

SUSTAINABILITY REPORT 2018



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1. CEO Message



We are pleased to present Nakilat's Sustainability Report for the year 2018. This report is our ninth submission to the annual Sustainable Development Industry Reporting Initiative.

Nakilat's pivotal role as the essential transportation link of Qatar's liquified natural gas (LNG) calls for robust sustainability practices to address the needs and demands of the market, society and environment. Operating in a responsible manner, Nakilat strives to balance the economic, environmental and social needs aspects of sustainability, steered by excellence in safety and health, solid governance and ethical business practices. It is an ongoing pursuit, where we continuously strive to strengthen our governance and elevate our business practices, as we traverse the globe to meet the growing demand for clean energy.

Navigating through challenges facing the maritime industry, Nakilat's solid foundation has enabled it to remain resilient in delivering clean energy across the world without interruptions nor compromising safety. We have achieved an overall Lost Time Injury Rate (LTIR) of 0.07 and a Total Recordable Case Frequency (TRCF) of 0.80, both significantly below the benchmarked industry averages of those metrics. Throughout the year 2018, we maintained a vessel reliability of over 99% across the entire liquefied natural gas (LNG) and liquefied petroleum gas (LPG) fleet, with strong safety performance observed for both fleets. In addition, we recorded zero LTI at our world-class Erhama Bin Jaber Al Jalahma shipyard for both local joint venture companies, Nakilat-Keppel Offshore & Marine (N-KOM) and Nakilat Damen Shipyard Qatar (NDSQ), exceeding 14.5 million and 12.75 million safe man-hours achieved respectively.

We are raising the bar higher when it comes to managing occupational health and safety at Nakilat, by setting stringent targets and higher standards than benchmarked industry average. Our comprehensive incident and injury free (IIF) campaign came with numerous activities for employees to heighten their awareness as well as empower them to highlight health and safety related issues proactively. We are proud to be recognized by prestigious organisations such as British Safety Council and Lloyd's Register Quality Assurance for our exemplary safety management, in which we are committed to ensure that everyone goes home safe every day.

Nakilat believes that our success has been and shall continue to be internally generated through a high caliber workforce. We stay true to our mission of contributing and supporting Qatar's National Vision 2030, by means of stimulating human capital and societal development. Nakilat seeks to nurture the right talents for the company and develop future leaders for the nation, to grow a sustainable talent pipeline. With a diverse workforce of around 40 nationalities, Nakilat strive towards creating a workplace that is founded on merit and equality, irrespective of gender, age, nationality, ethnicity, educational background or religion.

Abundant learning and development initiatives have been introduced to promote both professional and personal growth as well as enrich the knowledge our of employees. Our Marine Cadet Program (MCP) has sponsored 22 National students since establishment, through which 15 cadets have graduated into full-fledged seafarers. We also continue to groom local talents via our comprehensive National Developee Program (NDP), that has largely contributed to our a solid Qatarization rate of 41% in 2018, among the highest within the local oil and gas industry. This has earned Nakilat the Qatarization Award during the Energy and Industry Sector's 2018 Annual Review Meeting under the "Supporting Training and Development" category.

Our all-encompassing Corporate Social Responsibility (CSR) initiatives focused our efforts toward empowering communities, enhancing societal wellbeing, enriching learning experience amongst youths, as well as advocating environmental protection through hands-on and interactive educational activities. Nakilat won the Green Corporate Award in 2018, in recognition of our commitment to furthering sustainable development and environmental protection in Qatar and internationally.

Our world-class Erhama Bin Jaber Al Jalahma Shipyard has not only contributed to the growth and development of Qatar's maritime industry but has also enabled the provision of various maritime services locally, providing an abundance of opportunities for local entrepreneurs. In 2018, Nakilat observed a 22% increase in local procurement expenditure as we focused on prioritizing local vendors wherever possible, tying back to our cost optimization efforts to remain competitive.

The world demands better commitment and greater responsibility towards sustainability and environmental protection. Delivering energy responsibly also means being mindful of integrating health and safety, employee's wellbeing, and environmental considerations across all our operations. Nakilat aspires to continue to be recognized as a safe, reliable and efficient ship operator and maritime service provider.

We thank our board of directors, shareholders, employees and stakeholders for the continued support as Nakilat navigates forward with determination and remains focused on sustainable growth.

Eng. Abdullah Al-Sulaiti
Chief Executive Officer

2. Our Approach to Sustainability

As the essential transportation link in Qatar's LNG supply chain to the world, the safety and security of all Nakilat's vessels are of vital importance to the country and company. The company's participation in various conferences and exercise drills on cybersecurity, risk management, and business continuity, demonstrates its steadfast commitment in ensuring the resilience of its integrated shipping and maritime operations.

In accordance with Nakilat's Mission and Vision statements and with its Safety, Health, Environment and Quality (SHEQ) policy, this sustainability commitment covers all areas of operation, including:



Safety, Health and Environment – Ensuring health and safety of staff and adopt measures to minimize environmental impacts



Economic Impacts & Supply Chain – Using our financial resources responsibly to ensure continued success and increase shareholder value, as well as responsible sourcing of goods and services



Employees – Provide an excellent workplace and care for employee's wellbeing



Governance, Ethics and Compliance – Operating in an ethical manner and in accordance with the laws where the company operates

2.1. Reporting Period and Scope

This report is limited to the operations and initiatives of **Nakilat and its two local Joint Ventures, N-KOM and NDSQ only**, unless otherwise indicated. The period covered by this Report is from January to December 2018, which is the financial year of Nakilat. It has been prepared in accordance with the Global Reporting Initiative (GRI) standards: Core option requirements.

The focus of this report is the sustainable development strategies and practices of Nakilat: Safety, Environment, Economic, and Ethics of the company. It also highlights the technical advancements and initiatives as well as provides an overview of our technical know-how, priorities and targets, as well as performance review in several key indicators.

Nakilat demonstrates its commitment to keep its stakeholders (employees, customers, investors, business partners and government bodies, and host community) abreast of its social and environment developments.



2.2. Stakeholder Engagement Approach

STAKEHOLDER GROUP	WHO THEY ARE	ENGAGEMENT PLATFORM / ACTIVITIES
Business Partners / Joint Venture Companies 	Leading shipping and maritime companies from around the world who collaborate with Nakilat towards meeting our growth strategy	<ul style="list-style-type: none"> Regular forums and meetings with business partners Close contact with charterers is maintained through regular meetings and participation in key industry events Periodic audits
Customers 	Gas players whose products we deliver worldwide. Charterers include Qatargas, ExxonMobil, Shell, and other international companies	<ul style="list-style-type: none"> Close contact with charterers is maintained through regular quarterly meetings and a customer satisfaction survey twice per year
Employees 	Pillars of the organisation. 200+ employees at Nakilat, 1,500+ employees at JVs	<ul style="list-style-type: none"> Annual Employee Forums, regular surveys and questionnaires
Suppliers / Service Providers 	Vendors and business whom we procure goods or services from 200+ suppliers	<ul style="list-style-type: none"> Timely updates on business requirements, with an emphasis on procurement from the local market
Investors 	Any person or other entity who commits capital with the expectation of receiving financial returns	<ul style="list-style-type: none"> Nakilat is a Qatari listed company established by the State of Qatar to own, operate and manage LNG/LPG vessels and to provide shipping and marine-related services to a range of participants within the Qatari hydrocarbon sector Nakilat strives to protect the interests of investors by way of following the Corporate Governance and keeps them informed about its financial state of affairs through publishing Quarterly & Annual financial reports on the Qatar Exchange and in the leading Newspapers of Qatar
Government & Regulatory Authorities 	Policy makers	<ul style="list-style-type: none"> Conformance to laws and regulations towards operating in safe, efficient and reliable manner, as well as spurring local socio-economic growth
Local Community 	Communities within the area of our operations	<ul style="list-style-type: none"> Implement various initiatives aimed at contributing to the society at large (corporate social responsibility)

2.3. Affiliations

Nakilat is affiliated with several organizations related to various aspects of sustainability, including the following:

- + Qatar Petroleum SQ
- + British Safety Institute
- + Ministry of Defense
- + Hamad Hospital
- + Green Award Foundation
- + Class and Certification Bodies
- + International Maritime Organization (IMO)
- + National Board
- + International Organization for Standardization (ISO)
- + American Petroleum Institute (API)

3. Corporate Overview

About Nakilat

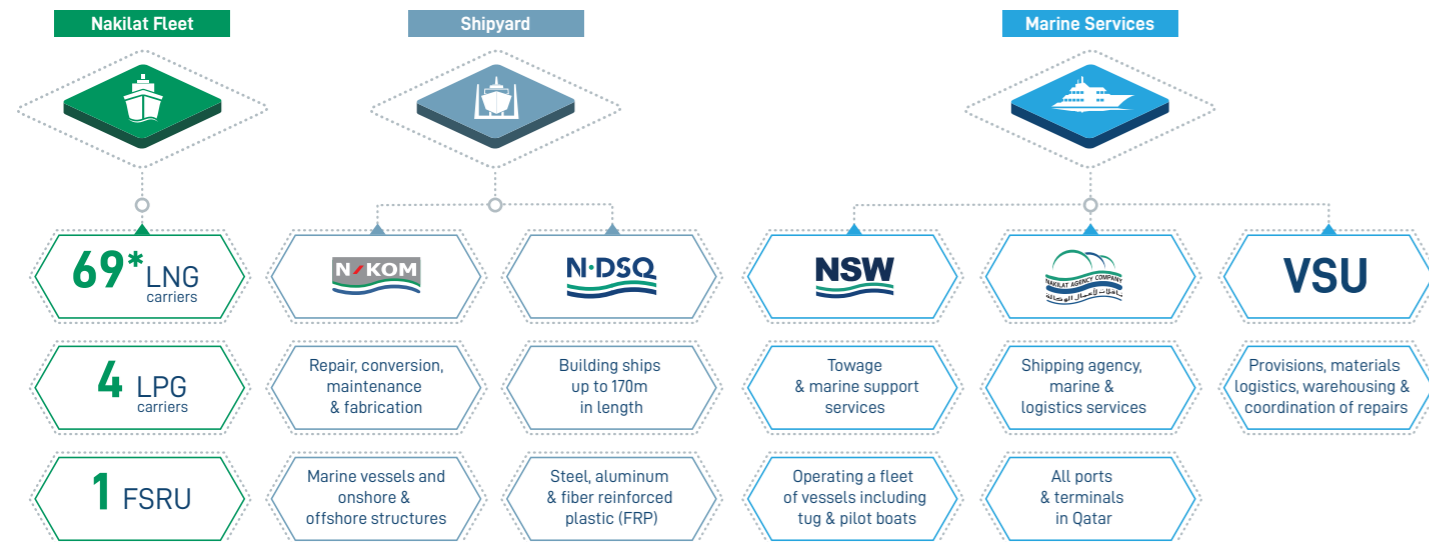
Established in 2004, Nakilat is a Qatari-owned shipping and maritime company providing the critical transportation link in the State of Qatar's LNG supply chain. Its LNG shipping fleet is the largest in the world, comprising of 69 LNG vessels. Nakilat also owns a Floating Storage Regasification Unit (FSRU) and manages four large LPG carriers.

In addition to its core shipping activities, Nakilat operates the ship repair, shipbuilding and construction facilities at the world-class Erhama Bin Jaber Al Jalahma Shipyard in Ras Laffan Industrial City via strategic local joint ventures: Nakilat-Keppel Offshore & Marine (N-KOM) and Nakilat Damen Shipyards Qatar (NDSQ). It also provides shipping agency services through Nakilat Agency Company (NAC) for all Qatari Ports, as well as towage and other marine support services through its joint venture Nakilat SvitserWijsmuller (NSW) for vessels at the Port of Ras Laffan and around Qatar's Halul Island.

Nakilat's diverse involvement across the maritime supply chain makes it a well-rounded maritime organization in Qatar. The company's integrated operations complement its vision to be a global leader and provider of choice for energy transportation and maritime services.



Business Overview



* includes 4 newbuilds

Local Joint Venture Companies

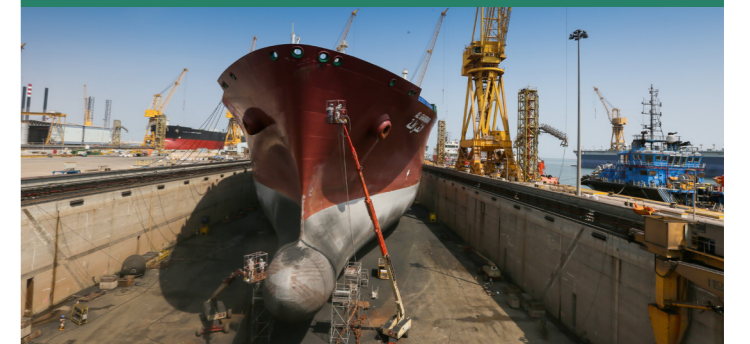
Nakilat-Keppel Offshore & Marine (N-KOM):

Established in 2008, N-KOM is owned 79% by Nakilat, 20% by KS Investments Ltd (a wholly-owned subsidiary of Keppel Offshore & Marine) and 1% by Qatar Petroleum. The extensive facility spans 50.8 hectares, offering the repair, conversion and maintenance of marine and offshore vessels. This includes fabrication of offshore and onshore structures such as jack up drilling rigs, lift-boats, land rigs and related components. N-KOM is accredited by the American Petroleum Institute (API) for Spec Q1 and for ISO 9001:2015 Certification of Quality Management System, by Lloyd's Register for ISO 14001:2015 and ISO 45001:2018 and holds the American Society of Mechanical Engineers (ASME) Certification Audit for Pressure Vessels Certification; ASME Stamps U, U2, S and PP; National Board R Stamp.



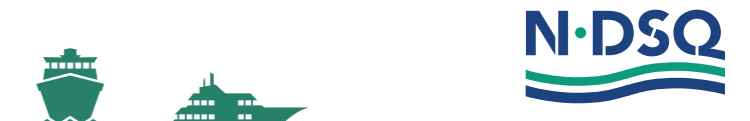
Facilities:

- Two graving docks (360m x 66m and 400m x 80m)
- One floating dock (405m x 66m)
- Piers and quays totaling 3,150m in length, equipped with 15 jib cranes of varying capacities (50, 30 and 100 tonnes)
- Complete range of support facilities, such as steel shop, machine shop, pipe shop, mechanical and electrical shops, cryogenic cleanrooms and large stores
- The facility for small vessel repairs has four tower cranes of -25tonne lifting capacity each, two mobile boat hoists (-300tonne and -1,100tonne), a floating quay of 200m, dry berth area as well as a production support facility



Nakilat Damen Shipyards Qatar (NDSQ):

Established in 2010, NDSQ is owned 70% by Nakilat and 30% by Damen Shipyards Group of the Netherlands. Spanning 18 hectares, the shipbuilding facility is well equipped for the construction of steel, aluminum and fiber reinforced plastic (FRP) boats of up to 170m in length. Its production capability includes a wide range of commercial vessels (such as tugs, offshore supply boats and cargo vessels), naval vessels and superyachts. NDSQ can also undertake the refit of superyachts and naval vessels. The facility is accredited by Lloyd's Register for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.



Facilities:

- Construction Hall of 270m in length by 65m wide, Assembly Hall consisting of four bays
- Finishing and refit hall for high-value vessels, 180m long x 70m wide x 50m high
- Two separate bays that are independently climate controlled
- Outfitting pier of 400m in length equipped with a -30tonne crane
- Load-Out and Recovery (LOR) Barge with 10,500 tonnes lifting capacity
- Workshops, stores and other support facilities



VISION, MISSION & VALUES

VISION

To be a global leader and provider of choice for energy transportation and maritime services

MISSION



Protect the environment where we work



Safely, reliably & efficiently provide shipping & maritime services



Foster passionate collaboration and capture synergies among the Nakilat family



Exceed customer expectation through strong partnership



Maximize shareholders return through optimized investment opportunities



Invest in human capital; attracting, retaining and developing our workforce with an emphasis on national development



Contribute to and support Qatar National Vision 2030



VALUES

Safety

Incident and Injury Free

We place the highest priority on the health and safety of our workforce, as well as protection of the environment and our assets wherever the company operates. Nakilat's robust international safety standards and attention to safety reflects the company's strong focus towards achieving business excellence.



Passion

Strong commitment towards continuous improvement

We are committed to excellence in everything we do, and we strive to continually improve. We are passionate about achieving results that exceed expectations. To achieve the highest standards in safe energy transportation, Nakilat is committed to nurturing an organizational culture in which individuals make full use of their time, talent, and opportunities to pursue excellence.



Integrity

Honesty with sound moral principles

Being honest and upright, with sound moral principles in our operational and business dealings. We accept responsibility and hold ourselves accountable for our work and actions.



Respect

Value the diversity and perspective of others

Nakilat values its diverse workforce, and encourages respect and support for each other. We strive and commit towards establishing an environment of trust, built upon honesty, ethical behaviour and respect.



Encouragement

Be motivated and motivate people around you

We strive to stimulate a positive working environment based on effective teamwork, recognizing the uniqueness of everyone in the workforce. We believe that each team member brings about unique experiences, various perspectives and diverse talents in support of the company's goals.



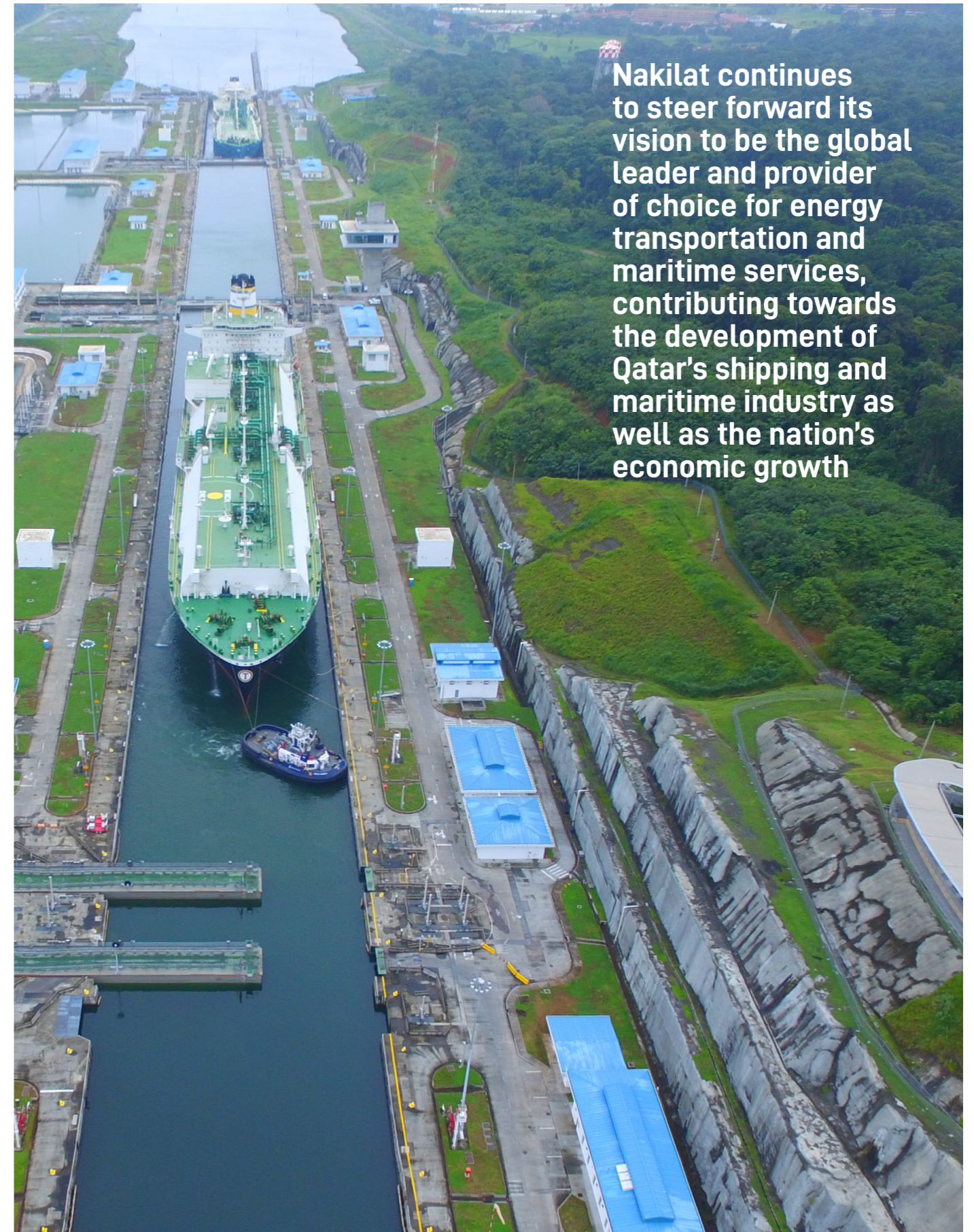
Corporate Strategy

Nakilat strives towards pursuing superior performance and demonstrating excellence across its operations, in order to achieve its vision to be a global leader and provider of choice for energy transportation and maritime services.

Moving forward into 2019 and beyond, Nakilat's strategy is centered on becoming a global shipping and maritime company, one that delivers energy in a safer and more efficient manner, focused on diversification and growth to deliver stronger financial performance. This will ensure that the company remains resilient and competitive amidst dynamic market conditions.

As such, four key strategic themes were identified as the foundational pillars guiding Nakilat's corporate strategy, as outlined below:

	Sustainable Growth	Operational Excellence	Customer Engagement
 OUTCOME	<ul style="list-style-type: none"> + Boost profit + Increase market share 	<ul style="list-style-type: none"> + Nakilat to be one of the top performers 	<ul style="list-style-type: none"> + Improve brand value
 CUSTOMER	<p>"Deliver complete/integrated energy transportation & maritime solutions"</p>	<p>"Provide a safe, reliable and cost-effective service"</p>	<p>"Add value to enrich customer experience"</p>
 INTERNAL	<ul style="list-style-type: none"> + Materialize profitable business opportunities + Build market intelligence capabilities to develop a growth strategy 	<ul style="list-style-type: none"> + Improve cost efficiency + Streamline core operational processes + Enhance performance through effective monitoring & evaluation 	<ul style="list-style-type: none"> + Promote corporate image + Establish a customer value-creation culture
Organizational Performance Enablement			
 ENABLERS	<ul style="list-style-type: none"> + Attract, retain & develop high quality employees 	<ul style="list-style-type: none"> + Ensure lean, cost-efficient, and customer-oriented support functions 	<ul style="list-style-type: none"> + Build a maritime strategy-focused organization



Nakilat continues to steer forward its vision to be the global leader and provider of choice for energy transportation and maritime services, contributing towards the development of Qatar's shipping and maritime industry as well as the nation's economic growth

4. Sustainability Milestones 2018



SAFETY

99%

Vessel reliability across entire LNG & LPG fleet

Zero LTI

14+ million
safe man-hours

For N-KOM

LTI = Lost Time Injury

Zero LTI

12+ million
safe manhours

For NDSQ

LTI = Lost Time Injury



CERTIFICATES

ISO 45001:2018 certified

Occupational Health & Safety Management System

ISO 9001:2015

Quality Management Systems

ISO 27001:2013 certified

Information Security Management Systems

ISO 14001:2015

Environmental Management Systems

5 Star Rating

With 94.1% scoring for Occupational Health & Safety Audit by British Safety Council



AWARDS

Sword of Honour Award

Pinnacle of achievement in the world of health and safety management by British Safety Council

Qatarization Award

For 'Supporting Training & Development' at Energy and Industry Sector's 2018 Annual Review Meeting

Green Corporate Award

In recognition of the company's sustainable practices



CONTRIBUTION TO QATAR DEVELOPMENT

USD 1.37+ billion

Cash dividends to shareholders since inception

↑50+%

Increase of economic value distributed in 2018 for the country, compared to 2017

↑20+%

Increase in local procurement in 2018, compared to 2017



HUMAN CAPITAL

~40 Nationalities

Fostering unity in diversity

41%

Outstanding Qatarization rate in 2018

158

Formal trainings delivered

5,000+ hours

Total training hours spent

100

E-Learning courses launched

22

Sponsored Qataris under Marine Cadet Program (MCP) since establishment

5. Occupational Health & Safety

5.1. Safety Policy

At Nakilat, we value our people, partners, shareholders, customers, suppliers, community and the environment. We believe in and are committed to establishing a world-class company by:

Placing Safety, Health, Environment and Quality (SHEQ) at the top of our agenda with the aim of causing no harm to people and protection of the environment	Setting performance targets for Safety, Health, Environment and Quality, and measure, appraise and report SHEQ performance to drive continual improvement	Preventing pollution, eliminating hazards and reducing OH&S risks	Providing adequate resources and leadership to effectively implement the company SHEQ management system and achieve SHEQ objectives
Maintain the highest level of integrity with all our stakeholders	Treating employees, partners and customers with respect and dignity	Encouraging teamwork and collaboration across the organisation in order to support our mission goals	Recognising and rewarding accomplishments
Striving to be innovative and continually improve performance, through employee consultation and participation, sharing best practices and implementation of lessons learnt	Encouraging entrepreneurship and empowering individuals to lead and take responsibility	Openly communicating and sharing related information within the corporation	Complying with Safety, Health, Environment, Quality, Legal and other requirements applicable to our activities

5.2. Safety Performance

The company's solid safety performance reflects the effort and dedication of staff both at sea and ashore. Nakilat's prime objective is to achieve an 'Incident and Injury Free (IIF)' work environment and our 2018 safety results greatly complement our commitment toward being IIF. In addition to the impressive statistical record associated with these results, the true meaning of these figures is that none of the thousands of employees and contractors have suffered a serious injury at work. This is an achievement which means that everyone goes home to their families safe and sound. Nakilat demonstrated first-class operational and safety performance despite the demanding operations worldwide.

Nakilat's safety performance has been amongst the best within our industry sectors. These are the key highlights for the year 2018:

Nakilat achieved an overall Lost Time Injury Frequency (LTIF) of 0.08 and a Total Recordable Case Frequency (TRCF) of 0.72, both significantly below the benchmark averages of those metrics.

0.07
(LTIF)
0.80
(TRCF)

N-KOM recorded 14.5 million safe man-hours by the end of 2018 since its last LTI in June 2016.

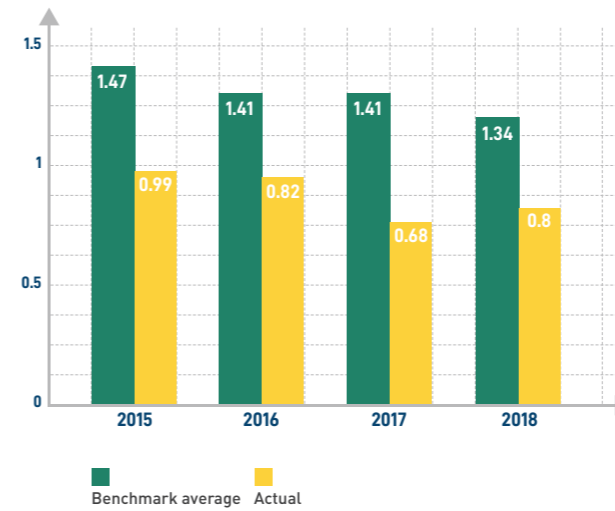
14+
million
safe man-hours

NDSQ maintained its LTI-free record in 2018 and has been recording zero LTI since its inception in 2011. NDSQ exceeded 12.75 million safe man-hours by the end of 2018.

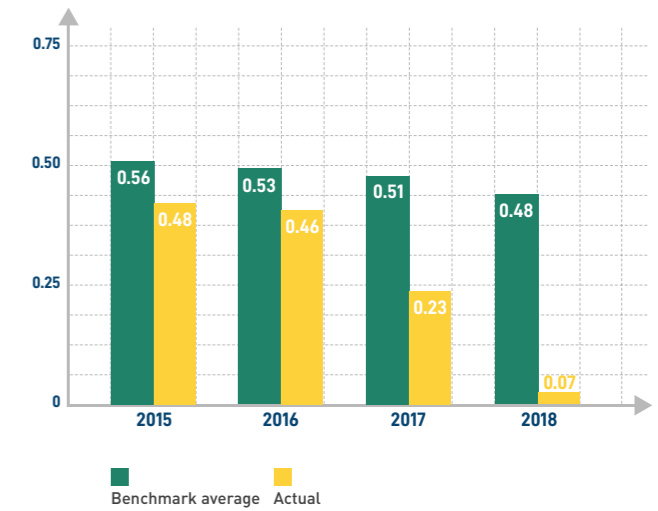
12+
million
safe man-hours

Safety performance track record for the Nakilat Group (Nakilat, NSQL*, shore & fleet JVs and Nakilat wholly owned vessels).
NSQL*: Nakilat Shipping Qatar Limited

TRCF (Total Recordable Case Frequency)



LTIF (Lost Time Injury Frequency)



Nakilat's wholly-owned, joint-venture and in-house operated vessels have demonstrated first-class operational and safety performance despite the demanding operations worldwide. Key highlights of our industry-leading vessel safety performance are as follows:

Wholly-owned vessels

Wholly-owned vessels achieved a Lost Time Injury Frequency (LTIF) of 0.00 year-to-date and Total Recordable Case Frequency (TRCF) of 0.65 year-to-date, both within the industry leading category

15 vessels



Joint-venture LNG vessel

Joint-venture LNG vessels have achieved a Lost Time Injury Frequency (LTIF) of 0.00 year-to-date and Total Recordable Case Frequency (TRCF) of 0.11 year-to-date, both in the industry leading category

36 vessels



NSQL-managed vessels

Nakilat-managed LNG and LPG fleet achieved a Lost Time Injury Frequency (LTIF) of 0.40 year-to-date and Total Recordable Case Frequency (TRCF) of 0.41 year-to-date, both within the industry leading category

18 vessels

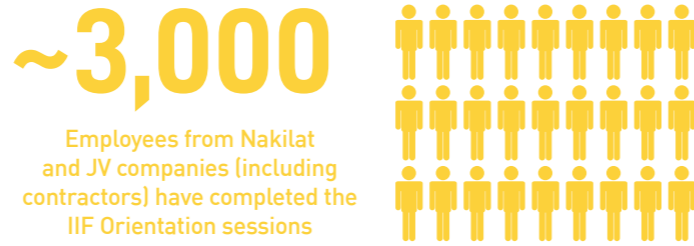
14 LNG • 4 LPG



5.3. Continuous Incident & Injury Free Program (IIF) Campaign

Nakilat continued with its Incident and Injury Free (IIF) campaign; a safety leadership program aimed at empowering employees to foster a safer working environment throughout the organization and joint-venture companies, with the introduction of additional measures such as:

- + Introduction of effective intervention skills to enable people to challenge the status quo towards achieving safe, incident and injury free operations
- + Initiated mandatory SHEQ training courses for all employees, in which the first out of 8 series of mandatory courses have been disseminated during 2018



Health focused activities:

MENTAL HEALTH AWARENESS

Nakilat conducted a Health Awareness Session in co-operation with Qatar's Mental Health Friends Association, as part of its ongoing efforts to enhance the health and well-being of its employees. The session focused on enhancing awareness on managing work-related stress effectively and also aimed at removing the stigma associated with mental health conditions by encouraging the staff to speak openly about mental health issues and seek help early.

BLOOD DONATION DRIVE

Nakilat organized a blood donation drive in collaboration with the Blood Unit of Hamad Medical Corporation (HMC) at its Corporate office in Doha. Nakilat continues to organize regular blood donation drives across the entire organization.

SEASONAL FLU VACCINATION DRIVE

A Seasonal Flu Vaccination Drive was conducted in the Nakilat Corporate office and the Shipyard facility to administer Flu shots to all staff, in coordination with Ministry of Public Health (MoPH). The vaccination drive was extended to families of the employees as well to significantly reduce the chances of getting the flu as a preventative measure.



Safety focused activities:

OFFICE ERGONOMICS CAMPAIGN

An office ergonomics session was conducted for Nakilat office staff to create awareness on ergonomic hazards owing to poor workstation habits and incorrect handling of desk equipment. After the session, an online survey was launched to provide information with regards to improvements that can be made wherever necessary and thus prevent occupational incidents due to ergonomic hazards.

MANDATORY E-LEARNING ON OFFICE SAFETY

Nakilat launched its first Mandatory E-Learning Course on Office Safety as part of Nakilat's Incident & Injury Free (IIF) Program. The course consisted several learning modules such as general office safety, ergonomics, environmental hazards and waste management bundled into one pack and was conveniently designed so that staff could complete the training at their leisure.



5.4. Incident & Emergency Preparedness

Enhanced reporting with new Incident Reporting Module: Nakilat successfully launched the **SAP-EHS Module** for all staff as part of its continual efforts towards upgrading the SHEQ reporting systems. The new SAP-EHS Platform caters to Incident Reporting and **Management of Change (MOC)**.

The new **Incident Reporting Module** provides a better interface for reporting of Incidents, Near Misses or Observations (Unsafe Acts / Unsafe Conditions). It also provides a convenient platform to coordinate with relevant action parties for effectively addressing all the Corrective Actions to prevent a recurrence.

The MOC module of SAP-EHSM enables full automation of the existing manual procedure for raising the change request. It is fully integrated, stable, more efficient, and most importantly, a user-friendly tool. Both modules are accessible by employees from Nakilat's SharePoint intranet Portal.

Regular exercises and drills:

Nakilat conducts regular communication drills with its wholly-owned and jointly-owned vessels, in coordination with its partners and charterers to ensure that all lines of communications are clear to prepare for any eventuality, at least once annually.

Several tabletop exercises are also conducted for fleet and shipyard operations to test capabilities of the respective response team to close any gaps. Our periodic reviews of incident response plans, crisis management plans, and business continuity plans, further strengthens the organization's immunity against any unwarranted situations.



6. Caring about our Environment

Environmental management is a growing concern that requires the immediate attention of all stakeholders. Nakilat is subjected to diverse regulations and requirements on environmental management following our widespread LNG shipping network worldwide. Guided by robust risk management practices, Nakilat implements various measures to protect the environment through compliance with international standards and internal governance mechanisms.

Amongst Nakilat's focus areas on environmental management include:

- **ENHANCE STANDARDS**
Compliance to international standards
- **ENERGY EFFICIENCY**
Optimize energy consumption and responsible sourcing of environmentally friendly materials
- **WATER MANAGEMENT**
Responsible and prudent water consumption
- **WASTE REDUCTION**
Increase recycling thereby reducing waste



Moving forward, Nakilat is committed to continue pursuing proactive measures towards environmental goals and setting benchmark standards across the industry.

What governs our Fleet Operations

- + International Convention for the Prevention of Pollution from Ships (MARPOL)
 - MARPOL Annex I**
International Oil Pollution Prevention Certificate
 - MARPOL Annex IV**
International Sewage Pollution Prevention Certificate
 - MARPOL Annex VI**
International Air Pollution Prevention Certificate
 - MARPOL Annex VI**
International Energy Efficiency Certificate
- + International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk
- + Hong Kong International Convention for the Safe & Environmentally Sound Recycling of Ships
- + International Ballast Water Management of Convention
- + U.S. Environmental Protection Agency (EPA)
- + Enrolled in voluntary Green Awards Program
- + NAKILAT Safety, Health, Environment, and Quality (SHEQ) Policy
- + NAKILAT Occupational Health and Safety (OHS) and Environment Policy & Procedure



6.1. Compliance to High International Standards

For its fleet operations, Nakilat fully complies with all mandatory international and national regulations pertaining to environmental protection. The company also maintains valid certifications authorized by recognized classification bodies.

Making ship recycling safer with IHM:

The European Union (EU) pursues an ambitious policy to make ship recycling greener and safer. The recently introduced EU Legislation on Inventory Hazardous Materials (IHM) will come into force on 30th December 2020.

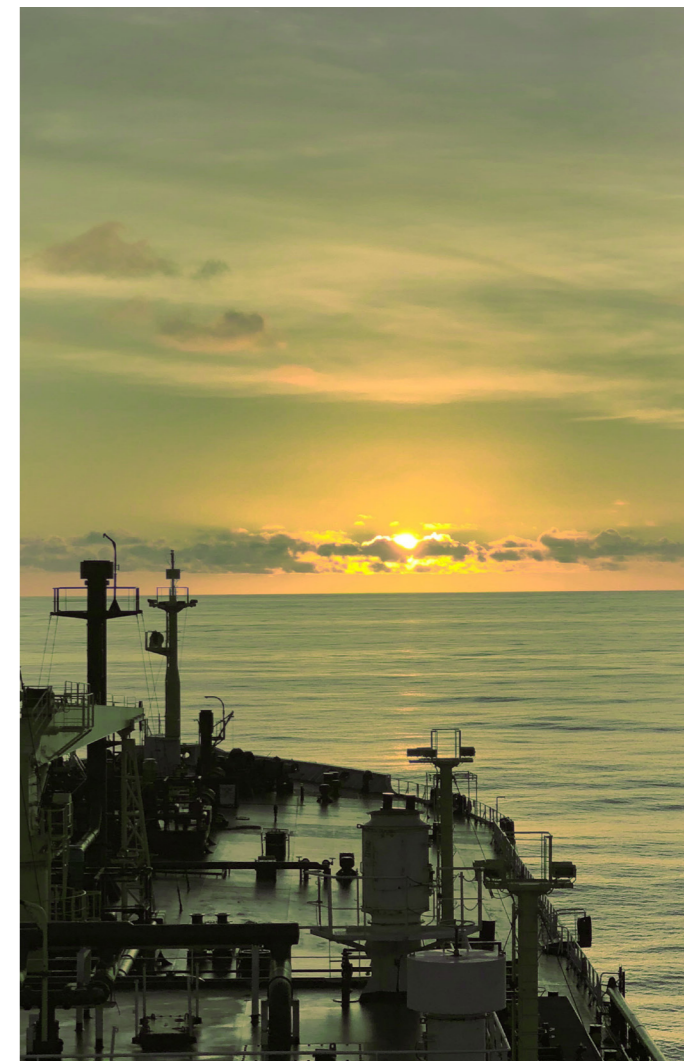
IHM is a structured system to control hazardous materials onboard ships. Risks can be identified during ship operations to inform crew, as well as repair and conversion yards about any hazardous materials onboard for incident preparedness and response. This enables advanced planning to ensure that any decontamination activities must be deployed by trained workers, appropriate equipment and adequate plan for the removal and disposals of any hazardous materials (Hazmats).

Nakilat has started obtaining IHM certification for its vessels and has made good progress on this recently implemented EU legislation, which requires ships to have an inventory of hazardous material on board. Extensive surveys have been completed, with samples taken and analyzed in the lab.

In addition to all mandatory certifications, our vessels maintain voluntary compliance certification with Hong Kong International Convention for the Safe & Environmentally Sound Recycling of Ships. Compliance with this requirement means that a record of all potentially hazardous materials onboard is maintained throughout the operational life of the ships.

Voluntary Green Awards Program:

All our LNG vessels are recipients of the Green Award, a voluntary program that signifies going above and beyond the industry standards in terms of safety, quality and environmental performance, and acts as a quality mark and brings benefits to its holders. This program is recognized and promoted by ports, shipping organisations and maritime service providers that want to support and enhance environmental and safety performance of ships and to promote the highest quality standards.



6.2. Measures Adopted to Preserve Marine Life

Nakilat works closely with charterers to achieve reduced fuel consumption and emissions as a result of adjusting voyage speeds to arrive in time for loading and discharging. As the fuel consumption is proportional to speed, significant efficiencies are achievable if the voyage speed is optimized. Each voyage is closely scrutinized and planned in close liaison with the charterers to achieve optimized vessel performance.

6.2.1. Environmentally friendly & higher performance hull coating systems:

All Nakilat's LNG vessels have been coated with environmentally friendly and high-performance coating systems, the latest available technology, at the time of their delivery. Over the course of natural time, a gradual drop in hull performance can be observed, causing increased fuel consumption for the same speed. A slight fouling has shown to cause a significant drop in speed leading to increased fuel consumption (hence, increased emissions) to achieve the same speed, as can be verified from the voyage performance analysis over the last five years.

To overcome the later drop in existing coating performance due to hull fouling, Nakilat rolled out an 'upgrade hull paint' scheme for its entire fleet, applying a more advanced and higher performance coating during planned dry docking of its vessels to further minimize the performance deterioration rate.

The performance of the new coating system has proven results with very little or no hull fouling, with vessels completing a full in-service cycle of 5 years. Comparative data analysis is continuously carried out, and it can be safely claimed that approximately 1.5% speed loss with the confirmed reduction has been realized in propulsive fuel consumption.

6.2.2. Enhanced & integrated hull performance monitoring:

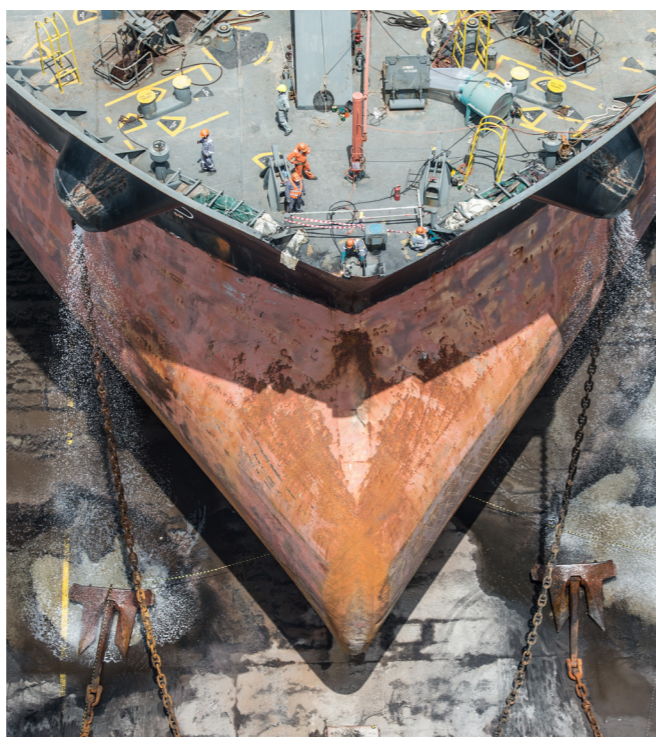
In line with the ISO 19030 (Ships and Marine Technology) standard on performance monitoring, Nakilat's integrated hull performance monitoring regime was enhanced. Existing onboard performance monitoring equipment were first upgraded to ensure timely recording and forwarding of data to shore at established intervals for selected performance parameters. Shore analysts will then produce either a monthly or per-voyage performance monitoring report primarily focusing on emissions related performance.

Guided by the performance reporting, the vessels' hull scrubbing can then be decided and documented. Nevertheless, an average hull clean interval was established and triggered using the most advanced ocean friendly remotely operated vehicle (ROV) system as soon as the performance deteriorated to a predetermined set point.

6.2.3. Innovative ROV solutions:

In addition to the established hull performance monitoring process, Nakilat together with Ras Laffan Industrial City (RLIC), Qatar Petroleum (QP) and the Ministry of Environment (MoE), have worked on assessing the viability to introduce an innovative means of hull cleaning within the Qatari territorial waters and port facilities. The remotely operated vehicle (ROV) system comprises of a high-pressure water jet and vacuum, associated with an on-barge separation system to collect the fouling without adverse impact to the environment.

The environment permit was granted, and the system was successfully introduced within the Ras Laffan Port limits on trial basis. The trial was carried out on a number of vessels and the system proved to be very environmentally friendly, rejecting only clean sea water overboard. Moving forward, the focus will be to permanently establish the RoV system within RLIC vicinity.



6.2.4. Propeller super-polish & edge modification:

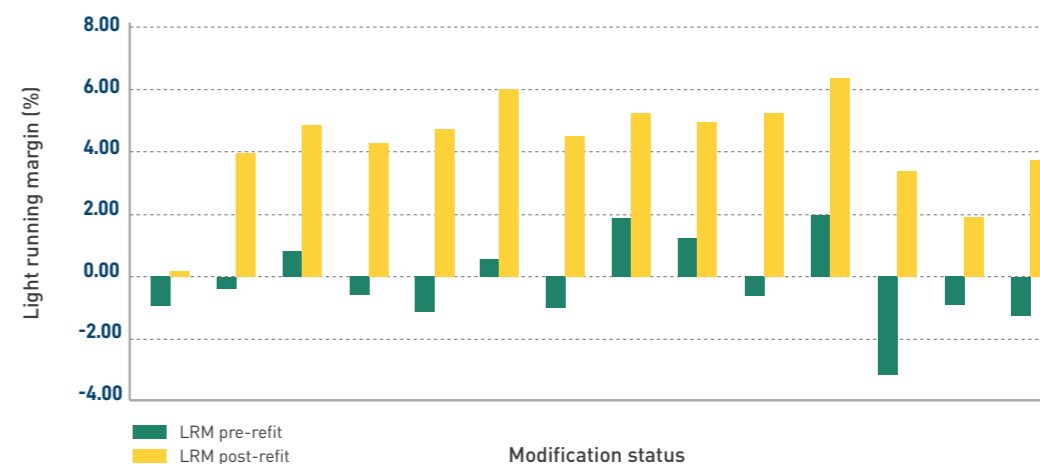
Our twin-engine, twin-propeller LNG vessels were delivered with coated propellers, which faced the same fouling phenomenon similar to the hull whilst in operations.

An independent study was conducted to determine the root cause of premature overloading of the engines in slight sea conditions, as additional fuel consumption had been observed to achieve the vessels' design revolutions per minute (rpm). After due diligence and consultation with the original makers, a decision was made to remove the propeller coating and super-polish the surfaces to further improve vessel performance.

Upon recommendation, vessels underwent propeller blade edge modification to 'lighten' the propellers, a process also known as increasing LRM (Light Running Margin). Adequate LRM indicates better propeller performance. These refits ensure that our vessels operate more efficiently with lower fuel consumption to achieve the design speed. For some vessels, this was accomplished while the vessel was in service through utilization of certified underwater diving companies. Meanwhile for other vessels, this has been carried out during their routine dry docking.



Propeller LRM pre and post Refit



6.2.5. Improved efficiency with propeller boss installation:

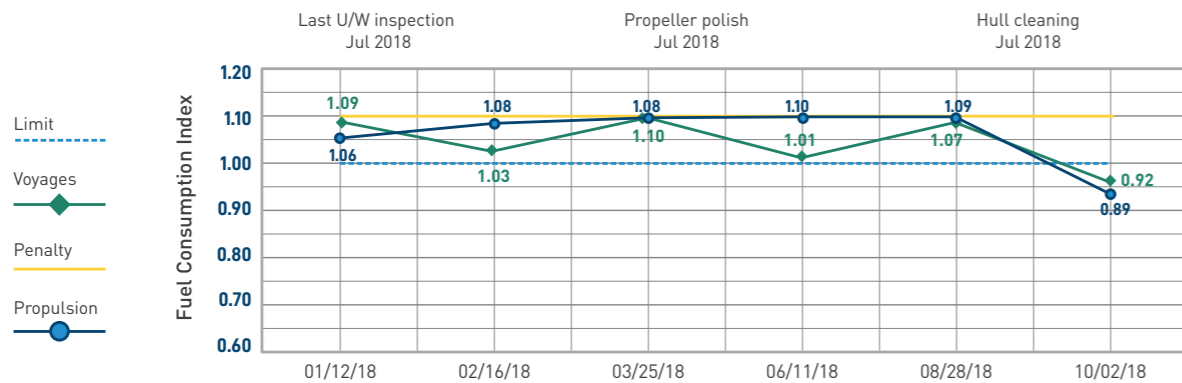
Upon a thorough study, propeller bosses have been installed on three LPG vessels, with the final installation on our fourth planned for April 2019. Studies have confirmed that this installation will allow for a **3-5% efficiency** in fuel consumption as well as emissions.

6.2.6. Vessel performance data:

Performance data collected so far indicates that each hull cleaning combined with a propeller polish returns the vessel's performance close to its baseline operational performance. It is therefore difficult to separately determine the positive effects of hull cleaning, coating upgrade, super-polishing and coating removal of propellers.

The following illustrations indicate the performance of two LNG vessels where base line criteria is set at 1.0. The graphs show deterioration of vessel due to hull fouling while in service. Nevertheless, the figure clearly shows that the hull resistance drops below the base line criteria of 1.0 when appropriate corrective measures (hull cleaning, under water inspection, propeller polish, coating etc.) are carried out simultaneously.

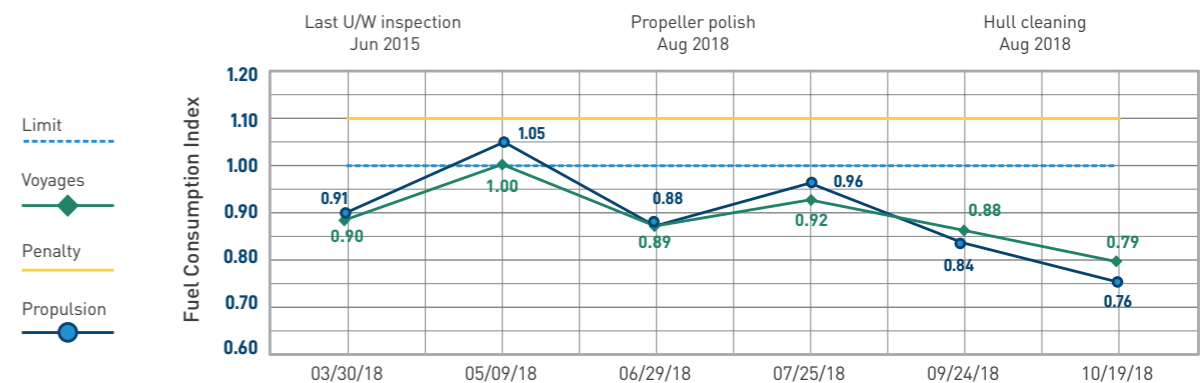
A. Fuel Consumption Index for LNG Carrier Q-Max Mozah



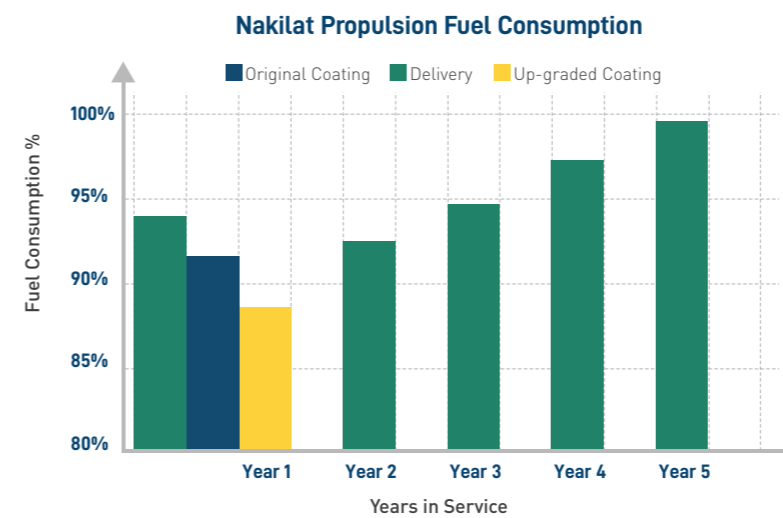
	QG-MOZ-063	QG-MOZ-064	QG-MOZ-065	QG-MOZ-066	QG-MOZ-067	QG-MOZ-068
Overall Voyage Performance (% of limit)	108.61%	102.78%	109.76%	101.28%	106.83%	92.17%
Propulsion Performance (% of limit)	106.47%	107.91%	108.33%	109.59%	109.45%	89.08%
Average of last 5 voyages Overall Performance	100.65%	102.03%	104.15%	105.15%	105.86%	101.85%



B. Fuel Consumption Index for LNG Carrier Q-Flex Mesaimmeer



	QG-MES-075	QG-MES-076	QG-MES-077	QG-MES-078	QG-MES-079	QG-MES-080
Overall Voyage Performance (% of limit)	89.92%	99.59%	89.12%	92.22%	88.19%	79.22%
Propulsion Performance (% of limit)	91.04%	105.13%	87.97%	96.15%	83.65%	76.36%
Average of last 5 voyages Overall Performance	88.37%	93.05%	94.64%	94.76%	92.59%	91.10%



Fuel savings from higher-grade hull coating systems:
 With the latest technology of higher-grade hull coating systems, the graphical analysis demonstrates fuel savings after five yearly dry docking, one having the original coat and the other coated by 2 different systems.

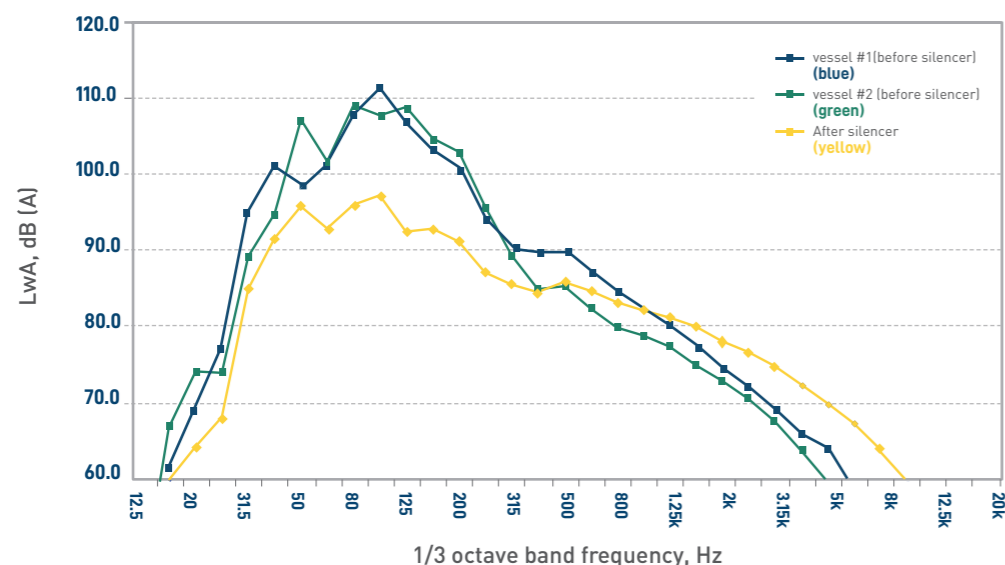
6.2.7. Noise reduction:

Although the vessels were delivered in compliance with the relevant Code for 'noise levels on board ships', there were some concerns raised by local communities with regard to low frequency noise levels from generator engines while the vessels were alongside discharging cargo.

As a result of an independent study by Lloyd's Register, silencers for all Diesel Generators have been upgraded to bring the noise emission down by 15 decibels (dB). Services of Lloyds Register ODS have been retained to routinely inspect the effectiveness of the new silencers.

The figure below depicts a graph for 2 LNG vessels after upgrading. Below figure shows the comparison of calculated sound power levels of exhausts for vessels before (green & blue) and after silencer (yellow) upgrade. As can be seen sound power levels have been reduced significantly in the frequency range from 40 to 200 Hz with improvements up to 15 dB at 125 Hz using the silencer. The frequency range above 300 Hz is less relevant in regard to diesel engine noise.

Comparison of Sound Power of Exhausts before vs after silencer upgrade



6.2.8. BWTS installations:

The International Convention for the Control and Management of Ships' Ballast Water and Sediments (Ballast Water Management Convention or BWM Convention) is a 2004 international maritime treaty which requires signatory Flag States to ensure that ships flagged by them comply with standards and procedures for the management and control of ships' ballast water and sediments.

The Convention aims to prevent the spread of harmful aquatic organisms from one region to another and halt damage to the marine environment from ballast water discharge, by minimizing the uptake and subsequent discharge of sediments and organisms.

Under the Convention, ships are required, according to a timetable of implementation, to comply with the D1 or D2 Standards:

D1 STANDARD: requires ships to carry out a ballast water exchange (BWE) and specifies the volume of water that must be replaced. This standard involves exchanging the uptake of discharge water from the last port, with new sea water; it must occur at a minimum of 200 nautical miles (Nm) from shore.

D2 STANDARD: is more stringent and requires the use of an approved ballast water treatment system. The system must ensure that only small levels of viable organisms remain left in water after treatment to minimize the environmental impact of shipping.

From 2024 onwards, all ships are required to have approved Ballast Water Management Treatment Systems (BWTS) as per the D2 standard.

Taking a proactive approach, Nakilat has begun to install approved **BWTS** on its vessels. So far, the installation has been completed on two LPG vessels and this will be further rolled out on other vessels in a planned manner.

BWTS system installed:

- + LPG 1 – completed April 2018
- + LPG 2 – completed May 2018
- + LPG 3 – planned for Jan 2019
- + LPG 4 – planned for April 2019
- + 8 LNG vessels will be retrofitted with Ballast Water Treatment System between Aug 2019-July 2020

6.3. Ensuring Efficient & Sustainable Operations

6.3.1. Managing emissions

N-KOM ambient air quality monitoring:

In order to ensure that emissions to the ambient air are within statutory limits, N-KOM monitors several ambient air quality parameters. N-KOM's Aromatic Hydrocarbon production levels are well below the prescribed limits. Through regular monitoring, N-KOM tracks and ensures that its operations produce minimal pollutants as shown below:

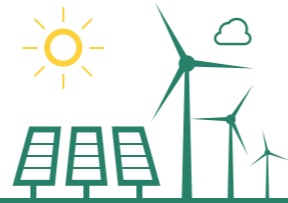
NDSQ Emissions below stipulated standards:

NDSQ has continued to take an active role in managing air emissions. The amount of Nitrogen Oxides (NOx) and Sulphur Oxides (Sox) emitted are well below the emission standards of 55 mg/Nm³ and 500 mg/Nm³ respectively as stipulated by The Qatar Supreme Council for the Environment and Natural Reserve (SCE) Code of Practice on Pollution Control.

Parameters	Observed Concentration (µg/ m3)			Applicable Standards
	Minimum*	Maximum*	Average*	
PM ₁₀	77	122	96	150 µg/m ³ (A)
PM _{2.5}	16	29	21	35 µg/m ³ (D)
SO ₂	15	33	22	365 µg/m ³ (A)
NO _x	17	52	29	150 µg/m ³ (A)
CO (E)	158	419	247	10,000 µg/m ³ (B)
VOC	3	12	7	Not Available
Aromatic Hydrocarbon µg/m3	Benzene	-	0.55	0.24 ppm (160 µg/m ³) (C)
	Toluene	-	0.75	
	Ethyl Benzene	-	3.56	
	mp - Xylene	-	11.63	
	o - Xylene	-	4.35	

* Values of minimum, maximum and average arrived at from daily mean values reported for the study period and included at Appendix 1
 (A) 99.7 % of all daily measurements taken during the period of one calendar year
 (B) 99.8 % of all eight (8) hour measurements taken during the period of one calendar
 (C) RLIC Standards for non-methane hydrocarbons
 (D) USEPA Standards for PM2.5
 (E) CO Study period statistical data based on 8-hourly average concentration

N-KOM Ambient Air Quality Monitoring Records

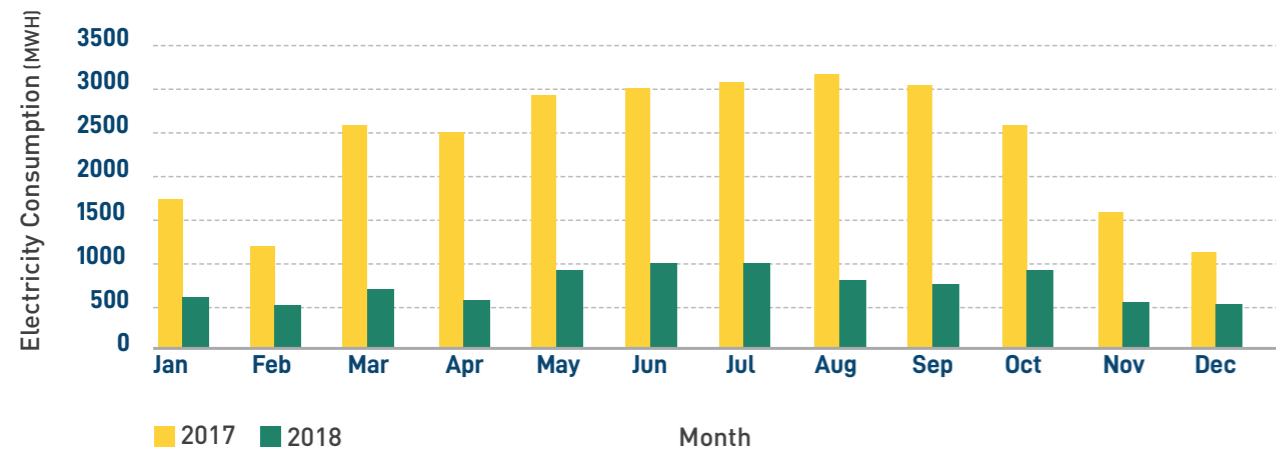


6.3.2. Energy management:

Realizing the importance of our resources, we continued to enhance efforts to inculcate a stronger environmentally conscious culture. This is in addition to mandating the need for prudent resource management throughout our operations at the Erhama Bin Jaber Al Jalahma Shipyard.

We are constantly working at using energy efficiently. We see energy efficiency not only as one of the sustainability elements, but also part of our role to play towards climate protection, energy conservation and economic competitive advantages.

NDSQ Electricity Consumption (MWH) 2017 & 2018



NDSQ has adopted various measures to utilize electricity efficiently and optimize power consumption, such as:



The heating, ventilation, and air-conditioning (HVAC) system for the building which houses the office, plant and equipment are equipped with modern and automated climate control system



The shipyard's Superyacht building (15,000 sqm) is a fully centralized air-conditioned facility equipped with the most efficient environment friendly heating, cooling & ventilation system. The building has a centralized and digitalized BMS (Building Management System)



Starting a campaign to switch off all the electrical appliances at the end of each work day



State-of-the-art technology deployed particularly for energy saving systems, e.g. welding equipment with inverter technology with far lower current consumption than the conventional machines



Major prime movers "electrical driven" with higher power consumption ratings driven by Variable Frequency Converters (VFD) and equipped with most modern electrical starters to facilitate the energy saving



Energy-saving lamps and LED lamps from the beginning of the operation



6.3.3. Water management

N-KOM's marine water quality monitoring:

N-KOM conducts water quality monitoring at five different locations along its shores. Water samples from each location are tested for the same parameters such as Total Suspended Solids (TSS) and pH value. On average, N-KOM's TSS value does not exceed 2.0 mg/l when compared with Qatar's Ministry of Municipality & Environment (MME) limit of 35 mg/l. Also, the water samples' pH value has always been within 6-9 as per MME regulation.

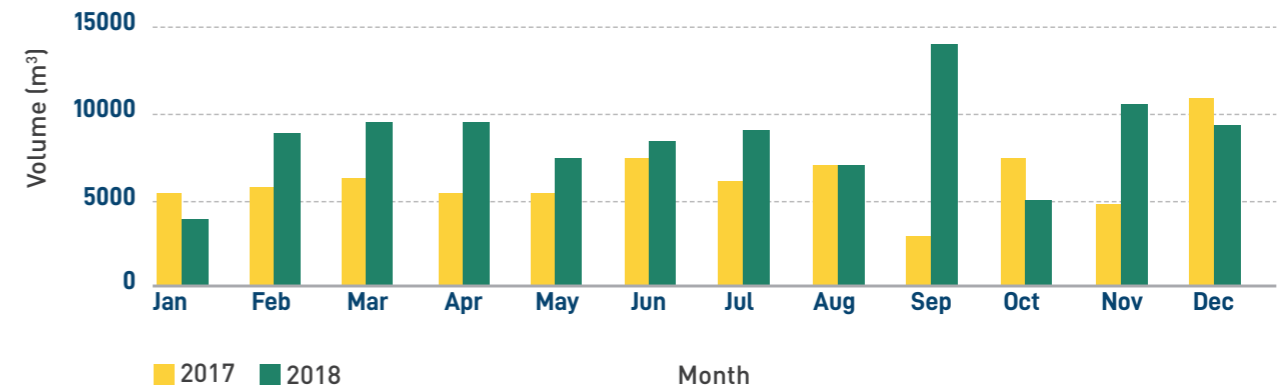
NDSQ's prudent water consumption:

NDSQ is focused on reducing water consumption through several water conservation initiatives across its operations. Installation of water-saving devices such as water thimbles and flow-reducing valves, as well as water conservation campaigns to change the habits of employees have helped reduce its portable water consumption.

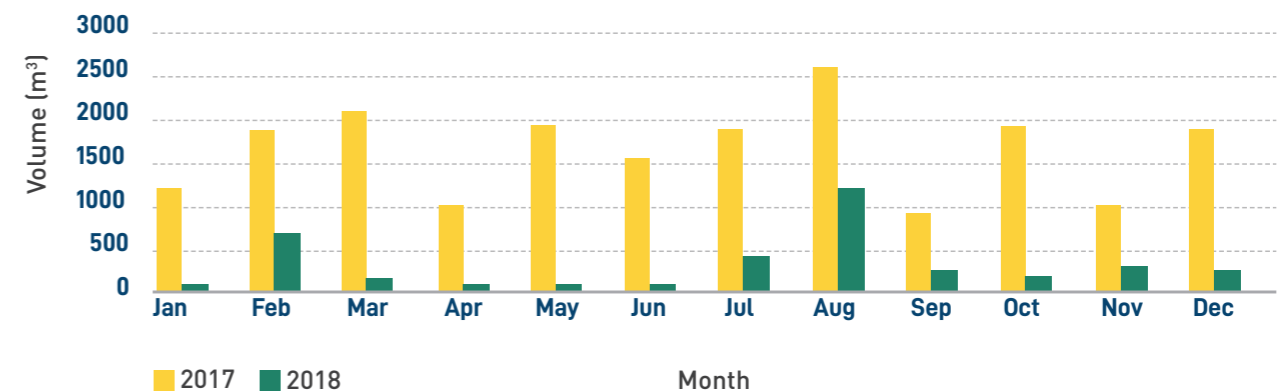
Water consumption can be segmented into portable water and industrial water. To reduce the amount of water consumed at the facility, they recycle wastewater, which is a by-product of its operations. The wastewater is then treated before it is used for the plant. The consumption rate is directly proportional to the activities going on in the yard at a period.

To comply with the necessary environmental standards, monthly monitoring of seawater and portable water is adopted where six samples and two samples are collected of each respectively and sent to the laboratory for chemical and biological analysis.

NDSQ Portable Water Consumption (m³) 2017 & 2018



NDSQ Industrial Water Consumption (m³) 2017 & 2018



6.3.4. Spill management:

Oil and chemical spills can arise from many different sources in the Shipyard, such as the oil discharged from vessels, facilities maintenance, blasting and painting operations, yard operation and maintenance, as well as administrative processes. Without a doubt, the most crucial aspect of dealing with any oil and chemical emergency is to be prepared for such an incident.

Nakilat has oil spill contingency plans throughout its operations for vessels and at the shipyard, that spells out ways to minimize potential harm of oil and chemical spills to people and the environment by ensuring timely and coordinated responses.

Throughout the year 2018, we have not recorded any major spill. There are seven spill kits of different sizes located in strategic places around the whole yard which are inspected every month and replenished as and when necessary.

Nakilat has made conscious efforts to recycle and reuse waste where possible to reduce the amount of waste disposed. There are seven major types of waste generated by Nakilat and its local Joint Venture partners' operational activities, which are categorized as follows:



Nakilat has a contractual agreement with approved local contractors for the transportation and disposal of all types of wastes.

6.4. Environment-focused Campaigns & Activities

Nakilat Safety Climate Survey 2018:

As part of its objective to create and enhance a safe workplace and environment, Nakilat SHEQ conducted its second Safety Climate Survey in July 2018 for all Nakilat employees, JVs and seafarers. 76% responded favorably about the organization's commitment towards effectively maintaining Health and Safety at the workplace.

Some of the factors in the survey tool generated high ratings exceeding even the industry averages, thus demonstrating the presence of a strong safety culture in Nakilat.

The survey report was shared with all staff and the views expressed by staff on some of the elements were studied thoroughly by the departmental management with action plans being devised accordingly to address underlying issues.

Conservation of marine environment awareness:

To create awareness amongst employees on the importance of protection and preservation of ecosystems in oceans and seas, Nakilat organized an Environmental Awareness session on the Conservation of Marine Environment in coordination with Qatar's Ministry of Municipality and Environment. The session focused on vital topics regarding marine conservation efforts in Qatar and the need to create a sustainable and pollution-free environment.

Beach clean up day at Ras Laffan:

Nakilat and local JV volunteers participated in the seasonal beach cleanup campaign at RLIC beaches. The aim of this campaign is to clean litter that ahead of the hawksbill turtle nesting season as well as raise awareness for the harmful impact of litter and plastic pollution.



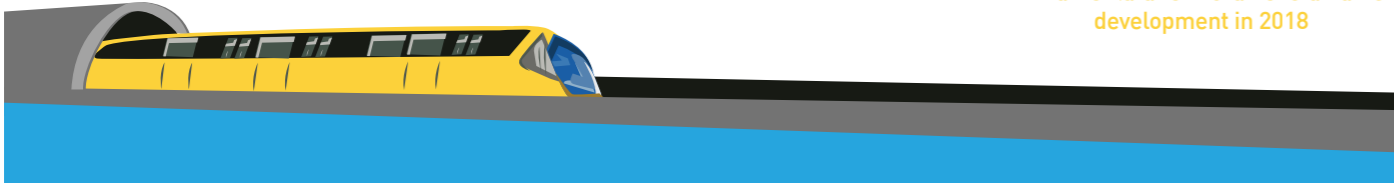
We place the highest priority on the health & safety of our workforce, as well as protection of the environment and our assets wherever the company operates

7. Contributing to Qatar's Development

+ Nakilat and its local joint ventures (JVs) are committed to Qatar National Vision 2030, which outlines the development of a sustainable future for the State of Qatar.

+ Nakilat plays a key role in strengthening and consolidating Qatar's position in the Supply Chain of clean energy such as LNG & LPG, through its LNG & LPG vessels and its operations at the Erhama bin Jaber Al Jalahma Shipyard.

USD 986.3+ million
Nakilat' & local JVs' contribution towards Qatar's overall sustainable development in 2018



CONTRIBUTIONS FY2018		USD	QAR
(1)	Payments to local suppliers	431,906,111	1,572,799,062
(2)	Various payments to Government Authorities	1,685,498	6,137,793
(3)	Marine Cadet Program (MCP)	759,186	2,764,600
(4)	Various donations, sponsorships & CSR initiatives	139,842	509,240
(5)	Pension fund contribution	1,233,283	4,491,038
(6)	Social & sports activities support fund	6,117,913	22,278,562
(7)	Interest paid to local banks	167,460,911	609,813,930
(8)	Cash Dividends paid to Qatari investors/shareholders	385,328,969	1,403,187,002
SOCIAL INVESTMENT SPENDING (3) + (4) + (5) + (6)		8,250,224	30,043,440
ECONOMIC VALUE DISTRIBUTED (1) + (2) + (7) + (8)		986,381,489	3,591,937,787

ECONOMIC VALUE GENERATED

1. Revenues
USD 998,226,570
QAR 3,635,072,000

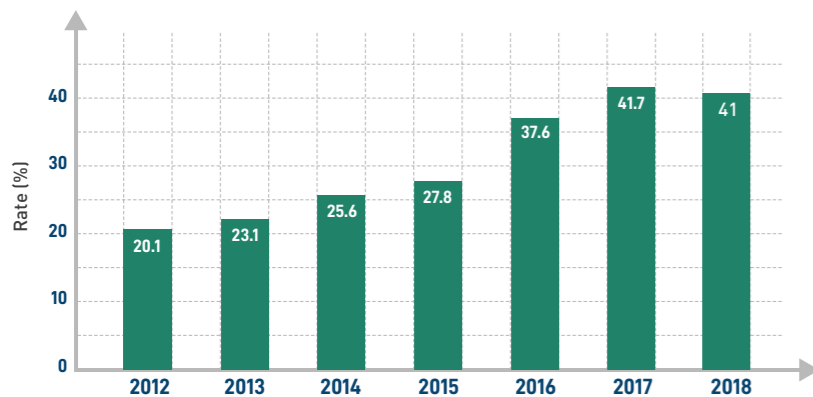
2. Net Income
USD 245,003,886
QAR 892,189,000

7.1. Qatarization

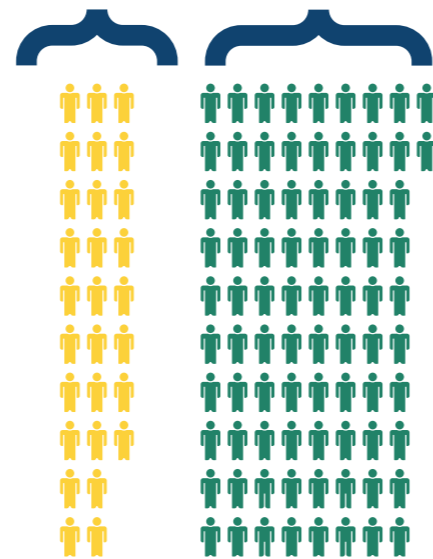
Growing a sustainable talent pipeline remains one of the key focus at Nakilat, with an emphasis on National Development. We seek to nurture the right talents for the company and develop future leaders of tomorrow for the nation.

For the past few years, Nakilat has achieved a **solid average of 40% qatarization rate**, growing its Qatari workforce from only 28 personnel in 2010 to 82 personnel in 2018.

Qatarization Rate %



28 Nationals in 2010 | 82 Nationals in 2018



Putting in place various initiatives that are designed and developed to expand capabilities among National youths, Nakilat prides itself as an organization that promotes a self-driven and high-performance culture among its employees.



Marine Cadet Program (MCP)

MCP is an educational scholarship targeting young Qataris, one of Nakilat's most significant social investment since 2011. Nakilat has been providing four-year maritime study sponsorships to high school graduates at the International Maritime College of Oman (IMCO), as well as sea-going experiences onboard Nakilat's vessels. Practical sea training complements and is in alignment with the Maritime College requirements. Nakilat has invested close to QAR 25 million to sponsor Qatari youths in maritime studies since 2012.

22

Qatari marine cadets sponsored since 2015

15

Qatari cadets have graduated from our Marine Cadet Programme into full-fledged seafarers



National Developpee Program (NDP)

Nakilat takes pride in its comprehensively structured and designed NDP, which grooms our enthusiastic, young National Developpees throughout their two-year intensive learning period. Competency-based Individual Development Plans are established for each individual, that includes clarity of learning activities to ensure adequate skills are acquired. In addition to the 11 National Developpees recruited between 2016 and 2017, three new National Developpees were recruited in 2018.

41%

Qatarization rate among the highest within Qatar's energy and maritime sector



Continuous Education Program (CEP) CEP Scholarship

Nakilat focuses on growing leadership capability and competency among our employees. CEP scholarship is offered to junior level employees who are interested to pursue their studies

2

Employees sponsored since 2016



7.2. Community Outreach & Social Investment



Societal development:

The company's all-encompassing Corporate Social Responsibility (CSR) framework comprises of key pillars such as community, health, education, environment. In 2018, we focused our efforts toward empowering communities, enhancing societal wellbeing, enriching learning experience amongst youths, as well as advocating environmental protection through hands-on and interactive educational activities.

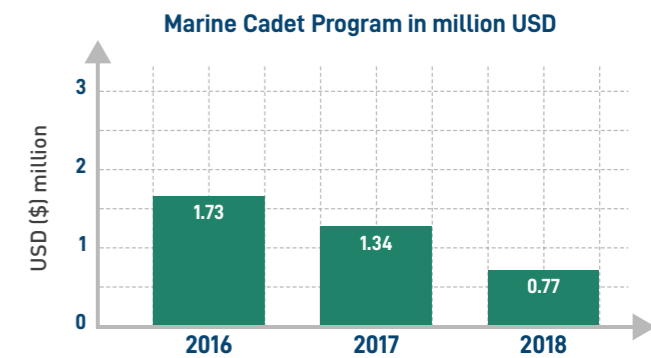
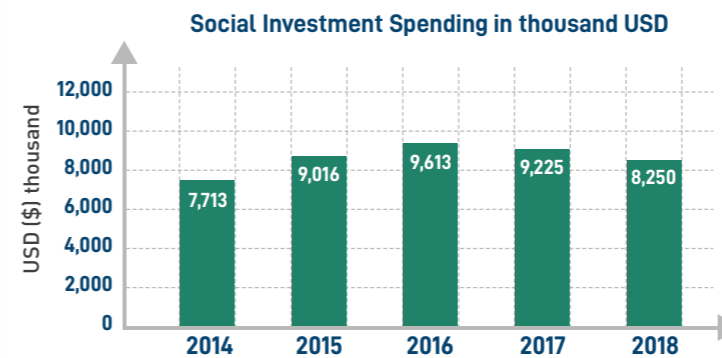
Various activities have been conducted in collaboration with governmental bodies and Non-Government Organizations (NGOs) such as contribution of IT equipment to Qatar Red Crescent Society in support of their various humanitarian initiatives, employee contribution to Qatar Charity for Kerala Food Relief Donation Campaign to aid affected victims, blood donation drive with Hamad Medical Corporation (HMC) and raising awareness about a new online donation application with Qatar Charity.

Nakilat actively engaged youths and university students through a variety of platforms such as tree planting initiative and 'Green Corporate Campaign' in a bid to raise awareness about the importance of environmental protection in the corporate sector. Employees of Nakilat participated in several Student Outreach Programs to provide valuable career insights to students at their respective schools or universities, and shared their professional experiences during Qatar University's Business & Networking event.

Nakilat is also a proud member of the Abdullah Bin Hamad Al Attiyah (ABHA) Foundation for Energy & Sustainable Development, a non-profit organization focused on providing valuable insights on global energy and sustainable development topics on global energy and sustainable development topics to the local energy sector.



Overall social investment spending:





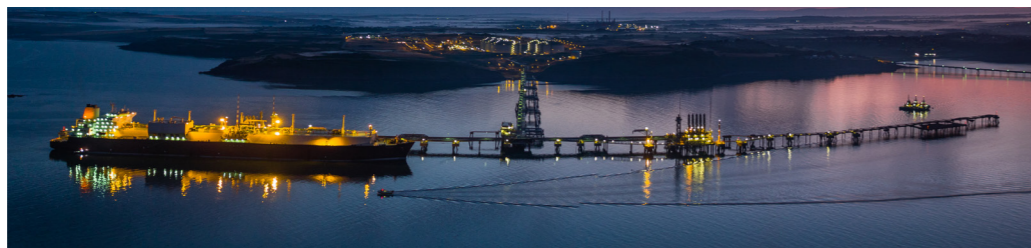
7.3. Economic Impact

Nakilat is a steady and stable investment for its Qatari and international shareholders. It has consistently disbursed dividends for its shareholders to ensure a steady wealth distribution within the country.

Robust profits contributes to Qatar's wealth:

The company declared and paid its shareholders cash dividends worth more than USD 1.37 billion since inception, thus providing an attractive investment vehicle to its Qatari and international shareholders. The average consolidated revenue from all sources has been at around USD 986.3 million per year for last 6 years. In addition, Nakilat has also generated a robust average profit of USD 242.2 million per year for the past 6 years. While Nakilat has consistently paid its dividends, the company continues to retain part of its annual profits to pursue long-term growth strategies. Nakilat reported a robust retained earning balance of USD 556.2 million at the end of the year 2018.

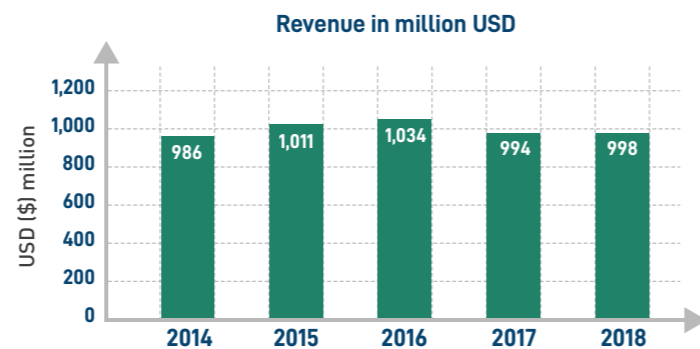
Nakilat has financed some of its debts with Qatari banks, contributing to the growth of banking sector in Qatar. It has also assisted its LNG Joint Ventures to refinance their debts by getting them financed from Qatari Banks. In 2018, Nakilat & its local joint ventures have paid around USD 167.1 million as interest to local banks, sharing the wealth with Qatar's banking sector. Nakilat Inc., a wholly owned subsidiary of QGTC, carries an A+ rating from Standard and Poor's and A1 Rating from Moody's, both of which are one notch below State of Qatar. Nakilat Inc. also has an A Rating from Fitch at two notches below the State of Qatar.



USD 986.3+ million
Average revenue per annum over the past 6 years

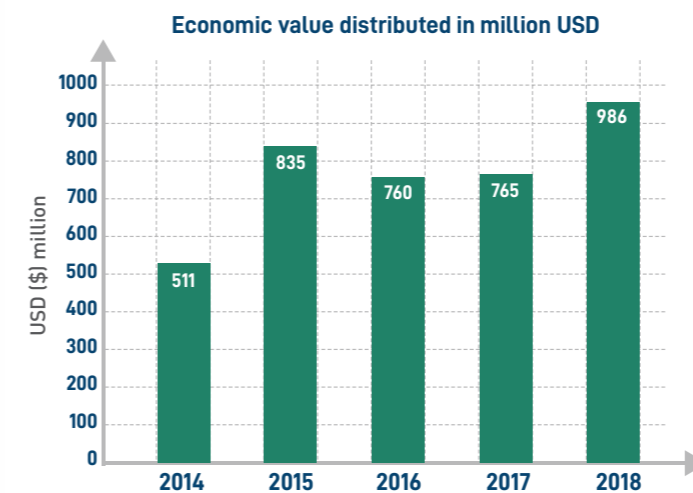
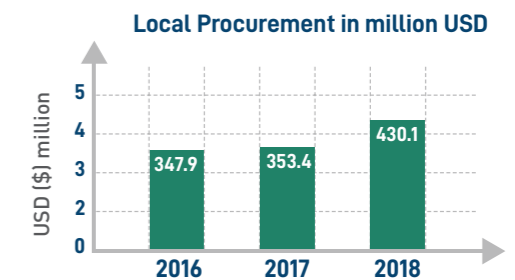
USD 1.37+ billion
Cash dividends paid since inception

USD 242.2+ million
Average profit per annum over the past 6 years since inception



Local procurement spurs economic growth:

Nakilat contributes to Qatar's local economy by not only providing opportunities for local entrepreneurs to be involved but also, emphasizing on local procurement for various goods and services. In 2018, Nakilat observed a 22% increase of expenditure on local suppliers. Nakilat's preference in selecting local suppliers wherever possible ties to back to its cost optimization efforts to remain competitive



Overall economic value distribution:

- + Payments to local suppliers
- + Various payments to Government authorities
- + Interest paid to local banks
- + Cash Dividends paid to Qatari investors/shareholders

8. Sustaining High Performance Workforce

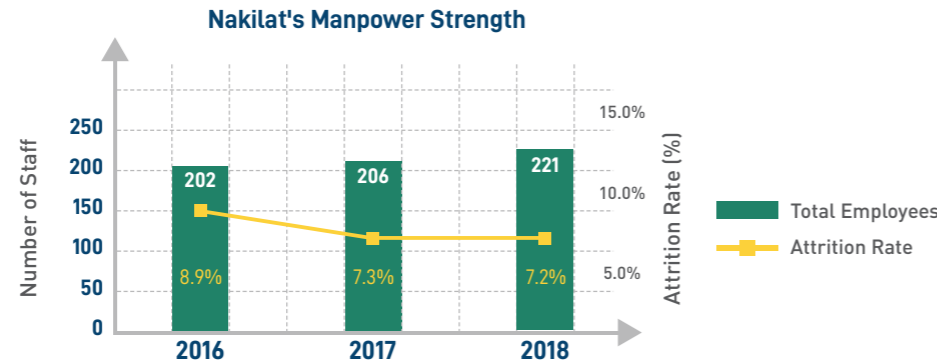
Nakilat brings together talents and skills of different generations, experiences and multicultural backgrounds who collectively drive the company to greater heights.

Our employees are instrumental to our growth; hence we strive to generate an adequate return on investment for their energy, commitment and skills.



8.1. Total Workforce & Attrition Rate

Nakilat welcomed 40 new hires in 2018. Our talent recruitment, retention and employment processes are benchmarked against the industry's best practices and aligned with regulatory requirements. In this current competitive environment, talent management practices are required to be more dynamic for attracting, hiring and retaining the right talents.



40
new hires

from 16 different nationalities were welcomed into the organisation in 2018

7.2%
attrition rate*

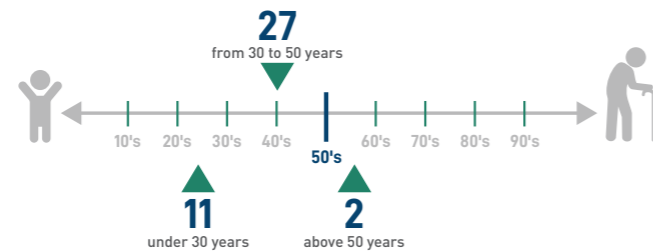
Nakilat achieved and retained a high percentage of staff during 2018

Nakilat's new hires by gender & age group

Gender:

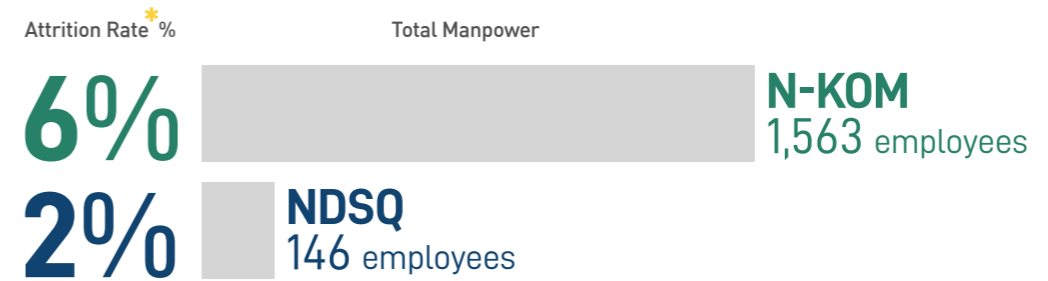


Nakilat new hire age profile:



* Attrition rate is calculated on the number of resignations divided by headcount

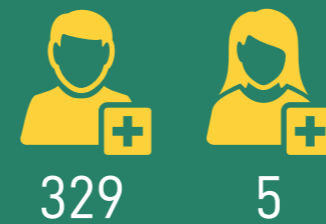
Healthy attrition rate for shipyard:



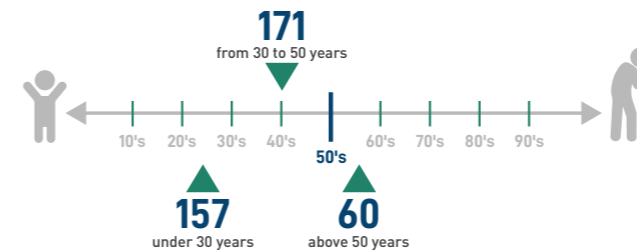
N-KOM

N-KOM WELCOMED 334 DIVERSE NEW HIRES
N-KOM experienced considerable growth in 2018 and welcomed a total of 334 new hires from 12 different nationalities into the organisation. The company achieved a high percentage of retained staff in 2018, with an attrition rate of 6%.

N-KOM New Hires by Gender & Age Group



N-KOM new hire age profile:



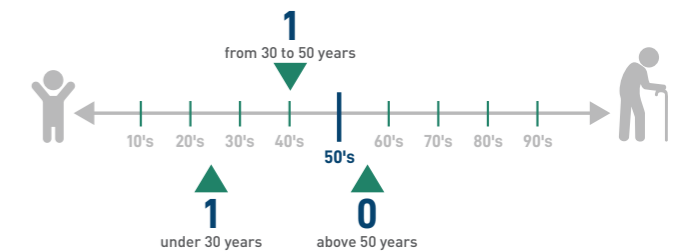
NDSQ

98% RETENTION RATE FOR NDSQ
NDSQ's manpower remained consistent throughout 2018, with a retention rate of over 98%. Given this fact, NDSQ had a lower rate of new hires and a healthy attrition rate* of 1.7%.

NDSQ New Hires by Gender & Age Group



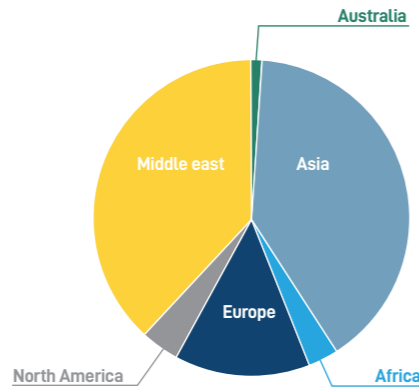
NDSQ new hire age profile:



8.2. Diversity & Inclusion

Nakilat works towards promoting a high-performance culture for employees to thrive, based on the philosophy of best fit for the job and operations. We strive towards creating a workplace that is founded on merit and equality, irrespective of gender, age, nationality, ethnicity, educational background or religion. We also provide job opportunities for talents from diverse backgrounds and cultural experiences. We have also demonstrated progress towards improving gender balance in the organisation.

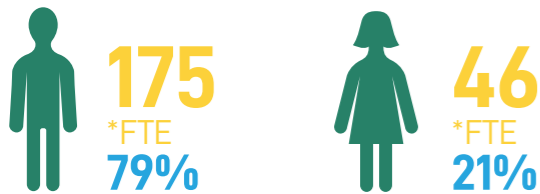
Global workforce diversity at Nakilat:



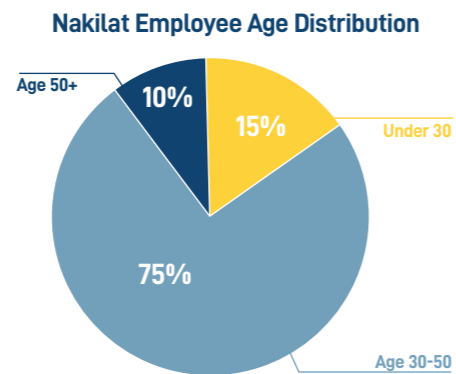
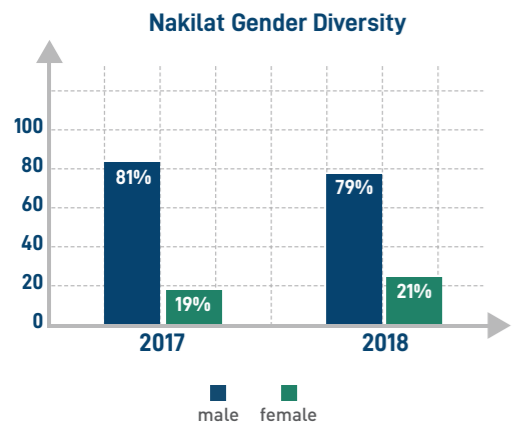
Diverse nationalities:

Region	Countries
North America	America, Canada, etc.
Europe	Belgium, Croatia, Denmark, Netherlands, Greece, Ireland, United Kingdom, Spain, Ukraine, etc.
Africa	Morocco, South Africa, Sudan, etc.
Asia	Philippines, India, Malaysia, Singapore, Sri Lanka, Pakistan, etc.
Middle East	Jordan, Lebanon, Palestine, Qatar, Turkey, etc.

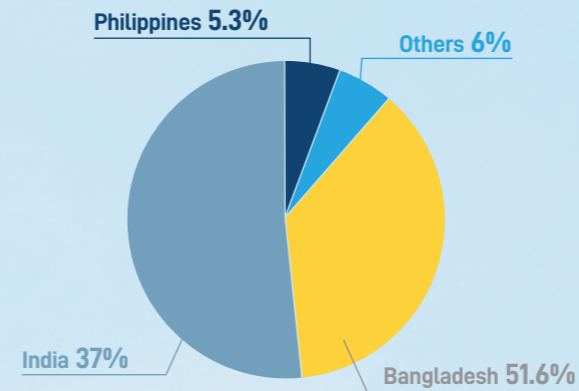
Nakilat employee breakdown:



FTE* refers to Full-Time Employee. FTE is the hours worked by one employee on a full-time basis. The concept is used to convert the hours worked by several part-time employees into the hours worked by full-time employees

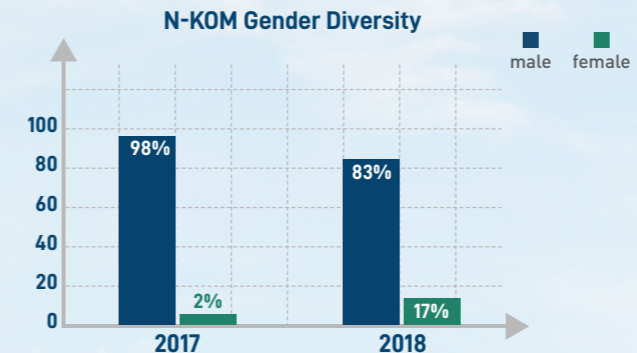


Nationality profile:

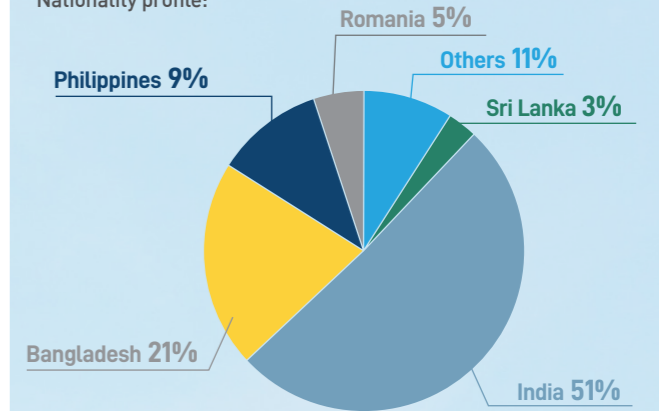


Nationality for others:

- Algeria, Ghana, Pakistan, Myanmar
- Belgium, Greece, Somalia, Singapore
- Canada, Indonesia, Ukraine, Sri Lanka
- Eritrea, Saudi Arabia, Egypt, Poland
- Ethiopia, Malaysia, Nepal, Romania

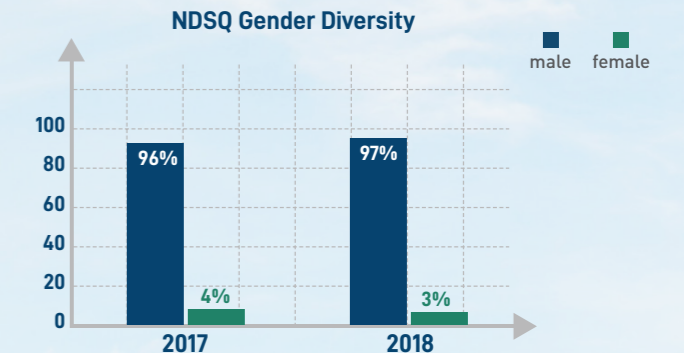


Nationality profile:



Nationality for others:

- Nepal, Eritrea
- Pakistan, Greece
- Qatar, Iran
- Netherlands, Poland
- Egypt



8.3. Learning & Development

Investing in human capital is a cornerstone of our sustainable growth. Nakilat seeks to nurture a highly self-driven and empowered workforce to build an internal pipeline of talent. The company continues to expand capabilities, enriching the knowledge of our employees through various internal initiatives as well as external trainings. The development of our workforce is accelerated via holistic leadership and learning strategies by leveraging on advanced methodologies and digital solutions.

Extensive capability development initiative:

Our talent recruitment, retention and employment processes are benchmarked against the industry's best practices and aligned with regulatory requirements. In this current competitive environment, talent management practices are required to be more dynamic for attracting, hiring and retaining the right talents:

Leadership:

Capability Assessments

conducted for all Nationals employees and High Potential Expatriates (HIPO's) evaluating the leadership capability in the organization

Internships:

29

internships have been offered to local university students since 2017

E-Learning:

100

business-related courses launched through the new E-Learning platform

Various Trainings (internal & external):

158

formal training interventions delivered

5000+

training hours spent

23

training hours (average) per employee

15

new multi-disciplinary knowledge sharing sessions delivered



Nakilat has been offering internship opportunities to local university students, who seek to gain experience from companies in Qatar. A 'Workplace Experience Plan' is developed for our interns, which includes a time-based list of activities and learning objectives to be covered throughout their internship period.

E-learning is designed based on Nakilat's behavioural competencies assessment and is mapped to different proficiency levels of employees, as predefined in the company competency framework.

Performance & career development reviews:

The Performance Management System for employees is managed through a SuccessFactors program, in which objectives are set at corporate level and then cascaded down to the departmental level, for each personnel to develop the required deliverables and action plans.

Throughout the reporting period, two review assessments have taken place:

- mid-year review between May and June
- year-end review between November and December

100%

employees received regular performance and career development review



Learning Needs Analysis is conducted annually to meet the development needs of employees at Nakilat. Employees were assigned specific trainings based on a continuous assessment, identified through annual performance review process.



8.4. Competitive Benefits, Compensation & Rewards

Nakilat's primary operation is located in the State of Qatar. While the work location is expected to be in Qatar, employees may be required to work in any of the Company's Operational Areas as may be determined by the Company, in which they shall be fairly compensated via per diem allowances. Employees' benefits are benchmarked within similar industries and reviewed as and when required, ensuring compliance to the country's labour law.

Table of standard benefits for employees:

CORE BENEFITS	
Basic Salary	Mobile Allowance
Transport Allowance	Salary Advance
Housing Allowance	Car Loan
Education Assistance	Parental Leave
Club Membership	Annual Leave
Furniture Allowance	Subsidized Lunches
Medical Insurance	Life Insurance
Location Allowances	Commute Allowances
Flexible leave options including, examinations, compassionate and marriage	

Parental leave:

Percentage of employees that were entitled to parental leave, by gender	100%
Total number of employees that took parental leave, by gender	3 Male
Total number of employees that returned to work in the reporting period after parental leave ended, by gender	3 Male
Percentage of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	100%
Percentage of employees who return to work and retention rates of employees that took parental leave, by gender	100%
Location Allowances	Commute Allowances



Transition assistance programs:

Qatar's Labour Law stipulates that the Retirement age in relation to expats is sixty (60) years of age. Nakilat provides support through the demobilization process for all staff, who voluntarily or involuntarily, separate from the company. The company has clearly defined role and responsibilities when this occurs, and occasionally this assistance may be extended to when employees return back to their point of origin.

Nakilat also support employees who seek to transition into their new careers by providing the relevant support, including employee certificates, reference letters and other correspondences where required. The process remains similar for Termination, whereby support is extended up until their exit from Qatar.



Equitable remunerations based on job evaluation and competencies:

Nakilat's salary structure, remuneration, and benefits, are administered based on job profiling, including job evaluation and individual competencies. Remunerations are based on these factors, not due to ethnicity, age or gender.

All current operations are based within the State of Qatar and the employees' salaries reflect this location. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.

There have been no recorded incidents concerning discrimination or any reported incidents or disciplinary investigations concerning discrimination, therefore no corrective actions or mediation was required during the reporting period.

8.5. Human Rights

Social risks facing the energy and maritime sector is observed to be intensifying as a result of changing stakeholder demands on responsible business practices. This includes the area of human rights, with a growing interest for openness and transparency in disclosure practices.

Our operations are conducted in alignment with human rights standards and abide by the applicable laws of Qatar. No human rights abuses have occurred, hence there has been no cause for any formal review and/or assessment within the area of human rights abuses. Our fair and equitable policies have been comprehensively benchmarked with companies within similar industry and region.



Risks of engaging in child labour:

Nakilat and its joint ventures complies with local legislation and regulations conduct their activities in line with Nakilat's Code of Business Ethics and Conduct.

Nakilat does not engage with any suppliers that are associated with the supply of child labour or young workers exposed to hazardous work. Nakilat does not support the use of child labour or work conducted by minors. Our existing policies details the minimum age requirements for work and conducive working hours in alignment to local labour laws.

The company supports programs that support the fair treatment of all people throughout the world, although this may not be a structured program. All employees are engaged on individual contracts and are provided accommodation or allowances to cover their housing arrangements.

All company entitlements offered to our Employees are in excess of the minimum standards prescribed within the Qatar Labour Law. Such policies cover specific conditions concerning working hours, overtime, remuneration and benefits, code of ethics, medical insurance, education, leave entitlements including public holidays.



No recorded incidents involving rights of indigenous peoples:

There have been no recorded incidents involving indigenous people. Company policies take into consideration employees various nationalities, beliefs, cultures and backgrounds.



Grievance management:

The current grievance management process is documented within the relevant policy manuals and is a systematic process subject to all employees.

Nakilat and its local joint venture companies recorded and completed 62 disciplinary investigations in 2018. Investigations were conducted and closed with corrective actions, approved through a management committee. Remediation plans or corrective actions were monitored via routine internal management review processes, and all actions were closed during the same year.

9. Instilling Good Governance & Ethics

To ensure a sound execution of its corporate strategy, Nakilat established an accountability system whereby each objective of the strategy map is assigned to specific departments. The accountability system underpins a methodical strategy cascade architecture that is based on identifying the contributions of each department to the strategy and documenting those contributions in a departmental scorecard.

The accountability system holds Nakilat's executives accountable and responsible, not only to deliver the targets of each objective, but also to provide periodic updates on the areas they are working on. Each department enjoys a unique scope of work which allows it to contribute to the strategy differently, and therefore each department is responsible for executing specific strategic initiatives to achieve the targeted results. To ensure robust alignment, the accountability of most departments cuts through the perspectives and themes of the map, thereby holding executives responsible for delivering several dimensions of the strategy, while supporting peers in their quest to achieve the agreed results.

9.1. Corporate Governance & Accountability

Nakilat board members:

The highest governing body in Nakilat is the Board of Directors.



Dr. Mohammed Bin Saleh Al Sada
Chairman of Nakilat Board



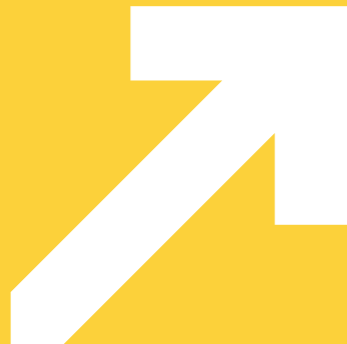
Mr. Ahmad Saif Al-Sulaiti
Vice Chairman



Sheikh. Faisal Bin Thani Al-Thani
Board Member



HE Mr. Ali Ahmed Al-Kuwari
Board Member



Mr. Abdulrahman Essa Al-Mannai
Board Member



Mr. Mubarak Hamdan Al-Arabeed
Board Member



Dr. Faisal Al Hamadi
Board Member

Nakilat has appointed below positions with responsibility reporting directly to the Chief Executive Officer (CEO) with respect to economic, environmental and social aspects of the company:

- + Chief Financial Officer
- + Chief Treasury Officer
- + Chief SHEQ (Safety, Health, Environment & Quality) Officer
- + Chief Administration Officer

Monitoring & evaluation:

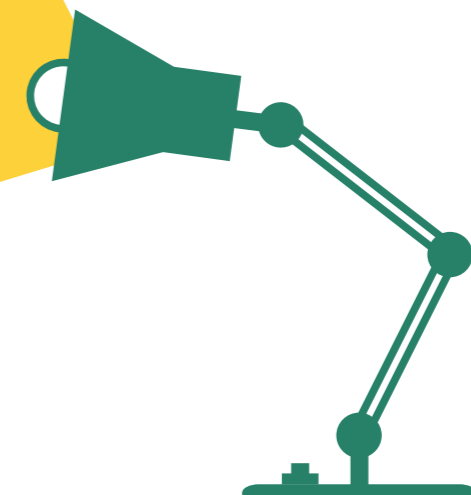
Periodic Strategy Review Meetings (SRM) and Operational Review Meetings (ORM) are held with the senior management team to monitor the company's performance and discuss important issues. Monitoring and evaluation at Nakilat are continuous processes that are managed and facilitated by the Corporate Planning and Risk department (CP&R).

+ Strategy Review Meetings (SRM)-The SRM is Nakilat's preferred method for guiding strategy execution based on the scorecard approach, in addition to the more frequent ORMs to oversee operational drivers in the company. The company conducts SRMs on a quarterly basis and synthesizes the results of the performance measurement cycles. The meetings are cross-functional and involve senior management, functional leaders, and subject matter experts to review balanced scorecards, analyze performance data, and problem-solving.

+ Operational Review Meetings (ORM)-ORMs at Nakilat occur on a monthly basis to review short-term performance and to respond to current issues that require immediate attention. These meetings occur at the departmental or functional level and are process-based and aimed at solving problems that have recently emerged, and to learn from the operational data and dashboards that have been accumulated.

Governance calendar:

Strategy management at Nakilat falls under a predetermined governance calendar. As mentioned above, SRMs and ORMs are conducted periodically based on a governance calendar that is circulated to all concerned parties in the company. Additionally, the involved personnel in the process are trained and equipped with the right management tools and methodologies to prepare for each review meeting.



9.2. Ethics & Compliance

Code of Business Ethics Policy:

Nakilat's Code of Business Ethics Policy establishes clear rules of conduct to avoid conflicts of interest. As a rule, employees or their immediate families shall not have direct or indirect interest in any entity or business enterprise that has current or prospective dealings with the company.

All employees are required to complete an annual certification statement to declare that they have read and understood the principles of the Code of Business Ethics Policy and are compliant with these principles.

Ethics and Conflict of Interest Committee:

This exercise is conducted annually by 31st March of each year. Nakilat's Ethics and Conflict of Interest Committee is responsible of ensuring the application and compliance with the Ethics Policy, and for reporting and investigating any case of violation with regards to conflicts of interest.

Anti-Corruption & Bribery Online Training:

An online training program on "Anti-Corruption and Bribery" was communicated to all employees through HR via the SuccessFactors learning module. The training was made mandatory for all staff to emphasize Nakilat's strong stance against any corruption or bribery acts.

Whistle Blowing Policy & Hotline:

Whistle Blowing Policy & Procedures (P&P) was developed to report any fraud or wrongdoings. This was communicated to all the risk committee members as well as Nakilat and its local joint venture employees.

A hotline was established to ease anyone to come forward with complaints. There has been no incident reported through the whistle blowing hotline in 2018.

9.3. Enterprise Risk Management (ERM)

Nakilat's structured ERM process assists in identifying and assessing the risks to operations as well as strategic goals, and to immediately mitigate them to an acceptable risk level. The established process is supported by a defined ERM framework, which ensures that it is performed consistently and captures the full array of risks across Nakilat, including identification of emerging risks and potential opportunities. It also ensures that risks across multiple categories are regularly considered and reported to the management for better risk visibility and decision making.

Risk Champions are appointed across the departments to continuously identify, assess, manage, monitor and report risks together with the mitigating measures in place. Further to that, Nakilat continuously considers the risk governance structure such as Risk Management Committee and Risk Sub-Committees in response to its strategic development, goals and activities, the external environment, and input from stakeholders e.g. Board of Directors.

Such commitment and consideration from the top management to integrate strategic planning and ERM processes promotes the following:

- + Early identification of opportunities and risks
- + Efficient processes for informed risk-based decision-making
- + Agile planning and fast execution
- + Sound controls and clear allocation of authorities and responsibilities

10. External Reporting Standards

Nakilat recognizes the importance of external sustainability reporting standards to promote relevant, transparent and comparable disclosure of company performance. We used the Global Reporting Initiative's Guidelines as our standard reporting framework. This report has been prepared in line with the Sustainable Development Industry (SDI) Report for Qatar's Energy and Industry sector, which is aligned with both the Qatar National Vision 2030 and Qatar's National Development Strategy, as well as Global Reporting Initiative (GRI) standards: Core option requirements.

11. GRI Index

Based on the Global Reporting Initiative's Application Levels, we self-declare this report to application Level A. [Click here](#) to refer the GRI Content Index of Nakilat's Sustainability Report 2018.

12. Auditor Verification Statement

On the basis of our review, it has not come to our attention that the Nakilat Sustainable Development Report does not properly reflect information and values. We are not aware of any errors that would materially affect the data presented, or that the assumptions utilized were inappropriate.



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