFAC's safety department performs multiple activities to ensure its proactivity, and it also reviews all procedures and standards every three years. Furthermore, conducting of safety reviews is integral to the approval of any process change.

Leading Safety Indicators		2010	2011
Process Hazard Evaluations	Number of PHEs completed	4	5
Work permit compliance	Percentage of sampled work permits	NA	2%
	Percentage of compliance	NA	100%
Safety critical equipment inspection	Percentage of inspections completed	NA	100%
Emergency response drills	Number of emergency response drills planned	4	4
	Percentage of drills completed on schedule	50%	75%

### Emergency preparedness

QAFAC has adopted a strong, industry-leading approach to emergency preparedness, which is a vital aspect of QAFAC's safety precautions. We have developed 23 pre-planned emergency scenarios covering fire, rescue, and hazardous spill incidents. These scenarios involve all relevant emergency response procedures, including performance of specific rescue or first-aid operations, emergency containment procedures, and coordination with outside agencies. Our Emergency Response Team (ERT) undergoes routine training on these scenarios, and in 2011, three additional emergency response drills were conducted. QAFAC reviews the conditions under which all drills are carried out, and a formal forum is held to examine findings and recommend corrective actions to be taken. QAFAC also participates in a wider cooperative campaign of mutual aid across the MIC industrial area; this program ensures collaboration of local industries on certain HSE procedures.

## Our 2012 Commitments

### Fulfilling our national mandate and shareholders' vision

- Meet and exceed our shareholders' expectations
- Maintain our continuous participation in the SDI initiative
- Establish our sustainability committee and sustainability management guidelines

### Enhancing our position as a major global producer of methanol and MTBE

- Produce 959,321 tonnes of methanol
- Produce 520,013 tonnes of MTBE
- Maintain 100% satisfaction rate with all customers
- Adopt and deploy Ultra PIPE, a plant inspection data management system
- Implement the Risk-Based Inspection system, which draws a risk map of all plants assets

### Minimizing our impact on climate change and the environment

- Implement the Flare Loss Monitoring project

### Cultivating our active citizenship and contributory role in the community

- Increase Qatarization rate to 23%
- Create a community investment strategy

### Maintaining our devotion to the wellbeing of the QAFAC family

- Develop and implement a new talent management and succession plan
- Implement a new intranet website to improve internal communications

## Appendices

### Appendix A: Report Parameters

**Defining Report Content** – The data in this report represents our economic, social, and environmental performance for the year ending December 31, 2011.

**Determining our Key Priority Issues** – In creating this sustainability report, our most material and key issues were assessed through a systematic process that analyzed the key issues to our stakeholders. At first, the key stakeholders were identified by engaging each business unit in the process and then collectively determine the key stakeholders in-light with QAFAC vision, and strategic direction. To identify the full list of our material sustainability issues, we listed all relevant issues for each stakeholder and consequently identified the key material sustainability issues. Built on our stakeholder's most material issues, our sustainability ambitions framework was created which is utilized as the guiding outline for this report as well. Each of the section presented the most key issues within the topic along with significant KPIs representative of the issue.

**Materiality** – This report captures QAFAC's economic, social, and environmental performance as it pertains to the issues of greatest concern to our stakeholders.

**Stakeholder Inclusiveness** – In creating this report and planning for ongoing sustainability, we have considered the priorities and concerns of all of our stakeholders. In 2011, our focus has been on developing our sustainability ambitions and plotting our path forward toward sustainability management.

**Sustainability Context** – We have taken into account Qatar's national sustainability vision and the challenges thereto, as well as global sustainability issues and challenges.

**Ensuring Quality and Balance** – This report represents our commitment to transparency, integrity, and honesty – principles to which we adhered while developing this report. We believe that this report presents a balanced account of our positive progress as well as areas of potential improvement.

**Comparability** – GRI protocols were utilized to facilitate comparison of this report with other reports in the industry. Additionally, we have aligned our most significant KPIs with those required by our shareholders for the Sustainable Development Industry initiative. Finally, we have provided previous years' figures in order to compare our 2011 performance with previous performance.

**Accuracy** – All data presented has been verified and approved by the managers of each business unit to ensure maximum accuracy. Data estimations and limitations of accuracy have been indicated.

**Clarity** – We have included in this report relevant technical details concerning our production and sustainability. In addition, our report has been outlined and structured to allow the reader a clear and easy reading experience.



**Assurance** – This report has not been externally audited or assured. However, it has been reviewed and proofread by managers of each business unit.

**Reporting Boundaries and Limitations**

**Boundaries** – This report presents information and details of QAFAC’s operations and correlations with its customers and suppliers.

**Limitations** – As this report is our first public sustainability report, we are still in the developmental stage. We acknowledge areas of potential improvement, specifically concerning indicators to be tracked and monitored in order to allow further transparency and more detailed reporting of our sustainability performance.

**Data Measurement Techniques** – To the best of our knowledge, all of the information within this report is accurate and represents the best data available to QAFAC and its stakeholders. Any data estimation or calculation has been stated within the report.

**Appendix B: GRI Index**

GRI	Indicator Definition	Page / Description
1.1	Statement from the most senior decision-maker of the organization	7,9
1.2	Description of key impacts, risks, and opportunities	7,9, 17
2.1	Name of the organization	11
2.2	Primary brands, products, and/or services	11, 27-29
2.3	Operational structure of the organization, including main divisions, operating companies, and subsidiaries	11
2.4	Location of organization’s headquarters	Mesaieed Industrial City, Qatar
2.5	Number of countries in which the organization operates, and names of countries that either contain major operations or are relevant to the specific sustainability issues	23, 28-30
2.6	Nature of ownership and legal form	11-12
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	28-31
2.8	Scale of the reporting organization	25, 29-31,53,
2.9	Significant changes that occurred during the reporting period, regarding size, structure, or ownership	There were no major significant operational changes
2.10	Awards received in the reporting period	23-24
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	59-60
3.2	Date of most recent previous report (if any)	59-60
3.3	Reporting cycle (annual, biennial, etc.)	59-60
3.4	Contact point for questions regarding the report or its contents	59-60
3.5	Process for defining report content	59-60
3.6	Boundaries of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	59-60
3.7	Specific limitations on the scope or boundaries of the report (see completeness principle for explanation of scope)	59-60
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and others	59-60
3.9	Data-measurement techniques and the bases of calculations, including assumptions and techniques	59-60
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons	This is the first public report
3.11	Significant changes from previous reporting periods in the scope, boundaries, or measurement methods	This is the first public report
3.12	Table identifying the location of the Standard Disclosures in the report	59-60
3.13	Policy and current practice with regard to seeking external assurance for the report	59-60
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	13-14
4.2	Indication of whether or not the Chair of the highest governance body is also an executive officer	13-14, the chairman is not the general manager of the company
4.3	For organizations that have a unitary board structure, statement of the number of members of the highest governance body that are independent and/or non-executive members	13-14, no independent members
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	13-14
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance)	13-14, compensation is honorarium decided by the shareholders given the company’s performance



GRI	Indicator Definition	Page / Description
4.6	Processes in place for the highest governance body to ensure avoidance of conflicts of interest	13-14
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	This is taken into account, as one of a range of areas of expertise required for the role.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance, and the status of their implementation	11-12, 20-21
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence to or compliance with internationally agreed standards, codes of conduct, and principles	11-12, 20-21
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	13-14
4.11	Explanation of whether or not, and how, the precautionary approach or principle is addressed by the organization	7-9, 13-14
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	37, 56
4.13	Memberships in associations (such as industry associations), and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	37, 56
4.14	List of stakeholder groups engaged by the organization	18,19
4.15	Basis for identification and selection of stakeholders with whom to engage	18-19
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	18-19
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	18-19
<b>Labor Indicators</b>		
LA1	Total workforce by employment type, employment contract, and region	53-56
LA2	Total number and rate of employee turnover by age group, gender, and region	53-56
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	QAFAC has no part time employees
LA4	Percentage of employees covered by collective bargaining agreements	No policy covering collective bargaining agreements exists.
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	54-57
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	54-57
LA9	Health and safety topics covered in formal agreements with trade unions	Not applicable – trade unions do not exist and are illegal in Qatar.
LA10	Average hours of training per year per employee, by employee category	55
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	53-56, QAFAC is implementing a new talent management and succession plan system to address this issue among many others.

GRI	Indicator Definition	Page / Description
LA12	Percentage of employees receiving regular performance- and career-development reviews	54
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	13-14
LA14	Ratio of basic salary of men to women by employee category	53-54 – QAFAC is equal opportunity employer; pay is not dependent on gender or race.
<b>Product Responsibility</b>		
PR1	Life-cycle stages in which the health and safety impact of products and services is assessed for improvement, and percentage of significant products and services categories subject to such procedures	32, 56,
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impact of products and services, by type of outcome	QAFAC is not aware of any voluntary or regulatory non-compliance issues related to products and services.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	32,56- Customers' specifications are strictly met, and a product material safety data sheet is available. This sheet recognizes environmental and social concerns, and meets standards and accepted practices.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome	QAFAC is not aware of any voluntary or regulatory non-compliance issues related to products and services information and labeling.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	32- 56
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	32, 56 QAFAC adheres to all Qatari laws and regulations
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcome	Zero
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No complaints regarding breaches of customer privacy or loss of customer data were recorded.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No fines or monetary sanctions.
<b>Economic Indicators</b>		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations, and other community investments, retained earnings, and payments to capital providers and governments	25, 31
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	27-31
EC3	Coverage of the organization's defined benefit plan obligations	QAFAC provides benefits and allowances, medical and life insurances, pension funds for nationals, and end of service gratuity for expatriates.



GRI	Indicator Definition	Page / Description
EC4	Significant financial assistance received from government	QAFAC is a private company and did not receive any assistance from the government.
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation	Qatar has no minimum wages.
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	34
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	49
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	49-51 –QAFAC’s facilities in Qatar are located in the Mesaieed Industrial City, and the first line of contributing to the country is through land lease and fees.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	49-51
<b>Economic Indicators</b>		
EN1	Materials used by weight or volume	39-42
EN2	Percentage of materials used that are recycled input materials	41 – CO2 is main raw material of Methanol which is recovered from emissions of other processes.
EN3	Direct energy consumption by primary energy source	42
EN4	Indirect energy consumption by primary energy source	42
EN8	Total water withdrawal by source	27-28 – Kahramaa is the national water and electricity provider through which QAFAC receives all its water.
EN10	Percentage and total volume of water recycled and reused	42
EN16	Total direct and indirect greenhouse gas emissions by weight	39-42
EN17	Other relevant indirect greenhouse gas emissions by weight	39-42
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	39-42
EN19	Emissions of ozone-depleting substances by weight	No ozone-depleting substances are knowingly used by QAFAC
EN20	NOx, SOx, and other significant air emissions by type and weight	39-42
EN21	Total water discharge by quality and destination	44
EN22	Total weight of waste by type and disposal method	46
EN23	Total number and volume of significant spills	There has been no spills or leaks at QAFAC in 2011.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	46-48 – all hazardous waste is transported to Mesaieed Industrial City Hazardous Material Treatment Center.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	41, 47
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not applicable – our products are transferred by tanker ships, trucks, or pipelines.
EN29	Significant environmental impact of transporting products and other goods and materials used for the organization’s operations, and transporting members of the workforce	31-32
EN30	Total environmental protection expenditures and investments by type	41

GRI	Indicator Definition	Page / Description
<b>Human Rights</b>		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Pg. 35 – Human rights criteria are included in all of our agreements with our contractors and suppliers.
HR4	Total number of incidents of discrimination and actions taken	35 - no incidents of discriminations were reported within QAFAC employees
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Employee associations, such as unions and collective bargaining, are not present in Qatar. QAFAC takes extensive steps to engage employees individually and collectively as outlined in page 33
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	QAFAC does not have operations where there is significant risk of child labor. Furthermore, the company does not hire anyone under the legal age at Qatar (16).
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	QAFAC adheres to all laws relating to worker rights, and follows international guidelines. Overtime is duly compensated, and employee passports are not retained. The company also takes significant steps to help ensure that there are no violations of worker rights, including forced or compulsory labor, among contractors.
HR8	Percentage of security personnel trained in the organization’s policies or procedures concerning aspects of human rights that are relevant to operations	Zero
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Zero
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	35
HR11	“Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.”	Zero
<b>Society Indicators</b>		
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	49-51
S02	Percentage and total number of business units analyzed for risks related to corruption	13-14
S03	Percentage of employees trained in organization’s anti-corruption policies and procedures	13-14, all employees are trained via acknowledging the Code of Ethical Conduct
S04	Actions taken in response to incidents of corruption	QAFAC has no incidents of corruption
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	QAFAC provided no financial contribution to any political party



GRI	Indicator Definition	Page / Description
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices, and their outcomes	There have been no legal actions against QAFAC
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	There have been no legal actions against QAFAC
S09	Operations with significant potential or actual negative impacts on local communities	None of QAFAC operations inertly pose a significant negative impact on local communities

G3.1 DMA	Description	Cross-Reference / Direct Answer
DMA EC	Disclosure on Management Approach Economic (EC)	23-25
DMA EN	Disclosure on Management Approach Environment (EN)	37-47, QAFAC is located at an industrial zone where it was carefully located to not affect any biodiversity. None of our operations harm any wild-life or animals. Our water discharges are within compliance of environmental regulations.
DMA LA	Disclosure on Management Approach Labour Practices (LA)	53-57, QAFAC is an equal opportunity employer that cares for the diversity and equal opportunities at its workplace. QAFAC does not have different pay-scales based on gender.
DMA HR	Disclosure on Management Approach Human Rights (HR)	53-57, QAFAC respects human rights for all its employees, contractors, and suppliers. QAFAC does not hire any one below the minimum legal age, nor has had any incidents of compulsory work.
DMA SO	Disclosure on Management Approach Society (SO)	13-14, 49-51
DMA PR	Disclosure on Management Approach Product Responsibility (PR)	32, 47



## Statement GRI Application Level Check

GRI hereby states that **QAFAC** has presented its report "QAFAC Sustainability Report 2011 - Our Sustainability Ambitions" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

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

Amsterdam, 6 August 2012



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



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

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 31 July 2012. GRI explicitly excludes the statement being applied to any later changes to such material.



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