

SUSTAINABILITY REPORT 2019



Contents		
01	CEO MESSAGE	page 01
02	OUR APPROACH TO SUSTAINABILITY 1. Reporting Period & Scope 2. Stakeholder Engagement Approach 3. Affiliations	page 02
03	COMPANY OVERVIEW	page 04
04	2018 SUSTAINABILITY MILESTONES	page 10
05	OCCUPATIONAL HEALTH & SAFETY 1. Safety Policy 2. Safety Performance 3. Extensive IIF Campaign 4. Incident & Emergency Preparedness	page 12
06	CARING ABOUT OUR ENVIRONMENT 1. Compliance to High International Standards 2. Measures Adopted to Preserve Marine Life 3. Ensuring Efficient & Sustainable Operations 4. Environment-focused Campaigns & Activities	page 16
07	CONTRIBUTION TO QATAR'S SUSTAINABLE DEVELOPMENT 1. Qatarization 2. Community Outreach & Social Investment 3. Economic Impact	page 28
08	SUSTAINING HIGH PERFORMANCE WORKFORCE 1. Total Workforce & Attrition Rate 2. Diversity & Inclusion 3. Learning & Development 4. Competitive Benefits, Compensation & Rewards 5. Human Rights	page 34
09	INSTILLING GOOD GOVERNANCE ETHICS 1. Corporate Governance & Accountability 2. Ethics & Compliance 3. Enterprise Risk Management (ERM)	page 42
10	EXTERNAL REPORTING STANDARDS	page 45
11	GRI INDEX	page 45
12	AUDITOR VERIFICATION STATEMENT	page 45

1. CEO Message



We are pleased to present Nakilat's Sustainability Report for the year 2019. This report is our tenth submission to the annual Sustainable Development Industry Reporting Initiative.

Sustainability is gaining momentum across all industries, especially so in recent times within the global maritime community. As a responsible company, Nakilat has been increasingly embracing sustainability efforts, taking measures to achieve safer, greener and more efficient shipping operations to address the demands of the market, society and environment. Our significant role as the essential transportation link in the world's LNG supply chain calls for robust sustainability practices, steered by excellence in safety and health, environmental stewardship, solid governance and ethical business practices.

Maintaining an excellent safety track record whilst delivering efficient and quality services is our utmost priority at Nakilat. The management's commitment towards sustaining a strong health and safety culture has been exemplary, which sets the tone for the entire company. Throughout 2019, Nakilat and its joint venture companies maintained a strong safety performance across its onshore operations and onboard its vessels:

- Nakilat achieved the highest 5-Star Grading for Occupational Health & Safety Audit with 94.1% scoring, and awarded the prestigious 'Sword of Honour' by British Safety Council for the second consecutive year
- Nakilat achieved an overall Lost Time Injury Rate (LTIR) of 0.38 and a Total Recordable Case Frequency (TRCF) of 0.82, both significantly below the benchmarked industry averages of those metrics
- Nakilat Shipping Qatar Limited (NSQL) achieved a remarkable milestone with zero loss time injury (LTI) for the year 2019 for its fleet, maintaining an enviable safety track record that surpassed the industry average safety benchmarks since establishment in 2012
- Nakilat recorded a 99.75% average reliability in 2019 for its wholly-owned vessels of 29 LNG vessels and 4 LPG vessels, an increase from 98.1% in 2018

These safety achievements are attributed to the success of numerous safety enhancement initiatives, the Incident and Injury Free (IIF) and shared values "InSPIRE" campaigns across

the organization, which not only empower individuals to take safety ownership but also encourages them to embody our core values throughout their daily operations. We are committed to ensure that everyone goes home safely to their loved ones.

One of Nakilat's greatest assets is its human capital, hence we remained focused in competency development, enhancing skills, acquiring technical know-how, and modernizing its systems via abundant of learning and development initiatives to develop professional and high caliber maritime workforce. Over 5,000 hours have been spent for training and capability building programs in 2019, with an average of 26 training hours per employee. This along with our robust development programmes enabled Nakilat to bring home the Qatarization Crystal Award for Outstanding Training & Development Initiatives within Qatar's oil & gas industry once again this year. With very diverse workforce of around 40 nationalities, Nakilat strive towards creating a workplace that is founded on merit and equality, irrespective of gender, age, nationality, or educational background – nurturing the right talents for sustainable growth.

Nakilat continues to contribute towards the development of Qatar's shipping and maritime industry as well as the nation's economic growth, especially with its world-class Erhama Bin Jaber Al Jalahma Shipyard that adds value and enables the provision of various maritime services locally, providing an abundance of opportunities for local entrepreneurs. In 2019, Nakilat observed a significant increase in local procurement expenditure as we focused on prioritizing local vendors wherever possible, tying back to our cost optimization efforts to remain competitive. Operational excellence coupled with cost optimization has seen the company recording the highest profit for 2019 since inception at over QAR 1 billion, an increase by 12.4% from the previous year.

Since inception, Nakilat has paid cash dividends in excess of QAR 5.5 billion to our shareholders, ensuring a steady wealth distribution within the country as well as providing an attractive vehicle to its Qatari and international shareholders. Our overall economic value distribution to Qatar's stakeholders has seen a significant 45% increase in 2019 compared to the previous year, showcasing our contributions towards strengthening the Economic Development pillar of Qatar National Vision 2030.

Nakilat recognizes the importance in giving back to society. Our all-encompassing CSR programme is focused on initiatives aimed at enhancing the community, health, education and the environment. We carry out targeted and impactful initiatives year-round aiming to enrich the lives of local communities and preserve our natural environment through partnership with local institutions.

Demonstrating strong commitment towards being recognized as a safe, reliable and efficient provider of shipping and maritime services through superior operational excellence, Nakilat strives to meet the essential energy transportation needs in a responsible manner.

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

Eng. Abdullah Al-Sulaiti
Chief Executive Officer

2. Our Approach to Sustainability

Nakilat and its joint ventures (JVs) are committed to the Qatar National Vision 2030, which outlines the development of a sustainable future for the State of Qatar. Nakilat's fleet plays a critical role as the essential transportation link for the country's energy strategy. Our activities at Erhama Bin Jaber Al Jalahma Shipyard continue to make significant contributions towards the diversification of Qatar's economy and maritime services.

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:



2.1. Reporting Period and Scope

This Report is limited to Nakilat and its Joint Ventures' (N-KOM, NDSQ and QFAB) operations and initiatives, unless otherwise indicated. The period covered by this Report is from January to December 2019 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: Economic, Environment, and Ethics of the company. It also highlights the technical advancements and initiatives as well as providing an overview of our technical know-how, priorities and targets, and performance review in several key indicators.

Nakilat demonstrates its commitment to keep its stakeholders including the employees, customers, investors, business partners and government bodies, the 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	Our charterers include Qatargas, Shell, ExxonMobil and Oriental Energy, as well as 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 Council
- + 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

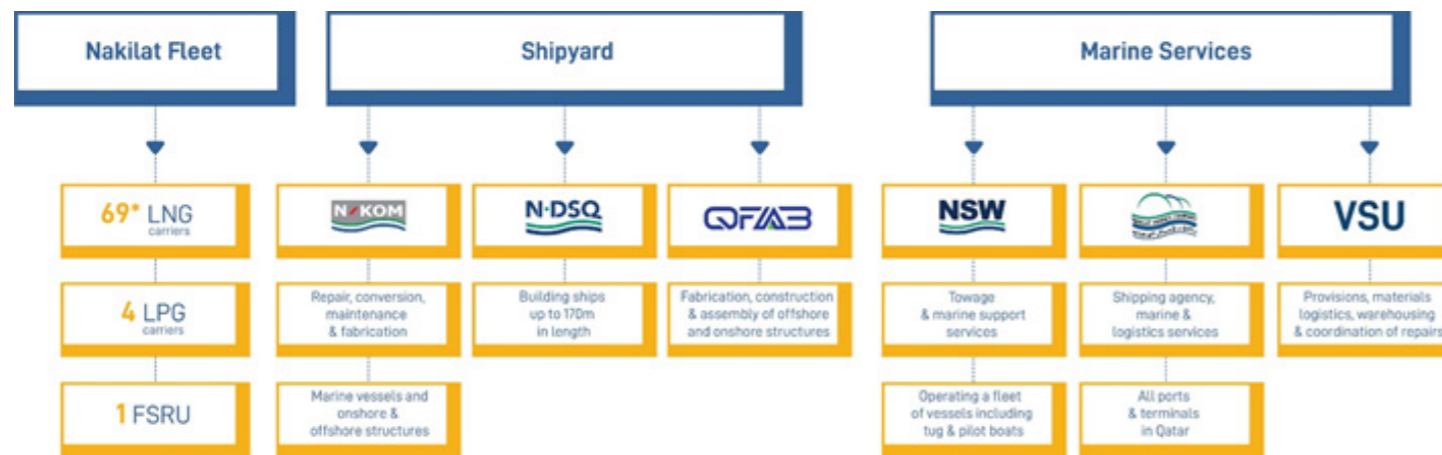
Established in 2004, Nakilat is a Qatari-owned shipping and maritime company providing the critical transportation link in the State of Qatar's LNG supply chain. Its LNG shipping fleet is the largest in the world, comprising of 69 LNG vessels. Nakilat also owns and 1 Floating Storage Regasification Unit (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), Nakilat Damen Shipyards Qatar (NDSQ) and Qatar Fabrication Company (QFAB). 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



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.

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.

Qatar Fabrication Company (QFAB):

Established in 2019, Qatar Fabrication Company (QFAB) is a joint-venture company between Nakilat and McDermott, a fully integrated provider of technology, engineering and construction solutions. Strategically located within Erhama Bin Jaber Al Jalahma Shipyard, QFAB offers a robust range of services, such as the fabrication, construction and assembly of offshore and onshore structures at the heart of oil and gas activities in Ras Laffan Industrial City.

The facility is accredited by Bureau Veritas for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2019 and ISO/TS 29001:2010.



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



Exceed customer expectation through strong partnership



Safely, reliably & efficiently provide shipping & maritime services



Maximize shareholders return through optimized investment opportunities



Contribute to and support Qatar National Vision 2030



Foster passionate collaboration and capture synergies among the Nakilat family



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



VALUES

Nakilat's foundation is built on its values, which guides its actions and nurture a culture towards pursuing excellence

Safety	Passion	Integrity	Respect	Encouragement
Incident and Injury Free	Strong commitment towards continuous improvement	Honesty with sound moral principles	Value the diversity and perspective of others	Be motivated and motivate people around you
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.	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.	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.	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.	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

To ensure our focus on arriving at the strategic destination, four strategic themes were defined to serve as the architecture of Nakilat's strategy map.

Three of the themes within the strategy map represent Nakilat's core activities, with each theme hosting a stream of strategic objectives plotted in an upward relational logic.

Nakilat's strategic themes draw a bigger picture of the company's direction and portray our story in a concise manner.



4. Sustainability Milestones 2019



SAFETY

99.7%

Nakilat recorded a 99.75% average reliability in 2019 for its wholly owned vessels of 29 LNG vessels and 4 LPG vessels, an increase from 98.1% in 2018

Zero LTIs

Across Nakilat wholly-owned vessels

5 Stars

Obtained a scoring of 96.2% for Occupational Health & Safety Audit by British Safety Council for the second consecutive year



QFAB ACCREDITED FOR SEVERAL ISO CERTIFICATIONS

ISO 9001:2015

Quality Management Systems

ISO 14001:2015

Environmental Management Systems

ISO 29001:2010

Quality management for oil and gas industries

ISO 45001:2019

Occupational Health & Safety Management System



AWARDS

Sword of Honour

Achieved for second consecutive year for excellence in healthy & safety management by British Safety Council

Qatarization Award

for Outstanding Training & Development Initiatives in Qatar's oil & gas industry in 2019



CONTRIBUTION TO QATAR DEVELOPMENT

USD 5.5+ billion

Cash dividends to shareholders since inception

↑45+%

Increase of economic value distributed in 2019 for the country, compared to 2018

Over 100%

increase in local procurement



HUMAN CAPITAL

~40 Nationalities

Fostering unity in diversity

37.1%

Outstanding Qatarization rate in 2019

185

Formal trainings delivered

12 Qataris Graduated

As fully fledged Seamen and are currently serving onboard our vessels as officers

100

E-Learning courses launched

Newly Launched

Shipyard Learning & Development Centre

5. Ensuring A Safe And Healthy Work ENVIRONMENT

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

We believe that all incidents and injuries are preventable, hence we strive to create an Incident & Injury Free (IIF) environment at both the workplace and home. Through significant investment in our people, processes, and equipment, Nakilat's safety performance continues to improve and has led to the achievement of better results in comparison to the benchmarked average of our peer group.

Nakilat places Safety, Health, Environment and Quality (SHEQ) at the top of our agenda to ensure that we operate in a safe, reliable and efficient manner within our society and natural environment. The fundamentals of how we deliver safe and reliable operations remain our number one priority.

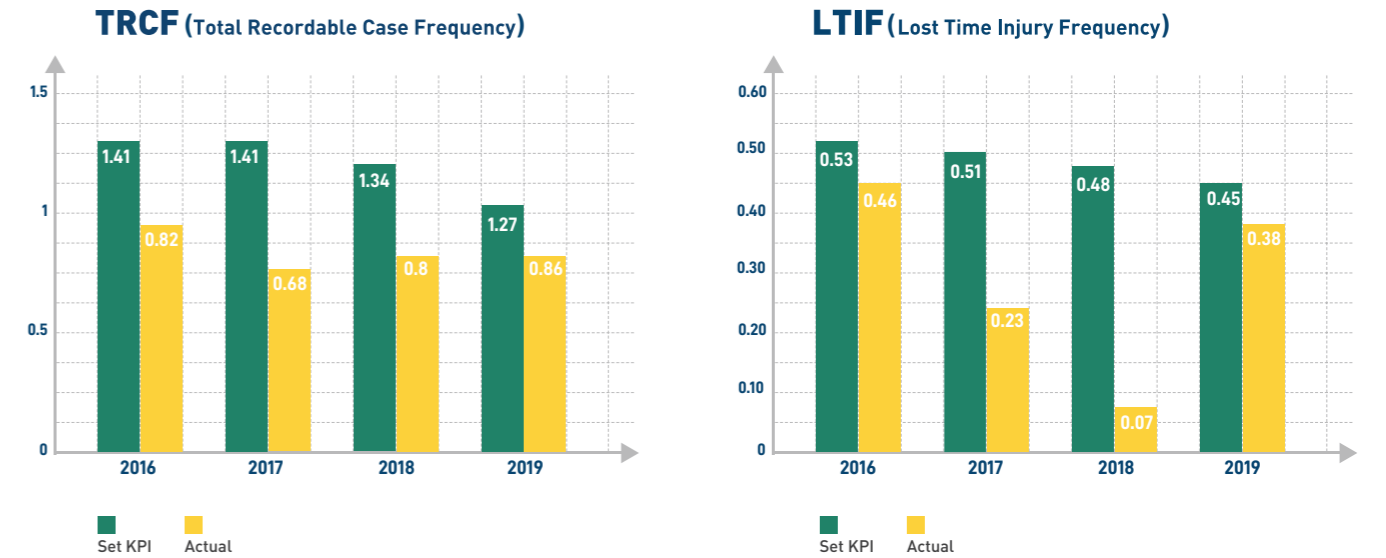
This safety performance reflects the effort and dedication of staff both at sea and ashore. Nakilat's prime objective is to achieve an 'Incident and Injury Free (IIF)' work environment and these results greatly complement our commitment toward being IIF. In addition to the impressive statistical record 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 2019:

Nakilat achieved an overall Lost Time Injury Frequency (LTIF) of 0.38 and a Total Recordable Case Frequency (TRCF) of 0.86, both significantly below the benchmark averages of those metrics.



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



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:

<p>Wholly-owned vessels</p> <p>Our wholly-owned vessels achieved a Lost Time Injury Frequency (LTIF) of 0.87 year-to-date and Total Recordable Case Frequency (TRCF) of 1.08 year-to-date</p> <p style="font-size: 2em; font-weight: bold;">15 vessels</p>	<p>Joint-venture LNG vessels</p> <p>Our joint-venture LNG vessels have achieved a Lost Time Injury Frequency (LTIF) of 0.30 year-to-date and Total Recordable Case Frequency (TRCF) of 0.51 year-to-date</p> <p style="font-size: 2em; font-weight: bold;">40 vessels</p>	<p>NSQL-managed vessels</p> <p>Nakilat-managed LNG and LPG fleet achieved a Lost Time Injury Frequency (LTIF) of 0.00 year-to-date and Total Recordable Case Frequency (TRCF) of 0.42 year-to-date, both within the industry leading category</p> <p style="font-size: 2em; font-weight: bold;">18 vessels</p> <p style="font-size: 1.2em; font-weight: bold;">14 LNG • 4 LPG</p>
---	--	--



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

Nakilat continues to implement its IIF campaign, a safety leadership program that empowers people to foster a safer working environment throughout the company. The campaign introduces effective intervention skills to challenge the status quo to achieve safe, Incident and Injury Free operations. Nakilat successfully underwent its first Integrated Management System surveillance audit post transition to the revised ISO standards (ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018).



Health focused activities:

SMOKING CESSATION CAMPAIGN

This campaign was conducted in coordination with Ministry of Public Health (MoPH) to create awareness among employees, the ill effects of Smoking as well as the impact of passive smoking and also to provide key information on the support services available in Qatar.

Nakilat is committed in contributing towards the objective of Qatar's National Health Strategy of reducing tobacco usage by 30% by 2022 and thereby, move towards a healthy lifestyle.

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.

CLIMATE SURVEY - 2019

Nakilat launch its Third Safety Climate Survey to gauge employee perception about the Safety Climate of Nakilat both on-shore and Marine (sea staff). The survey is expected to provide a good status check of Safety culture within the company and also a comparison with the company's 2018 Safety Climate Survey.



Safety focused activities:

MANDATORY E-LEARNING TRAINING

Nakilat continued with its SHEQ E-Learning Training initiative and launched Two more courses in the series. The courses were titled "Emergency Evacuation Training" and "Defensive Driving Training (DDT)"

While the Emergency Evacuation Training elaborated on the procedure to evacuate the premises safely during an emergency, the Defensive Driving Training encouraged adoption of Defensive Driving Practices and thereby, make driving safer and smarter. DDT also helps everyone stay out of harm's way when potentially hazardous situations arise.

TRAINING & AWARENESS ON INCIDENT REPORTING

Training Sessions to create awareness on the importance of reporting hazards and incidents in work place was conducted for all the staff across Nakilat facilities. The sessions were also intended to familiarize all staff with the Incident Management interface on SAP-EHSM and thereby enhance knowledge of reporting Incidents / Near Misses / Observations at the workplace.



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. Protecting 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:

- **ENHANCED HIGH 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



Environment Focus:

- All NSQL-managed vessels completed the Inventory of Hazardous Material in compliance with the IMO Hong Kong Convention
- Through sustained efforts at recycling and reducing consumption, the NSQL fleet reduced their garbage output by 2.4% in 2019 compared to 2018
- Approximately a third of NSQL fleet has been retrofitted with the Ballast Water Treatment System
- QFAB conducted various waste clean-ups in support of World Clean Up Day and World Ocean Day
- A tree planting initiative was conducted by volunteers at the Erhama Bin Jaber Al Jalahma Shipyard

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)
 - i. **MARPOL Annex I**
International Oil Pollution Prevention Certificate
 - ii. **MARPOL Annex IV**
International Sewage Pollution Prevention Certificate
 - iii. **MARPOL Annex VI**
International Air Pollution Prevention Certificate
 - iv. **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.

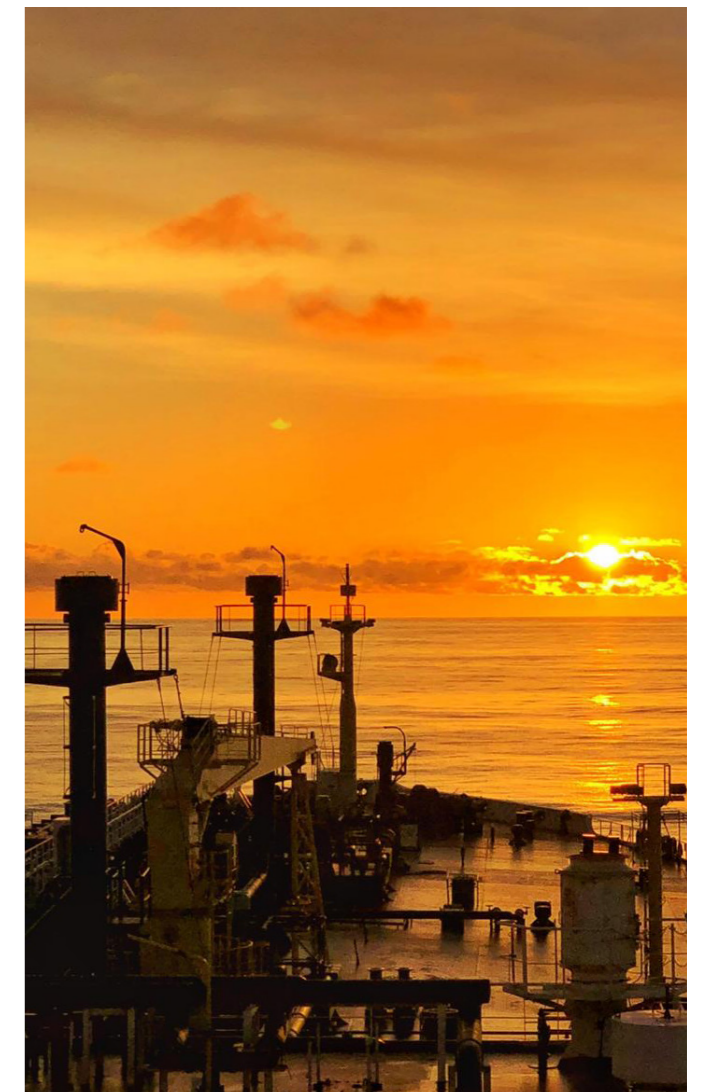
IHM is a structured system to control hazardous materials onboard ships. Risks can be identified during ship operations to inform crew, as well as repair and conversion yards about any hazardous materials onboard for incident preparedness and response. This enables advanced planning to ensure that any 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. Improving Efficiency For Superior Fleet Performance

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

6.2.1. Environmentally friendly & higher performance hull coating systems:

All Nakilat's LNG vessels have been coated with the environmental friendliest and high-performance coating systems, the latest available technology, at the time of delivery. Nevertheless, a gradual drop in hull performance can be observed causing increased fuel consumption for the same speed. As can be verified from the voyage performance analysis over the last five years, 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.

In order to overcome the later drop in existing coating performance due to hull fouling, Nakilat rolled out an upgrade hull paint scheme to the entire fleet with a more advanced and higher performance coating during the planned vessels drydocking, 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.



HULL FOULING

Hull fouling is a natural phenomenon and a well-known problem affecting vessels trading in warm water ports and is the result of marine growth on the hull.



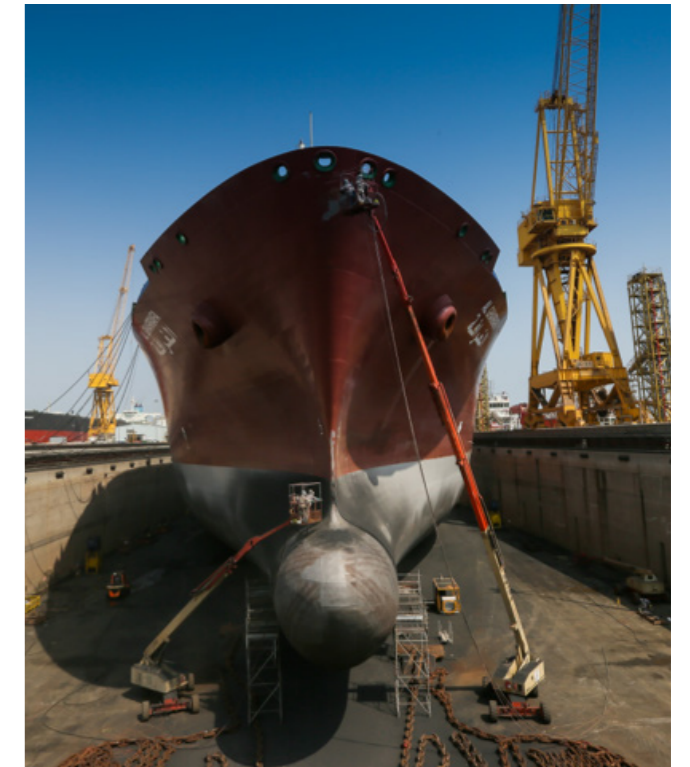
6.2.3. Fleet Digitalization:

Innovations and inventions provide technology to make sailing safer. Integrating new systems on vessels to improve vessel performance and minimize the risk of human factor, is an example of digitalization. Because technology is innovating fast, there are chances to improve or adapt inventions or systems on board of vessels. Digitalization in this context is about making the current systems on vessels more efficient or developing new systems to improve performance and minimize the risk of human factor.

Fleet digitalization enhances vessel performance through effective monitoring and timely evaluation, and is therefore of strategic importance to the company, its partners and customers. It allows Nakilat to continuously improve its service efficiency to achieve operational excellence. In addition, automation of processes onboard allows the crew to operate the vessel in a safer and more efficient manner.

6.2.4. 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. This environment permit was granted, and the system was successfully introduced within the Ras Laffan Port limits as fully fledged service. Initially, trial was carried out on a number of vessels and the system proved to be very environmentally friendly, rejecting only clean sea water overboard. Presently well referenced service provider was permanently established and service is available within RLIC vicinity.



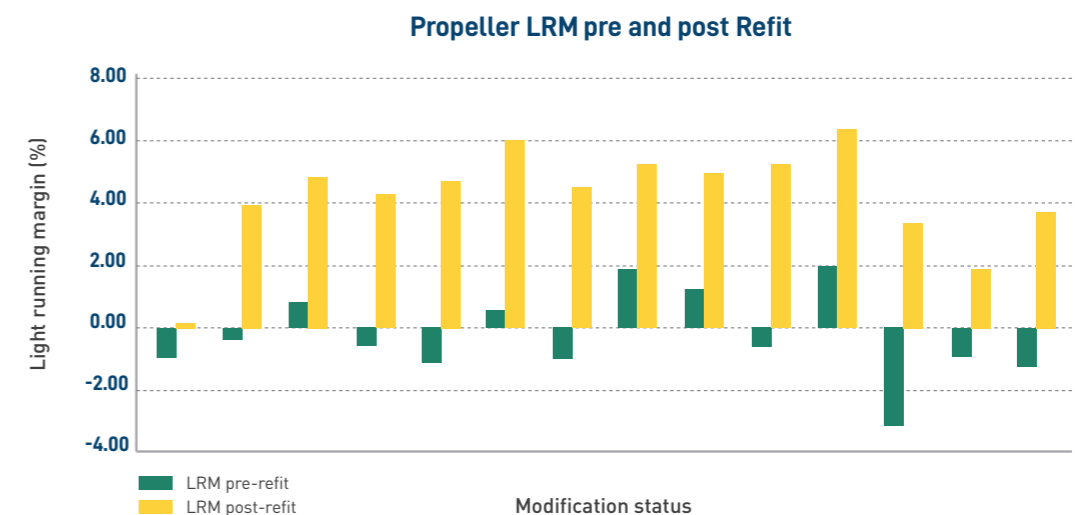
6.2.5. Propeller super-polish & edge modification:

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.

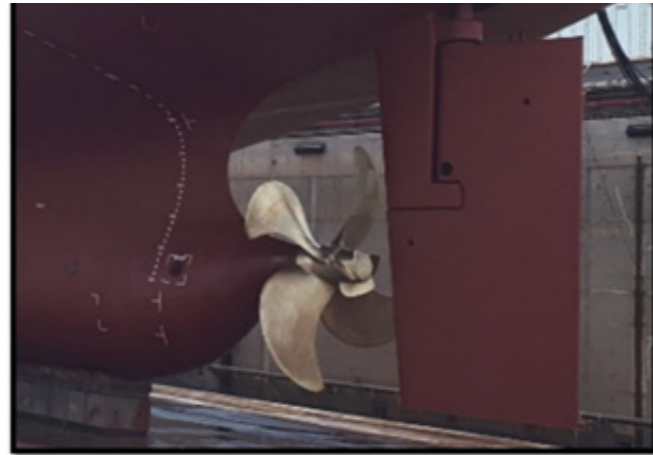
Upon recommendation, vessels underwent propellers blade edges modification to 'lighten' the propellers, a process also known as increasing LRM (Light Running Margin). Adequate LRM indicates better propeller performance. These refits ensure that our vessels operate more efficiently with lower fuel consumption 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.

The figure below shows the comparison of LRMs across the fleet where propeller edge modification has been carried out.



6.2.6. Improved efficiency with propeller boss installation:

Upon a thorough study, propeller bosses "PBCF" were installed on all 4 LPG vessels during the second special survey in 2018 & 2019. Studies have confirmed that this installation has achieved an efficiency of between 3-5%, in terms of fuel consumption and hence emissions as well.



6.2.7. Vessel Performance Data:

The in-house performance monitoring system developed by NSQL and adopted by our main Charterers, has proven to be sound, allowing Vessels' managers to maintain full visibility on the fleet performance across the period between two dry-docks.

It has been always challenging to effectively determine the positive effects of hull cleaning from the propeller super-polishing. However, we have noticed greater benefit when propeller cleaning is combined with polishing. The below sample illustrations from the NSQL performance model (taken from one of each class of the NSQL managed vessels docked in 2019), translate and reflects the above statement perfectly. The overall propulsion figure clearly shows that the hull resistance drops of about 15 to 20 Pts of performance below the base line criteria of 1.0, when appropriate corrective measures are carried out simultaneously.

Figure A indicates an analysis of one vessel's performance where base line criteria is set at 1.0 and shows the performance deterioration due to hull fouling in service and the improvement realized after each combined cleaning event.

A. Fuel Consumption Index for LNG Carrier Q-Flex Vessel

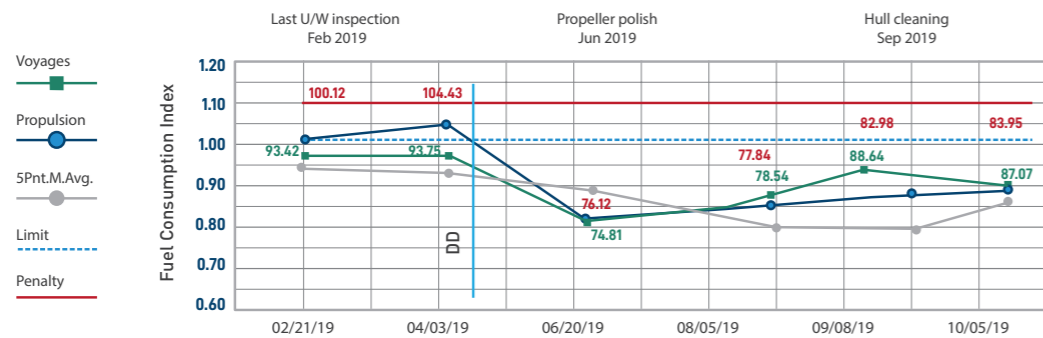
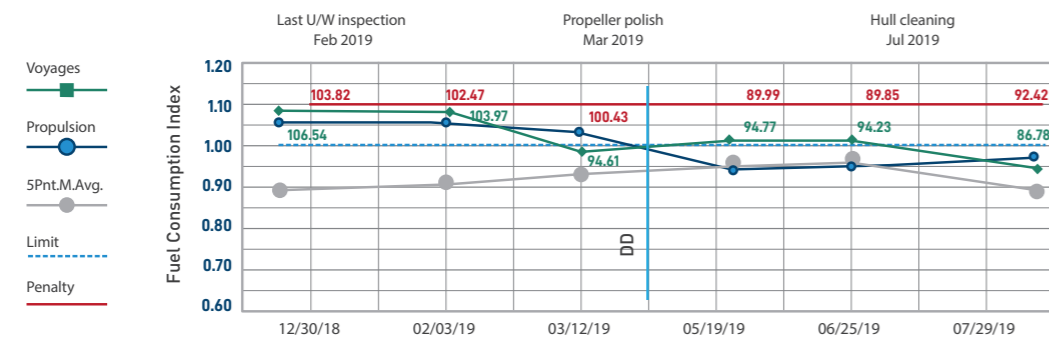
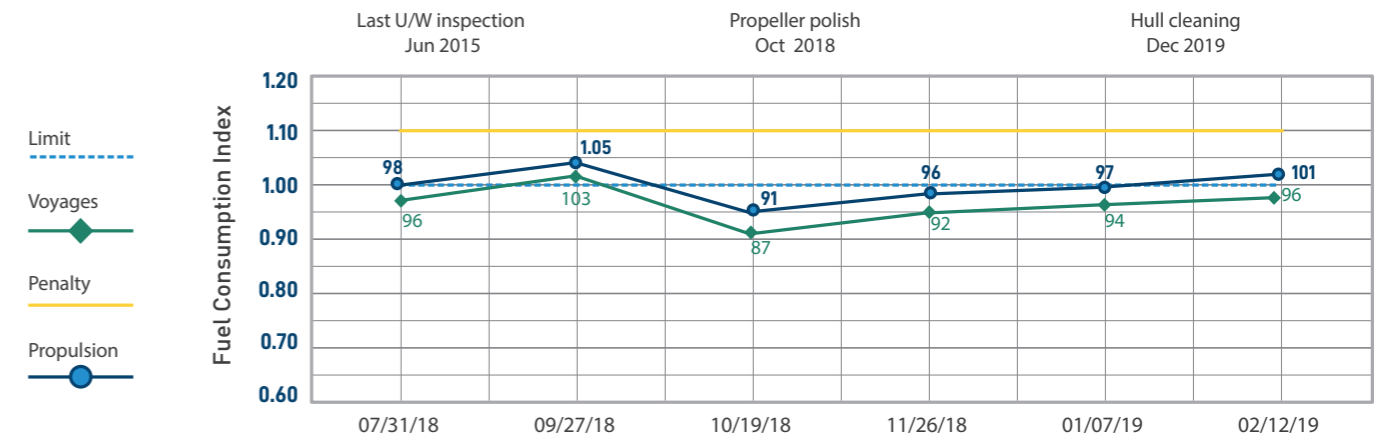


Figure B shows an analysis of one vessel's performance where base line criteria is set at 1.0, and shows the performance deterioration due to hull fouling in service and the improvement realized after each cleaning event.

B. Fuel Consumption Index for LNG Carrier Q-Max Vessel



Fuel Consumption Index

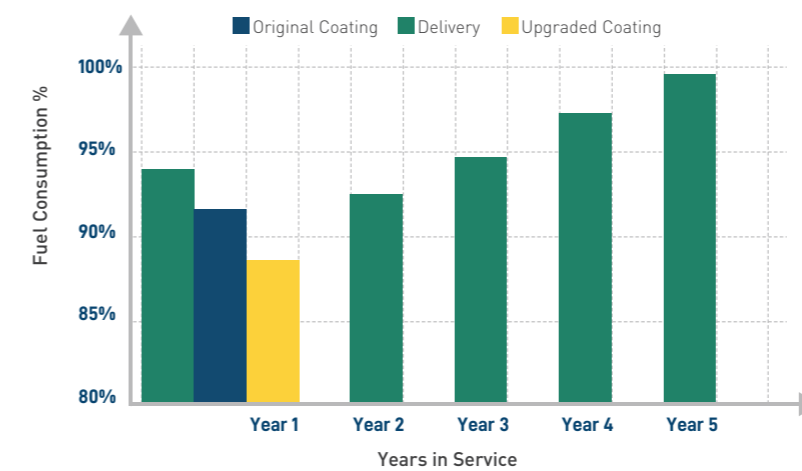


Fuel savings from higher-grade hull coating systems:

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.

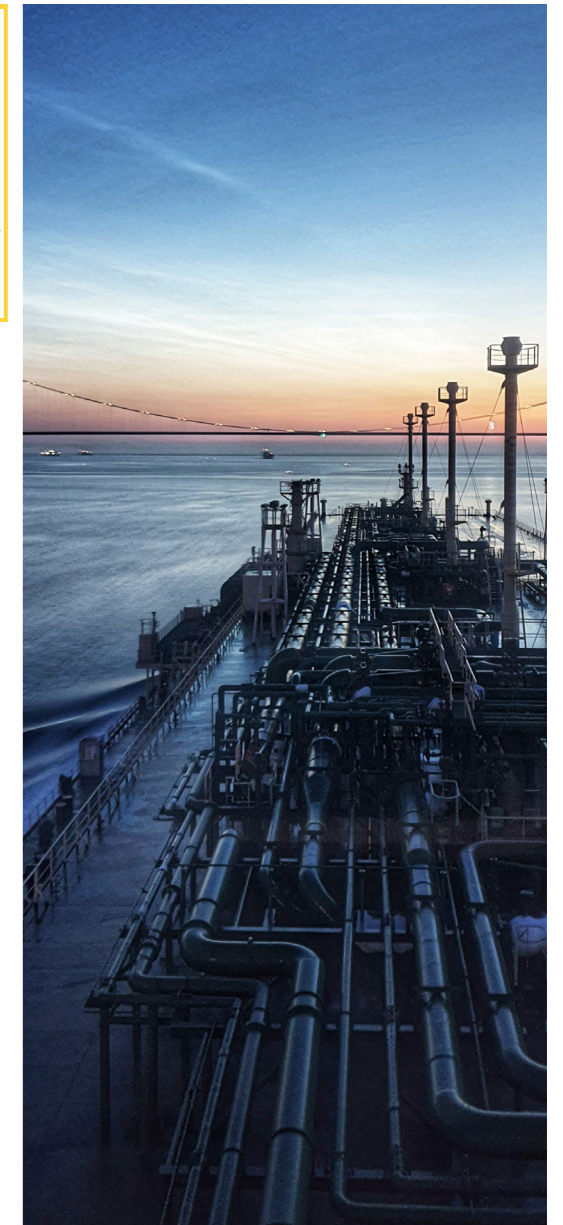
Below graphical analysis demonstrates the fuel savings between two vessels after five yearly dry docking having original & which were coated by 2 different systems

Nakilat Propulsion Fuel Consumption



AVERAGE EMISSION PER VESSEL (MT)

YEAR	SOx	NOx	CO ₂
2018	1,717.60	2,628.43	95,691.21
2019	1,617.24	2,774.72	98,934.77
DIFF	-6.20%	5.30%	3.30%

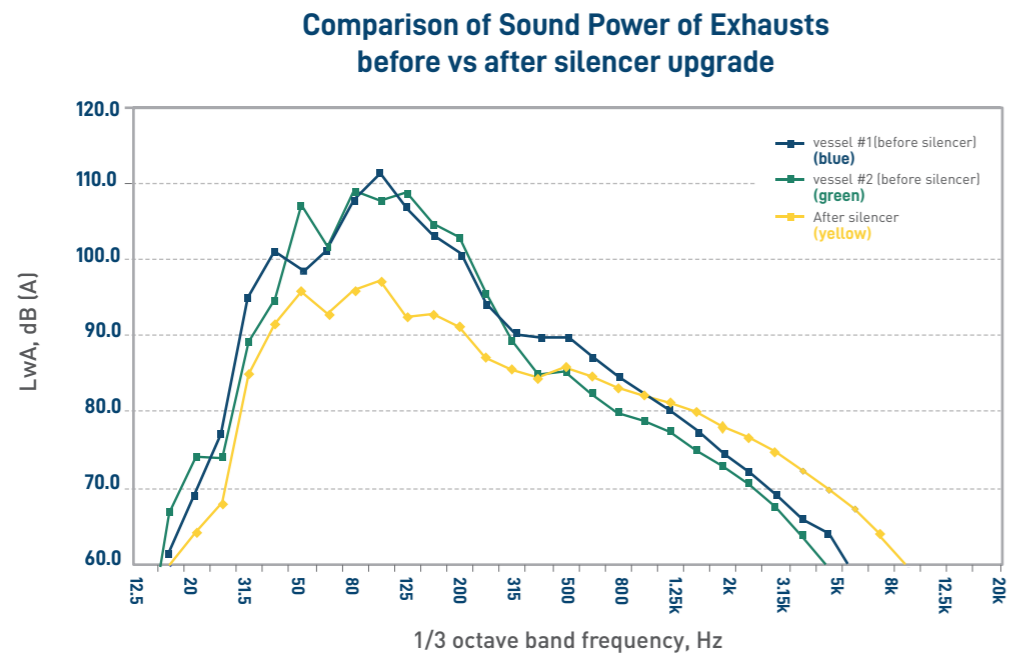


6.2.7. Noise reduction:

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

As a result of an independent study by Lloyd's Register ODS (Copenhagen), silencers for all onboard Diesel Generators have been replaced to bring the noise emission down by 15 decibels (dB). Services of Lloyds Register ODS have been retained to confirm the effectiveness of the new silencers. The modification project have been implemented during vessel first special survey, successfully tested and commissioned.

The figure below shows a comparison of calculated 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 significantly reduced in the frequency range from 40 to 200 Hz with improvements up to 15 dB at 125 Hz. The frequency range above 300 Hz is less relevant in regards to diesel engine noise.



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 Ballast Water Treatment Systems (BWTS) on its vessels. So far, the installation has been completed on three LPG vessels and this will be further rolled out on other vessel's in a planned manner.

BWTS Installations:

- + Four LPG vessel were implemented with latest BWT UV system technology, over 2018 and 2019. Since implementation the system was proven to be very reliable
- + Seven LNG vessels were already retrofitted with Ballast Water Treatment System in 2019 and an additional Q-Max vessel to follow in 2020

6.3. Ensuring Efficient & Sustainable Operations

Fleet Operations

Nakilat is strongly committed to improve the speed and fuel consumption performance of our vessels and we persistently strive to identify and implement enhancement measures wherever possible. A number of voluntary improvement measures have been identified and successfully implemented on all our vessels.

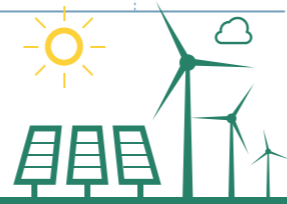
Besides the emission compliance, Nakilat together with its partner Qatargas, has voluntarily embarked on a very challenging journey of converting one of the LNG Fleet Q-Max vessels, to burn gas on ship's main engines instead of the conventional heavy fuel oil. The onboard two stroke slow speed diesel engines – MAN 7S60ME received the major conversion to latest MAN ME-GI type of engine at N-KOM shipyard in 2015. After a short period of teething problems, the system was since proven to be very reliable and confirmation surveys have confirmed the emission reduction and profile.

The ME-GI system offers a robust environmentally resilient combustion solution with among the highest fuel efficiency available in the market. Aimed to give full control on choice of fuel type, Q-Max Rasheeda became a pivotal case study for ships of its scale.

Thus far, the GI engine has been providing an optimal fuel flexibility, greater control for operational efficiencies for Nakilat, and comes with enormous environmental advantages. Q-Max Rasheeda showcased promising results with significant running hours on gas since project roll-out to date. Besides other substantial commercial benefits, the company has also observed around 95% reduction of Sulphur Oxides (SOX) when burning gas. There is no doubt that learnings from this pilot project will pave way for greater enhancement for greener shipping system designs.

Nakilat, and its partner Qatargas, have embarked on new performance project to conduct a feasibility study to look into the conversion of the remaining Q-Flex and Q-Max fleet to dual fuel engines, allowing major modification of both main and auxiliary engines.





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:

Parameters	Observed Concentration [$\mu\text{g}/\text{m}^3$]			Applicable Standards
	Minimum*	Maximum*	Average*	
PM ₁₀	31	123	68	150 $\mu\text{g}/\text{m}^3$ (A)
PM _{2.5}	9	39	23	35 $\mu\text{g}/\text{m}^3$ (D)
SO ₂	6	27	15	365 $\mu\text{g}/\text{m}^3$ (A)
NO _x	8	51	25	150 $\mu\text{g}/\text{m}^3$ (A)
CO (E)	131	1115	412	10,000 $\mu\text{g}/\text{m}^3$ (B)
VOC	3	19	13	Not Available
Aromatic Hydrocarbon $\mu\text{g}/\text{m}^3$	Benzene	-	1.12	0.24 ppm (160 $\mu\text{g}/\text{m}^3$) (C)
	Toluene	-	1.28	
	Ethyl Benzene	-	7.22	
	mp - Xylene	-	11.65	
	o - Xylene	-	4.22	

* 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 year
 (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 at the Shipyard:

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.



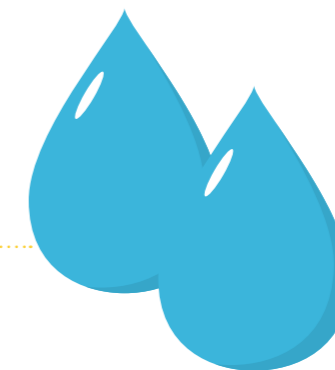
6.3.3. Water management:

N-KOM's marine water quality monitoring

N-KOM conducts water quality monitoring at 5 different locations along its shore. Water sample from each location is tested for the same parameters such as Total Suspended Solids (TSS) and pH value. On the average, N-KOM's TSS value did not cross 5.0 mg/l when compared with the Ministry of Municipality & Environment (MME) limit of 35 mg/l. Also, our pH value has always been within 6-9 as per the Qatar's MME regulation.

N-KOM'S TSS value : **<5 mg/l**

Qatar's MME limit : **35 mg/l**



N-KOM's pH value: **within 6-9**
as per Qatar's MME regulation

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 2019, 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 2019:

As part of its objective to create and enhance a safe workplace and environment, Nakilat SHEQ conducted its second Safety Climate Survey in July 2019 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.

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 ahead of the hawksbill turtle nesting season as well as raise awareness for the harmful impact of litter and plastic pollution.



Caring About Our Environment:

Through sustained efforts at recycling and reducing consumption, the NSQL fleet reduced their garbage output by 2.4% in 2019 compared to 2018.

A tree planting initiative was conducted by volunteers at the Erhama Bin Jaber Al Jalahma Shipyard.



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.

QAR 5.2+ billion
Nakilat group contribution towards Qatar's overall sustainable development in 2019



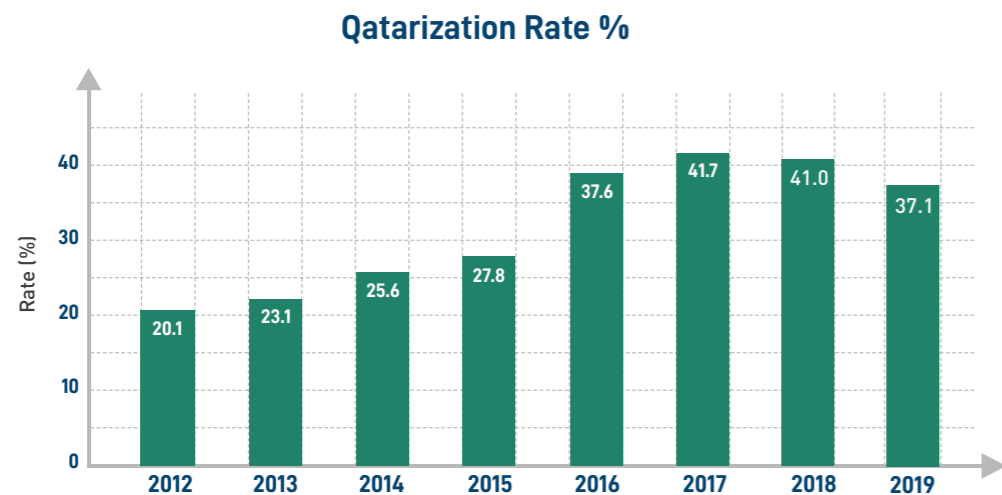
CONTRIBUTIONS FY2019		USD	QAR
(1)	Payments to local suppliers	895,058,178	3,259,381,207
(2)	Various payments to Government Authorities	1,576,571	5,741,132
(3)	Marine Cadet Program (MCP)	359,040	1,307,456
(4)	Various donations, sponsorships & CSR initiatives	65,449	238,333
(5)	Pension fund contribution	1,156,237	4,210,471
(6)	Social & sports activities support fund	6,117,913	22,278,562
(7)	Interest paid to local banks	186,920,834	680,677,825
(8)	Cash Dividends paid to Qatari investors/shareholders	349,896,195	1,274,157,492
SOCIAL INVESTMENT SPENDING (3) + (4) + (5) + (6)		7,698,639	28,034,822
ECONOMIC VALUE DISTRIBUTED (1) + (2) + (7) + (8)		1,433,451,778	5,219,957,656

ECONOMIC VALUE GENERATED	
1. Revenues	USD 1,066,541,262 QAR 3,883,842,000
2. Net Income	USD 275,426,812 QAR 1,002,975,000

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 3 years, Nakilat has achieved a solid average of 40% Qatarization rate, growing its Qatari workforce from only 28 personnel in 2010 to 73 personnel in 2019.



Creating opportunities for development of our National Youth is a central tenant of our Human Resources strategy, where programs and initiatives are designed to build on the raw talent of our Nationals in the pursuit of competence and knowledge enhancement. The Nakilat corporate culture supports self-motivated and high-performing individuals to build their unique capabilities towards the realization of their full potential.

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. Nakilat has been providing a four-year maritime study sponsorship program 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 to date.

22
Qatari marine cadets sponsored since 2015

12
Qatari cadets have graduated from our Marine Cadet Programme into full-fledged seafarers



National Developee Program (NDP)

Nakilat takes pride in its comprehensively structured and designed NDP, which grooms our enthusiastic, young National Developees 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 14 National Developees recruited between 2016 and 2018, we welcomed 4 new National Developees to our organization in 2019.

37.1%
Qatarization rate, among the top performers within Qatar's energy and maritime sectors



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

4
employees are currently sponsored under the CEP.



7.2. Community Outreach & Social Investment



Societal development:

The company's all-encompassing Corporate Social Responsibility (CSR) framework comprise of key pillars such community, health, education, environment. In 2019, 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 this year 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 online donation application with Qatar Charity.

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.



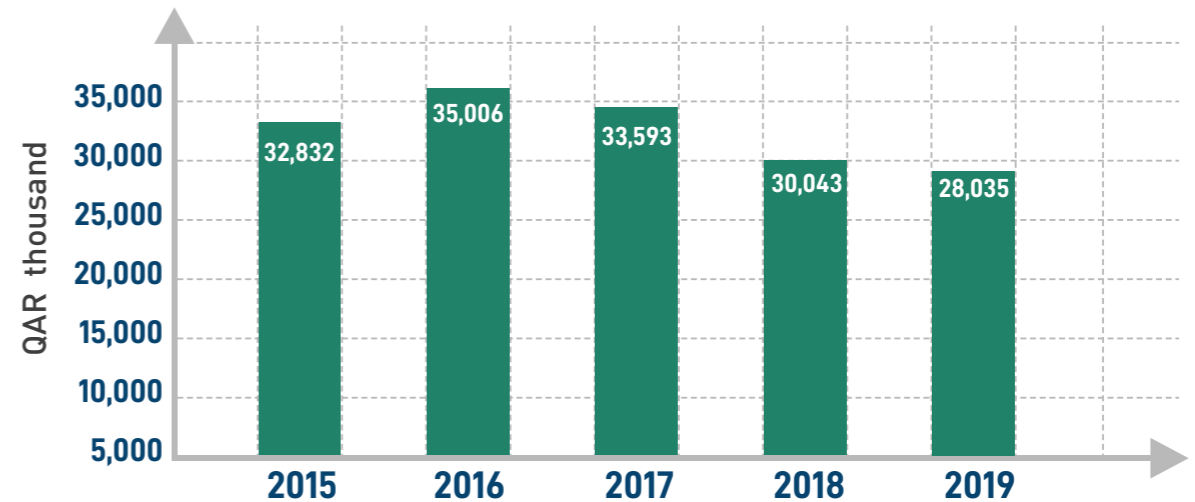
Employees of Nakilat participated in several Student Outreach Programs to provide valuable career insights to students at their respective schools or universities, and shared professional experiences during Qatar University's Business & Networking event.



Overall social investment spending:



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 QAR 5.6 billion since inception thus providing an attractive investment vehicle to its Qatari and international shareholders.

While Nakilat has consistently paid dividends, it continues to retain a part of its annual profits to pursue its long-term growth strategy. Nakilat carries a robust retained earning balance of QAR 2.4 billion at the end of the year 2019.



QAR 3.7 billion
Average revenue per annum over the past 6 years

QAR 5.5+ billion
Cash dividends paid since inception

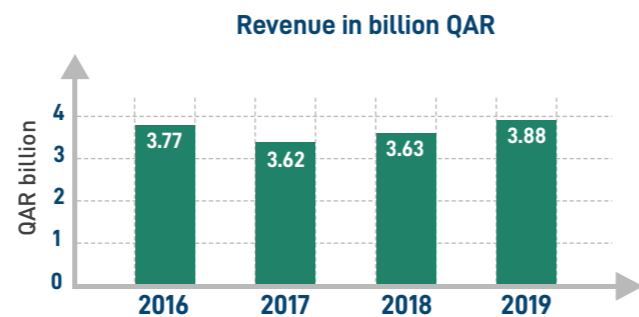
QAR 929 million
Average profit per annum over the past 6 years

QAR 3.26 billion
Local Procurement

Nakilat's average consolidated revenue from all sources has been at around QAR 3.7 billion per year over last 6 years. Nakilat has generated a robust average profit of QAR 929 million per year in last 6 years.

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 financed from Qatari Banks. During 2019, Nakilat and its joint ventures have paid around QAR 681 million as interest to the local banks, thereby sharing the wealth with banking sector in Qatar.

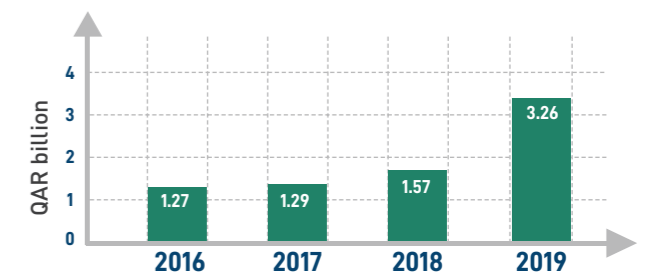
Nakilat Inc., a wholly owned subsidiary, holds an A+ rating from Standard and Poor's and A1 rating from Moody's, both of which are one notch below the rating for the State of Qatar. Nakilat Inc. also holds an A rating from Fitch, which is two notches below the State of Qatar.



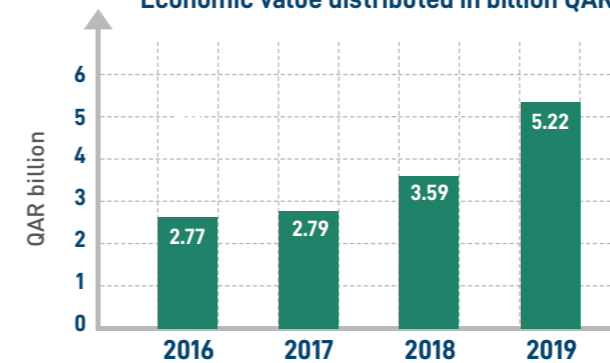
Local procurement spurs economic growth:

Nakilat plays its role in contributing to Qatar's local economy by providing opportunities for local entrepreneurs to be involved by emphasizing on local procurement for various goods and services. Nakilat's preference in selecting local suppliers wherever possible ties back to our cost optimization measures as well as an overall reduction on spending to remain competitive.

Local procurement in billion QAR



Economic value distributed in billion QAR



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.

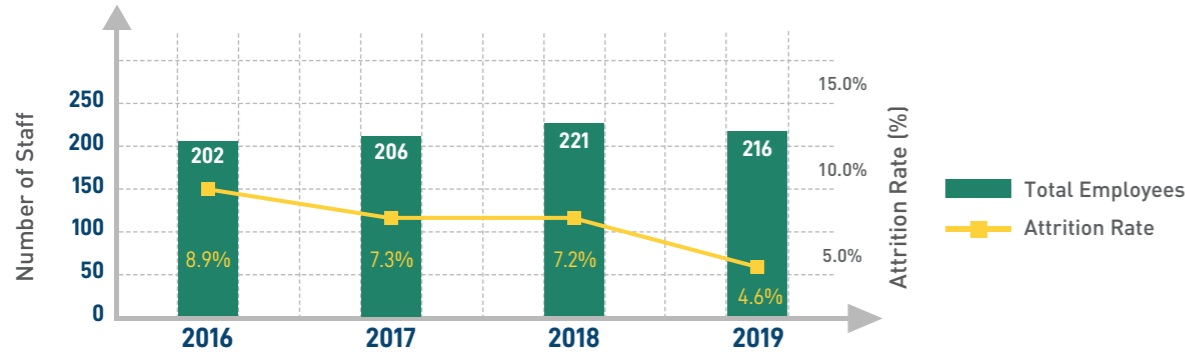
Our employees are instrumental to our growth; hence we strive to generate an adequate return on investment for their energy, commitment and skills.

8.1. Total Workforce & Attrition Rate

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. Nakilat welcomed 27 new hires in 2019.



Nakilat's Manpower Strength



27 new hires
from 16 different nationalities were welcomed into the organisation in 2019

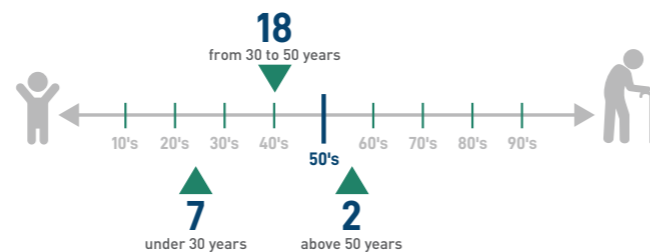
4.6% attrition rate*
Nakilat achieved and retained a high percentage of staff during 2019

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:

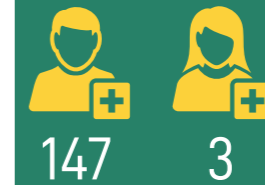
6.8% attrition rate*
Total Manpower: 1,538
* Attrition rate is calculated on the number of resignations divided by headcount



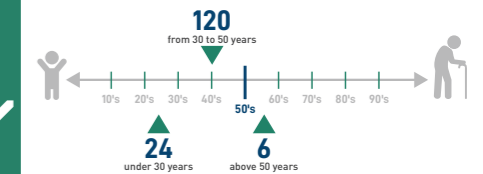
N-KOM

N-KOM WELCOMED **150** DIVERSE NEW HIRES
N-KOM experienced considerable growth in 2019 and welcomed a total of 150 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 9.4%.

N-KOM New Hires by Gender & Age Group



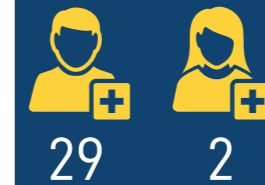
N-KOM new hire age profile:



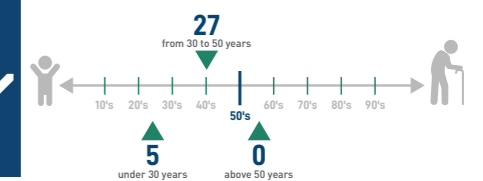
QFAB

32 NEW HIRES
QFAB with beginning of its operations in 2019 welcomed a total of 32 new direct hires from 4 different nationalities into the organization.

QFAB New Hires by Gender & Age Group



QFAB 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.



Diversity at Nakilat (by gender):

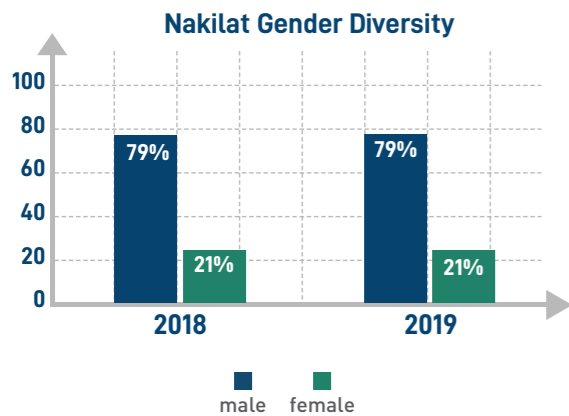
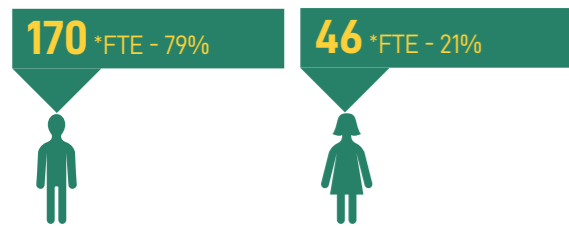
Global workforce diversity at Nakilat:



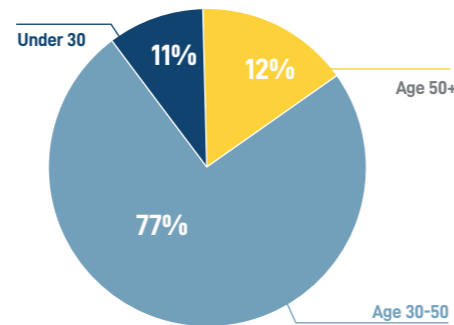
Diverse nationalities:

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

Nakilat employee breakdown:

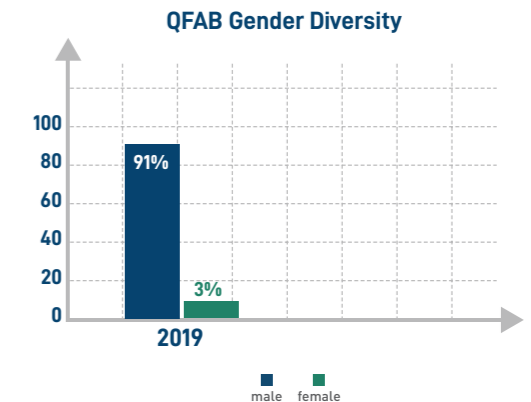
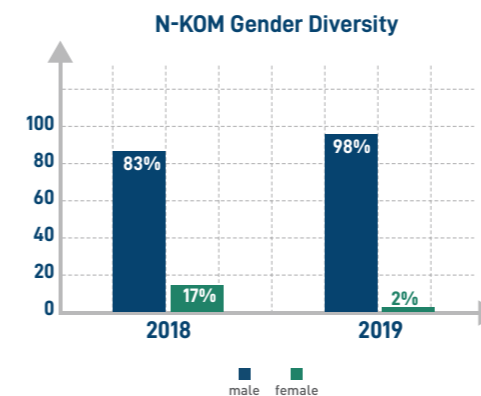
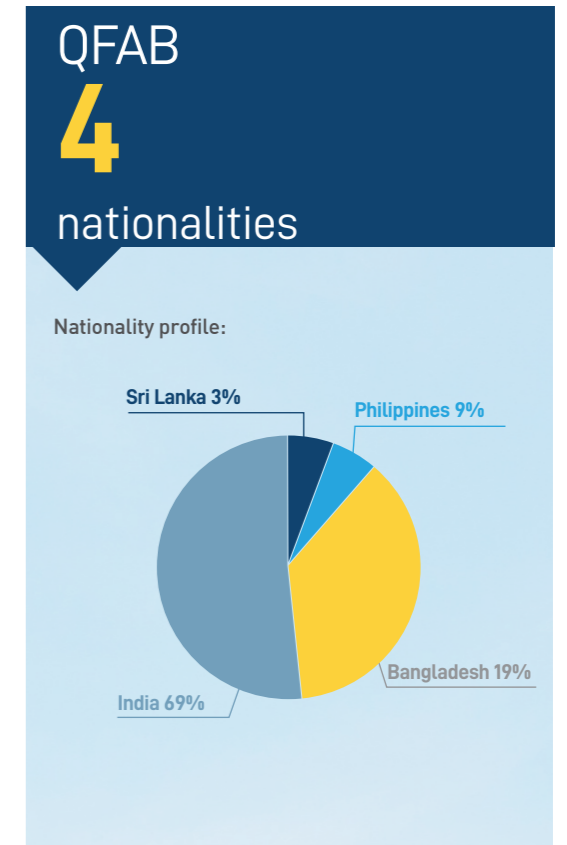
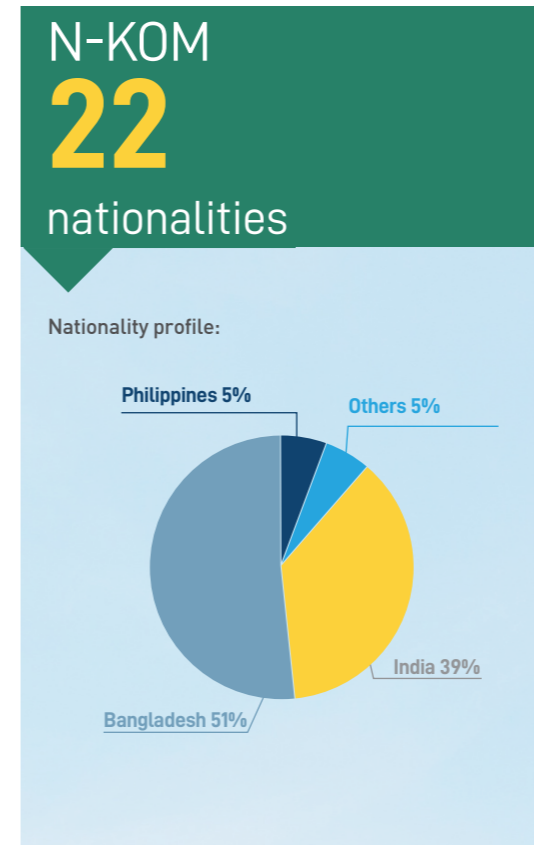


Nakilat Employee Age Distribution



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



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:

Internships:

43

offered to local university students since 2017

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:

100

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

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 June
- year-end review between November and December

Various Trainings (internal & external):

185

formal training interventions delivered

5,156+

training hours spent

26

training hours (average) per employee

66

knowledge sharing sessions delivered

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 competence assessments and performance appraisals.



100%

employees received regular performance and career development review



37.1%

Qatarization Rate was reported for 2019 to QP



12

Qataris graduated as fully fledged Seamen and are currently serving onboard our vessels as Officers



Leadership

A 20-day in-depth development program for all leaders in Nakilat has been co-designed with Georgetown University Qatar during 2019 with the launch in early 2020

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 (Married)	85%
Total number of employees that took parental leave, by gender	7 Male
Total number of employees that returned to work in the reporting period after parental leave ended, by gender	7 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%



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 79 disciplinary investigations in 2019. 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.

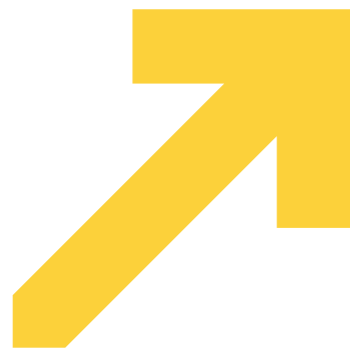


HE Dr. Mohammed Bin Saleh Al Sada
Chairman of Nakilat Board

Mr. Ahmad Saif Al-Sulaiti
Vice Chairman

HE Mr. Ali Ahmed Al-Kuwari
Board Member

HE Eng. Essa Hilal Al-Kuwari
Board Member



Mr. Abdulrahman Essa Al-Mannai
Board Member



Mr. Hamad Mubarak Al-Muhannadi
Board Member



Mr. Faisal Al Hamadi
Board Member



Nakilat's entire leadership team has a direct impact on the economic, environmental, and social aspects of the company, as part of the company's overall strategy. Nakilat's Leadership Team is composed of the following members:

Chief Executive Officer		
Chief Financial Officer	Chief Operating Officer (Fleet)	Chief Commercial & Business Development Officer
General Counsel	Chief Shipyard Management Officer	Chief Internal Auditor
Chief Administration Officer	Chief Treasury Officer	Nakilat Agency Manager
Chief SHEQ Officer	Chief Corporate Planning & Risk Officer	

Nakilat developed and implemented its strategy based on the strategic planning and balance scorecard methodology. Our strategic planning process identifies the company's strategic direction (Vision, Mission and Values), setting all the objectives and actions required to implement the defined strategy. The process supports the alignment of Nakilat towards common goals, linking the corporate objectives with every employee across the organization.

Nakilat applies its strategic planning process through a four-step annual cycle:

- + Strategy Review**
Overview of the current situation including market analysis, external business environment screening and review of the internal performance, to identify the key insights supporting the adjustment of the strategy on the long term. The strategy is discussed and confirmed by the executive leadership through its 'Strategy Offsite' meeting.
- + Strategic plan**
Following confirmation of the long-term strategy, a detailed strategic plan is developed to support its implementation, setting the required initiatives to meet the corporate objectives, including its Key Performance Indicators (KPIs).
- + Strategic cascading**
Once the strategic plan is validated by the executive team, it is presented to all departments and employees to ensure a consistent implementation. The strategic plan is linked with the company's operational plans and its employee performance management process, aligning all objectives to the company strategy.
- + Performance review**
Nakilat periodically reviews the performance of its strategy implementation through its 'Quarterly Performance Review' meeting. The executive team reviews the company's KPIs on a quarterly basis and take appropriate action if performance trends are not going as planned.



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)

The ERM program in Nakilat is established to assist the strategic decision-making process that shall contribute to the achievement of Nakilat's strategic objectives, by evaluating, prioritizing, and managing potential risks to drive value creation. As part of Nakilat's continuous improvements towards enhancing the maturity level of its ERM program, an integrated link has been established between Nakilat's 5-year strategy and risk management. This integration encompasses the assessment of emerging and existing risks associated with strategic initiatives, new projects, and corporate and departmental risks to help ensure implementation of effective mitigation plans. The ERM function strives to oversee, adopt, and facilitate leading risk management practices to build confidence and assurance to Nakilat's stakeholders and help Nakilat's management in making informed business decisions.

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.



CONTACT US

Shoumoukh Towers, C Ring Road
P.O. Box 22271, Doha, Qatar

Tel: +974 4496 8811
Fax: +974 4448 3111
www.nakilat.com

FOLLOW US



www.youtube.com/user/NakilatQatar



facebook.com/nakilatqatar



[@nakilatqatar](https://twitter.com/nakilatqatar)



[@nakilatqatar](https://www.instagram.com/nakilatqatar)



[Nakilat \(Qatar Gas Transport Company\)](https://www.linkedin.com/company/nakilat)

