

# Building on Our Successes



Abu Qir Fertilizers  
Company (AFC)

Sustainability  
Report

**2019**  
**2020**

# About This Report

## Scope

### Reporting Period

The report is the company's second sustainability report, and it covers the 2-year period of 2019 and 2020.

### Operating Businesses

The report covers the activities of Abu Qir Company and all operating factories in the company. The economic and social data presented in the report include data of Abu Qir manufacturing plants, marketing offices, and head office, while the environmental data relates to plant sites that include the environmental impact of other locations.

### Financial and Non-Financial Reporting

The report includes a set of financial and non-financial performance disclosures, risks and opportunities, and information on impacts that are important, **and** significantly influence our ability to create and deliver value to our stakeholders.

## Reporting Framework

Our report is a voluntary document issued in accordance with the Global Reporting Initiative (GRI) Standards: Core option, to provide stakeholders a core picture of the activities carried out to create value and commitments made in the economic, environmental, and social spheres .

## Report Methodology

The data was collected on a set of rules, including methods of production and complementary processes, identifying different points of contact in all sectors of the company, and training the team for the preparation of the report.

## Third-party Assurance

The Assurance Statement to this Sustainability Report was provided by DCarbon Egypt

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<sup>1</sup> The decision of the Chairman of the Financial Supervisory Authority No. 108 of 2021 was issued requiring companies listed on the Stock Exchange to prepare sustainability reports.



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#### Disclaimer:

ABUK, The Company, Our Company, all refer to Abu Qir Fertilizers Company.

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Abu Qir Fertilizers 2020 Sustainability Report is core to sustainable businesses and operations. Although data and figures in the report are accountable, there is no assurance that anticipated future performance will be in accordance due to exceptional unforeseen circumstances.

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## GRI Index Assurance Statement

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# Abu Qir Updated List of Abbreviations

Acronym	Term
AFA	Arab Fertilizers Association
AFC	Abu Qir Fertilizers Company
ASA	Accountability State Authority
BoD	Board of Directors
CAN	Calcium Ammonium Nitrate
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CER	Certified Emissions Reduction
CO2eq	Carbon Dioxide Equivalent
CSR	Corporate Social Responsibility
CSV	Corporate Shared Value
ECG	Electrocardiography
EEAA	Egyptian Environmental Affairs Agency
EGP	Egyptian Pound
EGX	Egyptian Exchange
EMS	Energy Management System
EPAP	Egyptian Pollution Abatement Project
ESG	Environmental, Social, and Governance
FX. Rate	Chief Executive Officer
GOV	Government
GRI	Global Reporting Initiative
HR	Human Resources

Acronym	Term
HSE	Health, Safety, and Environment
IFA	International Fertilizers Association
ISO	International Standards Organization
IT	Information Technology
KPIs	Key Performance Indicators
KWh	Kilo-Watt hour
LTI	Lost Time Injury
MMBTU	Million British Thermal Unit
MOE	Ministry of Environment
MT	Metric Ton
MW	Megawatt
N2O	Nitrous Oxide
N. G.	Natural Gas
NGO	Non-Governmental Organization
NPK	Nitrogen-Phosphorus-Potassium
OHSAS	Occupational Health and Safety Assessment Series
PDCA	Plan-Do-Check-Act
QA	Quality Assurance
QC	Quality Control
QHSE	Quality, Health, Safety and Environment
R&D	Research & Development
SDG	Sustainable Development Goals
SDS	Sustainable Development Strategy
UAN	Urea Ammonium Nitrate
USA	United States of America
USD	United States Dollar
WAFCO	Wadi Project for Phosphate and Fertilizer Industries
VAT	Value Added Tax
ZLD	Zero Liquid Discharge



# 01 INTRODUCTION

1.1 Message from the Chairman

# CEO/Chairman Statement



**On behalf of Abu Qir Fertilizers & Chemical Industries Co, I am immensely proud to share with you our second Sustainability Report which addresses a very critical period, not only in the history of ABUK and Egypt but also in the history of the whole world.**

The COVID-19 outbreak effects have exceeded all expectations. It has led to a dramatic loss of human life worldwide and presents an unprecedented challenge to public health, the global economy, and food systems.

With the decrease of human physical interactions and economic activities during the pandemic, it has been seen clearly how the environment had a positive rebound. The reduction of carbon emissions has sharply fallen during the lockdown which had a positive impact on the global pollution rates in general. Despite the apparent positive environmental impact, economic

activities must recover but only through what we may call "The Green Recovery" which is not a new trend for ABUK's strategic management. Our report is showing ABUK's initiatives in the environmental dimensions in all the company's activities even before the pandemic outbreak. The world is now facing the hottest weather comparing to previous decades. Heatwaves struck different parts of the planet leading to wildfires and floods everywhere and causing huge losses in human lives and economies. ABUK's management believes that ESG frameworks are now a necessity and no longer a luxury. The pandemic and current natural disasters have demonstrated clearly that ESG considerations have to be at the core of every business today. Now is the time that the whole world has to shift to a model that acknowledges the importance of integrating sustainability practices into all business areas.

Our sustainability report is issued every two years and this report covers the years 2019 and 2020. Before the pandemic in 2019, the global demand and supply of fertilizers products were stable. We could easily order the needed supplies and raw materials from both our local and international suppliers. We could also hold our business meetings, social events, training sessions, seminars, and all other events without any concern for human health risks. Furthermore, we were able to market our products without any risk of restrictions on international transportation and logistics. In brief, 2019 was relatively a more stable year than 2020. We had a strategy for the next five years with clear goals and KPIs to help us achieve these goals.

In 2020, the pandemic year, we drastically changed our business model. The normal that

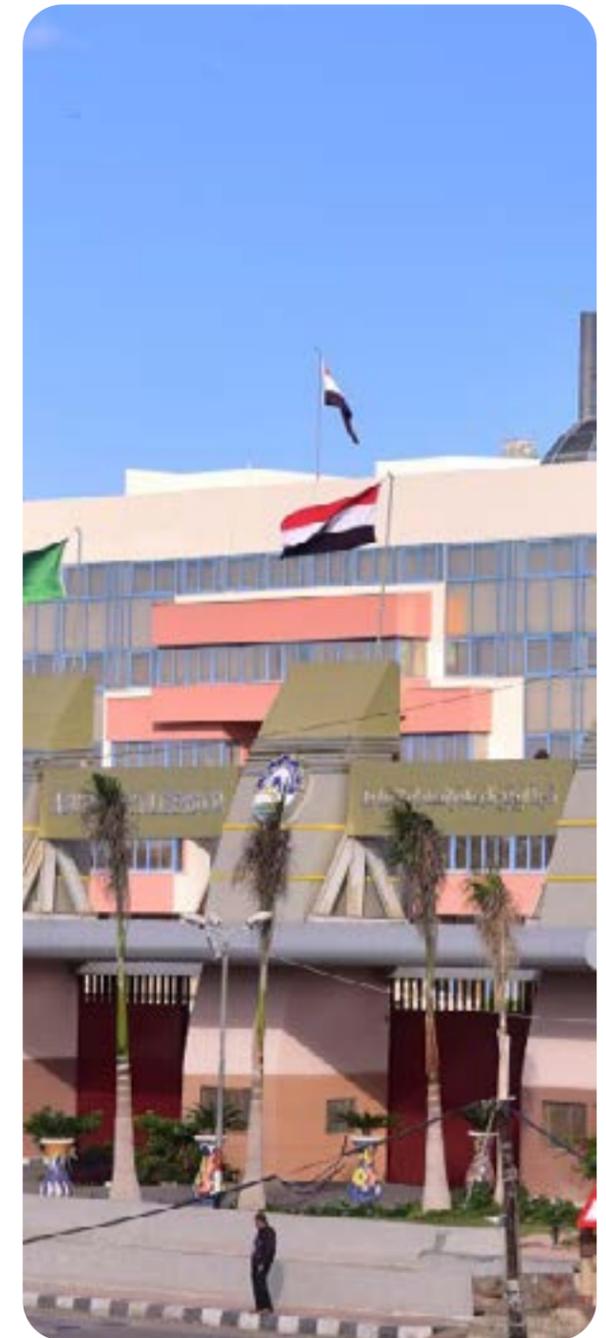
we used to, no longer exists. The pandemic has been affecting the entire food system due to borders closures and trade restrictions, thus disrupting domestic and international food supply chains. We could not easily anticipate the demand for our products, and draw our strategy to supply that demand. We could no longer order the needed raw materials and spare parts from our international suppliers due to the new policies and regulations set by every country according to their situation in the pandemic. We are no longer able to hold our meetings and other events, which are all now conducted virtually due to social distancing measures. Moreover, we deal with highly sensitive products which have increased after the Beirut port blast. We have reviewed and increased our safety and protection procedures in cooperation with all relevant authorities.

Over a year has passed since the pandemic outbreak at the beginning of 2020 with no clear vision of when it may end. Accordingly, we had to update our management process, strategy, targets, and KPIs to adjust to "The New Normal".

Throughout this report, we highlight how ABUK managed to achieve business continuity during the pandemic. You will have an overview of how we managed to keep our sustainable efficient production, how we retained our clients and preserve our market share, as well as how we remain a resilient market leader that had not been shaken by unforeseen circumstances.

We also state our risks and how we transformed these risks into opportunities. We show how we reassured our key stakeholders, employees, suppliers, our peers in the market, and the local communities surrounding the factory that we are in a solid position. We will continue our production while maintaining the health of our employees, and reassuring our stakeholders that even in times of uncertainty, we come out stronger.

We hope you will enjoy our sustainability journey.



**Chemist / Saad Abou El Maaty**  
Chairman & CEO



# 2019-2020 Highlights

- 2.1 Performance Highlights
- 2.2 Environmental Highlights
- 2.3 Corporate Shared Value Highlights
- 2.4 Financial Highlights

# Performance Highlights

## Production Highlights

(Quantity in thousand tons)

Product Name	2018/2019	2019/2020	% change
Ammonia Abu Qir 1	352	414	18%
Ammonia Abu Qir 2	353	340	-3.8%
Ammonia Abu Qir 3	446	449	1%
Prilled Urea Abu Qir 1	531	612	15%
Ammonium Nitrate Abu Qir 2	859	827	-3.8%
Granular Urea Abu Qir 3	692	703	2%
UAN	65	25	-62%
Plastic bags- thousand bags	10,849	22,517	108%

# Environmental Highlights

## Energy Consumption

Electricity

Consumption	2018/2019	2019/2020
AFC1	79,362,254	84,388,484
AFC2	117,189,600	116,721,600
AFC3	122,413,834	119,548,281
Admin & Facilities	3,603,965	3,172,114
<b>Total</b>	<b>322,569,653</b>	<b>323,830,479</b>



## Emissions Reduction (CDM)

Year	Total Emissions	Total Amount of Reductions
2018/2019	113245.8 tco2	1254579 tco2
2019/2020	31166.8 tco2	1346842 tco2

## Water Usage

Year	Value
2018/2019	15,947,500
2019/2020	14,641,475

# Corporate Shared Value Highlights

Year	Value
2018/2019	10,000,000
2019/2020	10,000,000

## HR Highlights

- Total number of employees: 2,671
- Total training hours in 2018/2019: 34,240 hours

- Total training hours in 2019/2020: 32,440 hours
- 51 employees within the senior management are below the age of 45
- 32 temporary employment received permanent job mandates during the reporting period.
- 82.9% of our employees are from Alexandria, 16.8% are from Beheria, and 0.3% are from other governorates.

# Financial Highlights

Financial Statement	2018/2019	2019/2020	% change
Sales / Revenues	8,582	7,882	-8%
Cost of Goods Sold	5,114	5,016	-2%
Profit Margin	3,440	2,866	-17%
Other Revenues	1,231	1,088	-12%
Other Expenses	607	545	-10%
Net profit before tax	4,065	3,409	-16%
Net Assets	9,056	9,312	3%
Exports	5,576	4,260	-24%
Return on Sales	47%	43%	-9%
Return on Investment	45%	37%	-18%
Debt : Equity Ratio	31%:69%	27%:73%	000%
Shares Million	1,262	1,262	000%

### Total Assets

2016	4.837 EGP B	
2017	6.748 EGP B	39.5%
2018	7.870 EGP B	16.5%
2019	9.056 EGP B	15.1%
2020	9.311 EGP B	2.8%

### Shareholders Equity

2016	3.024 EGP B	
2017	4.252 EGP B	40.6%
2018	4.881 EGP B	14.8%
2019	6.258 EGP B	28.2%
2020	6.779 EGP B	8.6%

### Operating Profit

2016	0.901 EGP B	
2017	1.660 EGP B	84.3%
2018	2.184 EGP B	31.5%
2019	2.833 EGP B	29.7%
2020	2.321 EGP B	-18.1%

### Revenues

2016	3.935 EGP B	
2017	6.021 EGP B	53%
2018	7.584 EGP B	25.4%
2019	8.584 EGP B	13.7%
2020	7.881 EGP B	-8.2%

### Cost of Revenues

2016	2.634 EGP B	
2017	3.961 EGP B	50.3%
2018	4.878 EGP B	23.2%
2019	5.144 EGP B	5.4%
2020	5.015 EGP B	-2.5%

### Net Profit Before Tax

2016	1.197 EGP B	
2017	2.839 EGP B	137.1%
2018	3.012 EGP B	6.1%
2019	4.065 EGP B	34.9%
2020	3.408 EGP B	-16.1%

### Gross Profit

2016	1.300 EGP B	
2017	2.206 EGP B	58.4%
2018	2.674 EGP B	29.8%
2019	3.440 EGP B	28.6%
2020	2.866 EGP B	-16.7%

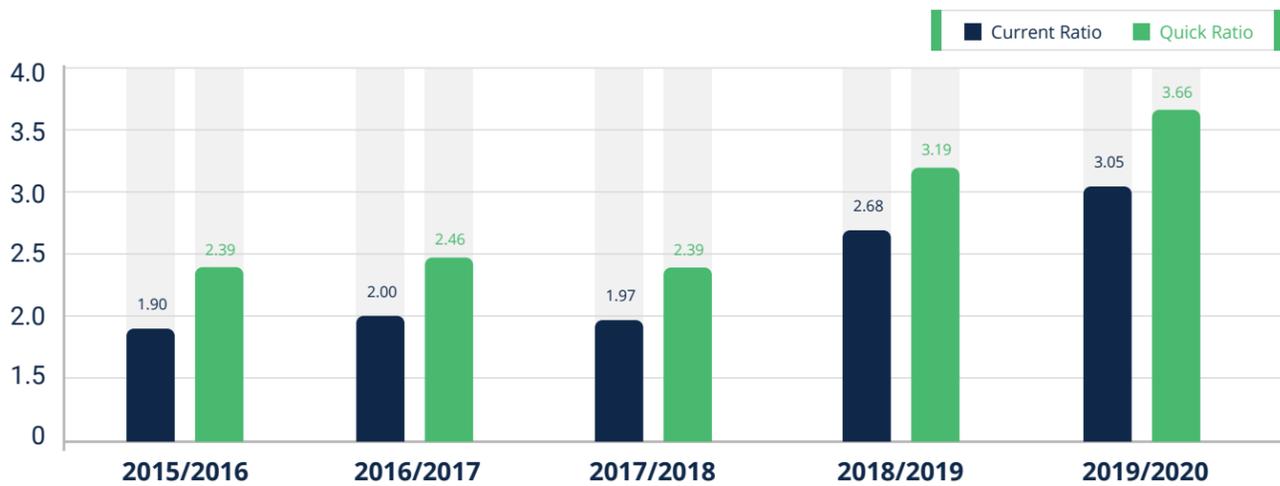
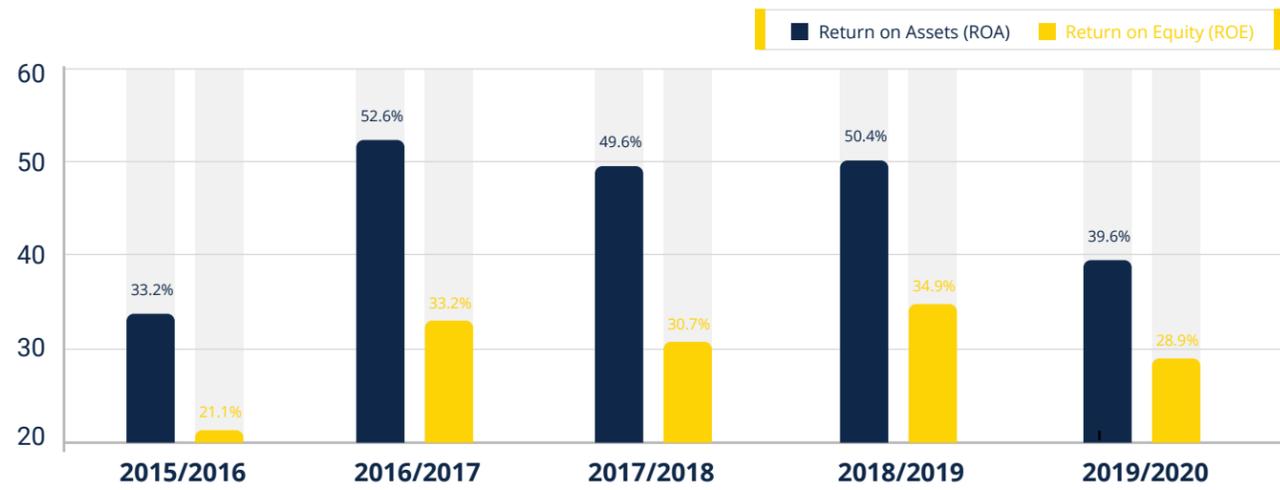
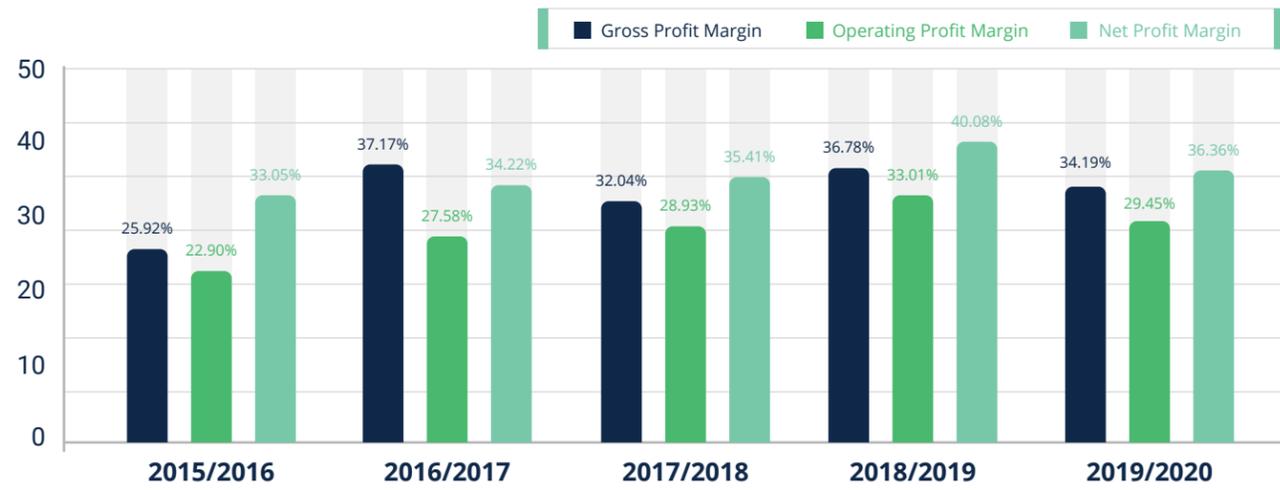
### Operating Costs

2016	3.034 EGP B	
2017	4.360 EGP B	43.7%
2018	5.368 EGP B	23.1%
2019	5.750 EGP B	7.1%
2020	5.560 EGP B	-3.3%

### Income Tax

2016	177.551 EGP B	
2017	601.133 EGP B	238%
2018	592.398 EGP B	-1.5%
2019	907.927 EGP B	53.3%
2020	713.795 EGP B	-21.4%







# 03 Governance At Abu Qir

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- 3.2 Policies
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# Abu Qir at a Glance

## About Abu Qir

### Company Purpose

Abu Qir Fertilizers is a public company, listed on Egyptian Exchange since September 1994.

AFC operates within the materials sector focusing on diversified chemicals. AFC has investment in other companies operating across Egypt, working on commodity chemicals, fertilizers & agricultural chemicals and diversified chemicals.

Abu Qir Fertilizers is based in Alexandria, Egypt and was established in July 1976.

### Establish Date

20 July 1976

### Listing Date

12/09/1994

### Capital

1,892,813,580.00

### Listed shares

1,261,875,720

### Sector

Chemicals

### Index

EGX 30

### Reuters Code

ABUK.CA

### Auditor

Accountability State Authority

Mazars - Mostafa Shawki and Co



## Abu Qir Fertilizers & Chemical Industries (ABUK)

Abu Qir Fertilizers is a public company listed on the Egyptian Stock Exchange since September 1994. It operates in the materials sector with a focus on various chemicals. Abu Qir Fertilizers Company was established in July 1976 and is based in Alexandria, Egypt.

There were no significant changes in size or capital structure during the reporting period. Our products are recently allowed for export to the global markets, which has allowed a significant increase in the company's resources, especially foreign currencies. The products are shipped to dealers, institutional customers, and direct

customers. Abu Qir does not sell any product that is banned in certain markets, or which are a subject of stakeholders' questions or public debate.

Our suppliers are local suppliers and foreign suppliers, including large companies, small privately-held companies, contractors, and small businesses. On the other hand, the Ministry of Petroleum is the main and sole supplier of natural gas, the main feedstock. Other components are procured locally while the materials and equipments which are not available in Egypt are imported.



# Vision, mission, and values

## Our Vision

We aspire to maintain our leading market position in the manufacturing and marketing of various nitrogen and liquid fertilizers and con-

tinue being present in the local and international markets while operating in accordance with international standards.

## Our Mission

We strive to continue working efficiently and actively in a safe and responsible approach towards the environment and producing our diverse products with the highest quality required and expected by our customers. We aim to continue utilizing our resources optimally, maintaining environmental sustainability, and

reducing operational risks. At the same time, we focus on implementing our investments in a way that satisfies our stakeholders and increasing our revenues, while safeguarding the rights and interests of our employees, and other stakeholders altogether.

## Our values



Honesty in communicating within the company and with our business partners, suppliers, and customers, while at the same time protecting the Company's confidential information and trade secrets.



Excellence in high-quality products and services to our customers.



Consistency in our word and deed



Fairness to our fellow employees, stakeholders, business partners, customers, and suppliers through adherence to all applicable laws, regulations and policies and a high standard of moral behavior



Compassion in our relationships with our employees and the communities affected by our business.

# Policies



# Governance Structure

Our diverse and agile governance structure supports us to create value for all our stakeholder categories. Our corporate governance principles define the managerial structure, organization, and processes to provide transparency and guaranteed sustainable long-term success. Accordingly, our internally developed governance policies and procedures include our code of conduct, policy statement of ethics

and business statement, code of corporate governance, and available best practices in corporate governance that are the guiding pillars for us towards corporate sustainability, while we conduct our business in compliance with the applicable laws and regulations. Extensive information regarding our code of conduct and related matters can be found within this report.

# Share Ownership Structure

## Shareholders

Ownership (%)	30/6/2019	30/6/2020	% change
National Investment Bank	24.88%	24.88%	-
Egyptian General Petroleum Corporation	19.11%	19.11%	-
Industrial Development Authority	12.67%	12.67%	-
Ahli Capital Holding	8.11%	8.11%	-
Holding Company for Chemical Industries	6.51%	6.51%	-
Nasser Social Bank	5.90%	5.90%	-
Misr Insurance Company	5.43%	3.19%	(2.24)
Misr Life Insurance Company	4.76%	1.93%	(0.19)
Labors' Union of shareholders of Abu Qir Fertilizers and Chemical Industries	4.01%	4.2%	0.19
Investment Funds and Individuals	5.92%	10.80%	4.88
Kima	2.70%	2.70%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	

## Investments in Other Companies

Company Name	30/6/2019	30/6/2020
Alexandria Fertilizers Company	15%	15%
Helwan Fertilizers Company	17%	17%
Al - Wadi Co. for Phosphate Fertilizers	10%	10%

# Top Management Structure

The Board of Directors (BoD) structure of the company is composed of 12 members including the Chairman and CEO, representing

different parties according to the following structure:



# Committees



## Chemicals Committee

Monthly meeting  
...

Review stock and needs of chemicals to ensure continuous chemical supply for operations.



## Environment Committee

Monthly meeting  
...

Discussion of the status of the environmental profile for ongoing projects and future projects inside and outside of Abu Qir.



## Health and Safety Committee

Monthly meeting  
...

Follow-up on health and safety status profile of all company employees and developmental plans.  
...  
In case of emergency or risk, urgent meetings are held to ensure the quality of equipment and procedures for prompt action or decision-making.



## Investments Committee

Periodical meetings  
...

Developing the company's investment objectives and corporate policies on investing.



## CSR Committee

Periodical Meetings  
...

Formulating and recommending to the Board CSR Policy and the activities to be undertaken by the Company. In addition to recommending the amount of expenditure to be incurred on the activities undertaken.



## Modifications Committee

Periodical Meetings  
...

Follow-up on intended or planned change of any equipment or modification of the company's production process flow.



## Higher Committee on Training

Periodical Meetings  
...

Discuss training status for company employees and capacity building needs.



## Internal Audit Committee

Risk management and internal control, internal and external audits, and reporting and monitoring of Key Performance Indicators (KPIs).

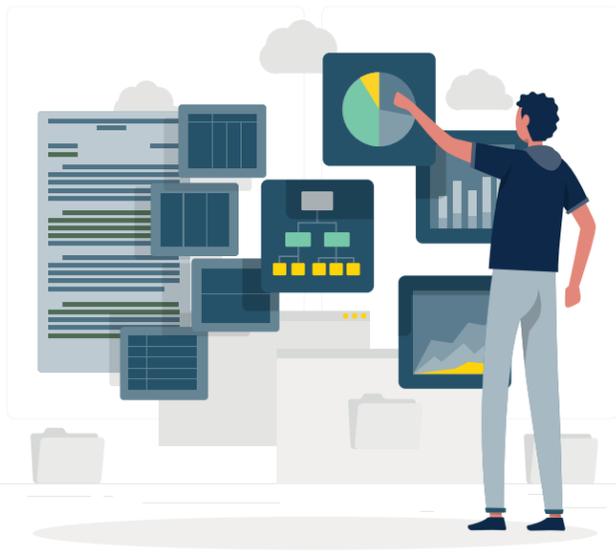


## Inventory Committee

Meeting monthly for reviewing the inventory of chemicals, machines, and equipment in the stores.

# Responsibility of the Board of Directors

The Board of Directors is the highest administrative body responsible for the General Assembly of shareholders. The main responsibilities and functions of the Board are the following:



- 01 Draw up and approve the strategic directives and the main goals of the company
- 02 Set up and follow up the control and risk management procedures to ensure efficiency
- 03 Adopt the main budgets and internal financial policies
- 04 Develop policies that regulate stakeholder relations

- 05 Protect stakeholder rights, including the development and adoption of policies that emphasize and ensure the official regulations
- 06 Disclose the core of the company and its performance to keep the shareholders and public investors informed to be able to take the right decision and set the strategy for the future of the company.

## Management's Role in Sustainability Policy

The Board has an important role in setting the company's purpose and values. While the strategy is implemented through the Board Committees which provide input in the development, approval, and updating of the company's purpose, values, and mission statement, as

well as strategic policies, and goals in respective areas. The Executive Committee and CSR Committee provide guidelines for sustainable operation and effective control thereof and have the powers to define guidelines.

## Monitoring Sustainability Efforts

Sustainability efforts, focused to reduce negative impacts and increase value creation potential, require continuous monitoring. We have systems in place to ensure production safety to limit the health, safety, and environmental (HSE) impacts of manufacturing operations as far as possible. One of the important corporate goals is to ensure human safety and protect the environment. Therefore, we have developed an extensive set of policies and measures as part of our HSE management. Employee training sessions are held regularly for this matter. The processes, procedures, and measures are continually monitored, both in-house and by external audits of the management systems.

Abu Qir is aware that the sustainability management system is a component of the strategy planning, objectives, and processes. It includes an ongoing review of the activities undertaken to ensure that planned sustainability activities are effectively implemented and the impacts are being properly managed. We observe and

analyze our operations to ensure efficient use of resources, effective waste handling, management of human rights impacts, and societal impacts of our operations. The implementation is carried out through our Health and Safety manager and relevant departments while it is reviewed at the departmental level. The results are deliberated at executive committees as well as CSR Committee meetings. The results of these activities are included in the risk control system, analyzed for urgency and relevance, and then implemented as per requirement.

We are also making vigorous efforts to include sustainability criteria in our business relationship with our suppliers, contractors, and service providers. The selection procedure that is part of procurement management currently considers only economic-related principles and aspects. We are keen to work with our supply chain on fostering sustainability to manage our impacts in the supply chain as well as to improve the entire value chain.

## Reporting To Management

The extensive information on potential risks and opportunities, environment and social impacts along with factors affecting our ability to create value over time, is shared with the management through the network system which has been fully built through the IT department. Committees use the risk management system to record, analyze and present all relevant risks for consideration and action. Reporting is carried out throughout the year and discussed in the relevant Committees. HSE-related risks are communicated through the HSE department while other risks are reported separately through the Risk Management System of the company. The Audit Committee reviews major issues regarding the status of compliance with laws and regulations, and the code of conduct. The internal audit department reports to the Audit Committee regarding the status of compliance with laws, but also regarding the code

of conduct violations that occurred during the year, how they were investigated, and, if necessary, how violators were disciplined, and organizational measures were implemented to avoid similar violations in the future. Based on the inputs of different Board Committees, the Board of Directors formally reviews and discusses organizational impacts, risks, and opportunities in its quarterly meetings.



## Evaluation Of Corporate Performance

The Human Resources Department and Committee of the Board of Directors evaluate, on an annual basis, the degree to which our company's objectives have been met, as a whole and particularly those of the Executive Committee. Based on the evaluation of the performance against operational and sustainability-related goals, recommendations are made for approval from the Board of Directors. This procedure ensures that bonus payments to employees, including executives, are also in line with Abu

Qir's overall performance and objectives. The members of the Board of Directors and especially the Executive Committee have expertise in managing economic, environmental, and social issues. To ensure that they keep abreast of current trends and developments in the aforementioned areas, Abu Qir ensures the participation of its management and staff in relevant training and involvements in international and national conferences and meetings.

## Shareholder and Employee Recommendations

We value the concerns and recommendations of our shareholders. The shareholders can give their feedback and recommendations in general meetings of the company as well as by sending letters or emails to the Corporate Relations department using the address available on the company's website. The concerned officials regularly evaluate the feedback and actions are taken as per need. The employees may submit requests or recommendations at any time to the company, its management, or the appropriate bodies through their supervisors or managers.

The HR department at the head office and plants provide support to ensure the ethically correct and legally compliant conduct of employees as per the code of conduct and company policies. In this regard, regular checks and inquiries are carried out by the HR department depending on the number of queries received about compliance topics as well as particular issues and measures. The company has a dedicated system on the intranet to further facilitate the process. In addition to the reporting of breaches of the code of conduct, it provides employees with the opportunity to ask questions anonymously via an intranet portal. These questions will then be answered by the concerned officers responsible within a reasonable period.

The legal department also has an important role to play in meeting the company's objectives on achieving its sustainability goals and issues, in many ways such as reducing the legal procedures and costs, working to raise awareness of applicable laws and regulations among the employees, and the importance of occupational safety and health, as well as the preservation of the environment. The legal department is also responsible for receiving complaints and claims against the company and seeking an amicable settlement in accordance with applicable and suitable laws and regulations, along with representing the company in claims and disputes, filed by or against him, before the competent judicial authorities, reconciliation and arbitration committees and centers.



# Risks and Opportunities

Throughout the risk assessment process, risk categories have been identified as well. The risk categories and the management approach toward mitigating risks are described in the following table:

Risk	Definition	Domestic	Regional	Int'l
<b>Strategic Risks</b>	All geopolitical and economic risks that impact corporate strategy setting and hence its growth and development path.	✓	✓	✓
<b>Laws &amp; Regulations</b>	Abu Qir abides by all applicable laws and Regulations.	✓	○	○
<b>Financial Risks</b>	Budgeting and cash flow management , Change in the currency rate.	✓	○	✓
<b>Products Prices Risk</b>	Future products prices of inputs, final products.	✓	✓	✓
<b>Operational Risk</b>	Shortage in raw materials (N.G ,Raw water,etc), shortage in the chemicals or catalyst used in production, outside Grid (Electricity Network) failure, and human errors.	✓	✓	✓
<b>Market Supply and Demand</b>	The demand on fertilizers is expected to increase, as a result the raw materials used in this industry need to be available. This availability will have a strong consequential effect on establishing the sector's position internationally and developing & supporting several other sectors such as food security.	✓	✓	✓
<b>Exchange Rate</b>	Volatility of domestic currency to foreign currencies	✓	✓	✓

Risk	Definition	Domestic	Regional	Int'l
<b>Cyber Security &amp; Technological Disruptions</b>	Cyber-attacks are considered high risk for the industry as it relates directly in operations and production on the follow up and monitoring systems of the Plants. servers and network through infected with a deadly virus could cause complete shut-down or worse causing hazardous malfunction.	✓	✓	✓
<b>Water Scarcity</b>	The World and Egypt have a challenge to access to fresh water	✓	✓	✓
<b>Asset Integrity</b>	Equipment depletion/deterioration	✓	○	○
<b>Energy Supply Risk</b>	Natural gas is a key feedstock in the manufacturing of fertilizers industry, for which there is no practical substitute, accounting for a high percent of operating costs.	✓	✓	✓
<b>Supply Chain Risk</b>	Troubles in the availability of spare parts, packaging, and other related materials.	✓	○	✓
<b>HR Risks</b>	Availability of high calibers, and the ability to retain them.	✓	○	○
<b>Research and Development</b>	Coping with state-of-the-art technologies in production, and production of ecological friendly products considering the challenges facing the agriculture sector worldwide of increasing population.	✓	✓	✓

# Stakeholders Engagement

The engagement with our stakeholders is implemented through a variety of traditional and innovative communication channels. Open and

honest communication provides us with valuable insights regarding emerging trends, business risks, and opportunities.

## Our Stakeholders



Stakeholders	Communication	Issues and Expectations	Response to expectations
<b>Shareholders</b>	Annual General Meeting, information Disclosures, annual reports.	Financial profitability & Sustainable business growth.	Abu Qir management follows Effective planning and budgeting, Efficient management system, continuous Performance monitoring, and maximizing resources utilization.
<b>Board of Directors</b>	Board meetings, various reports.	Financial efficiency, Corporate governance, Compliance with laws & regulations, Risk management, Safe and Efficient operations, and Sustainable business growth.	Effective planning and budgeting, Efficient management system, Performance monitoring and reporting system, Solutions to reduce costs, maximizing resources utilization.

Stakeholders	Communication	Issues and Expectations	Response to expectations
<b>Employees</b>	Direct meetings, HR surveys, employees' conferences, special purpose meetings or interviews, direct phone calls.	Safe working environment, attractive benefits package, Career path development, Training and development, Recognition and reward, employee and family well-being. Transparency and effective strategy and policies communication.	New health plans, updating HR Policy, Training and career development programs, Key-positions retention plan. Internal and abroad training programmes. Human resources data analysis system.
<b>Suppliers and vendors</b>	Public tenders, regular contacts, vendors registration and inspection process, mails, phone calls, direct meetings.	Transparency in bidding evaluation process, input prices, operation efficiency and profession, times required to provide service, long term relationship, on time deliveries, on time payment, compliance to rules and regulations, compliance with safety procedure, commitment to environment, human rights	Developing Suppliers Manual and Code of Ethics, Tendering process that assures transparency and fairness, clear payment policy, Professional and dedicated employees, strict policy toward human and labor rights.
<b>Regulator and relevant governmental entities</b>	Reports to/from gov. agencies, Direct meetings, inspections, Auditors reports, focal points.	Compliance with Laws and regulations, Certifications, Licenses, Contribution to national priorities, Support community development.	Direct environmental monitoring from the MoE. HSE laws and regulations compliance, Third party quality inspections and certification (ISO 9001-14001, 45001, Accountability State Authority-ASA)
<b>Peers</b>	Market research surveys, participation in biddings, direct contact through meetings, emails, and phone calls.	Responsible competition, Fairness and equal opportunities, Transparency. Head hunting.	Transparent Disclosure to boost the brand name, Responsible competition principals. Mutual cooperation and support when needed.

Stakeholders	Communication	Issues and Expectations	Response to expectations
<b>Industry Affiliation</b>	Reports to/from industry/trade chamber, Direct meetings, conferences, focal points.	Job opportunities, Training to new relevant technologies, socially responsible, environment friendly.	Apply international standards in management and operations. Plans to ensure continuous production, improving operation and sustain quality of products.
<b>Financial institutions</b>	Regular meetings, Financial report, annual audit reports, feasibility studies.	Transparency of management system, Professional financial management system, Long-term planning, Liquidity, Risk Management. Exchange rate, interest rate, overdraft facility availability of foreign exchange.	Effective Financial management policy, diversification of sources of funds, Compliance with bank rules, Medium- and long-term Plans, Monitoring financial performance and liquidity.
<b>Clients &amp; customers</b>	Daily operational contacts, scheduled meetings, regular operating reports, direct phone calls, emails.	company profile, operating costs, quality of products, availability and quality of products.	Apply international standards in management and operations. Preventive maintenance plans to ensure continuous production, improving operation and sustain quality of products, 24/7 follow-up and monitoring system.
<b>Local community, academia, and NGOs</b>	Press releases, public events, direct meetings and arrangements.	Job opportunities, Training to relevant university students, socially responsible, environment friendly.	CSR activities, University students training programs. Various local community projects and contributions.



# Material Topics

Material topics are the topics/issues that need to be continuously on the radar of the company. These topics have a direct impact on the operation of the company; therefore, much attention is given to them. For each material to-

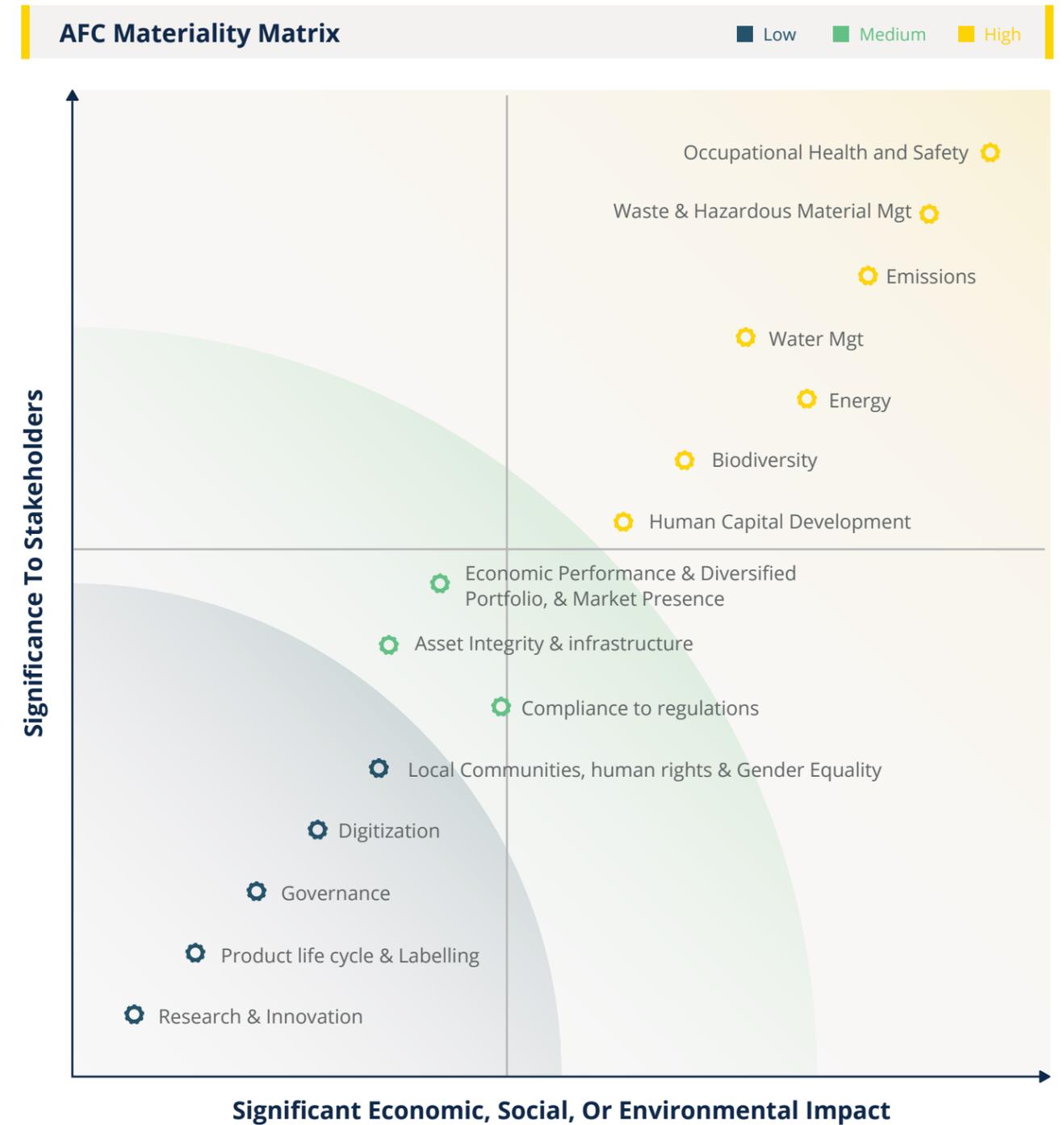
pic identified, a set of policies, strategies, and actions is set in place to ensure that this topic does not affect the operational process or cause any inconveniences.

## List of material topics

- |  |  |
|--|--|
| 01 Occupational Health and Safety        | 10 Economic Performance & Diversified Portfolio, & Market Presence |
| 02 Waste & Hazardous Material Management | 11 Local CSR, human rights & Gender Equality                       |
| 03 Emissions                             | 12 Digitization  |
| 04 Energy saving                         | 13 Product life cycle & Labelling                                  |
| 05 Water Maagement                       | 14 Governance  |
| 06 Biodiversity                          | 15 Research & Innovation   |
| 07 Human Capital Development             |  |
| 08 Compliance                            |  |
| 09 Asset Integrity & infrastructure      |  |



## Materiality Matrix





# 04 Abu Qir Contribution to A Better World

- 4.1 Abu Qir Contribution to the Sustainable Development Goals and Sustainable Development Strategy.
- 4.2 Sustainable Development Agenda and Egypt's Vision 2030
- 4.3 Mapping Abu Qir Activities with the Ministry of Trade and Industry's Strategy

# Abu Qir Contribution to a Better World

Abu Qir acknowledges that the fertilizer industry is one of the global technology-intensive industries having various effects on many local and international sectors, especially in food production and agriculture.

Hence, as one of the largest national and regional companies in this field, we realized the importance and necessity to measure the impact and vulnerability of this industry in general on global and national sustainable development goals, as described below.

# Abu Qir's Contribution to the SDGs and SDS



The 17 Sustainable Development Goals (SDGs) are one of the best universal schemes to build a better world for people and our planet by 2030. Adopted by all United Nations Member States in 2015, the SDGs are a call for action by all countries - poor, rich, and middle-income - to promote prosperity while protecting the environment. They recognize that ending poverty must go together with strategies that build economic growth and address a range of

social needs including education, health, equality, and job opportunities

Abu Qir is fully aware of its role as a responsible producer that contributes to the national and international sustainable development agendas. We ensure that throughout our entire production process and our value chain, we leave a positive impact benefiting the society where we operate, helping in realizing the 17 goals of the SDGs, along with being guided by the Sustainable Development Strategy 2030, set by the Egyptian government, which includes very ambitious targets, that we hope to contribute in realizing, increasing the rank of our beloved Egypt between the different countries, enabling it to be a vital player in the region, and improving the quality of life of the entire population, while leaving a positive impact on more than 110 millions citizens.

Below, we list our contributions as a responsible corporate in realizing the goals of the SDGs and SDS and highlighting the areas where we prioritize our efforts as we know that our industry directly affects the realization of these goals.

## Goal 1 & 2 No Poverty | Zero Hunger



Poverty means the deprivation of the necessities needed by humans to live a decent and respected life. Currently, a significant percentage of people around the world live below the poverty line, and suffer from malnutrition. At Abu Qir, we are fully aware of that issue, and we exert great efforts to ensure that we contribute to decreasing the poverty gap. This is achieved through supporting our high-quality products to reach the users (farmers) at an appropriate price, which contributes to reducing the cost of agricultural production.

Also, Abu Qir commissions independent assessments of the social, economic, and environmental impacts of the company's products and services. Abu Qir increases the proportion of products that are sourced and manufactured locally in Egypt, creating jobs, and raising income in areas with high levels of poverty, whilst also reducing costs and carbon emissions associated with freighting goods.

AFC provides the Ministry of Agriculture with 70,000 ton/month of high-quality fertilizers that are allocated to farmers, to support in increasing crop productivity, hence, creating more sales and revenues that support satisfying their basic needs, and consequently, leading to alleviating poverty.

Other than its production and sale of fertilizers that contribute to the Egyptian economy through paying taxes and securing basic population needs, Abu Qir ensures that the salaries for its employees are way above the minimum wage set by the government, ensuring a decent life-style for its most valuable asset, its employees.

Furthermore, Abu Qir Company has contributed to the establishment of the project of BASHAYER ELKHER for the establishment of an integrated city in the Ghet Elanab area in Alexandria, in addition to cooperating with civil society organizations in Alexandria in providing simple job opportunities for the local population.

Achieving global food security today and in the future cannot be achieved without fertilizers. As such, the provision of plants with concentrated, consistent, and readily available nutrients that are vital for their growth, health, and resilience to climate stress, mineral fertilizers are key for global food security. Currently responsible for around half of the world's food production, mineral fertilizers will be vital to increase productivity on existing farmland to feed the world's estimated 9.7 billion people by 2050.

At the local level, the more the population of Egypt increases, the more the demand and strategic importance of fertilizers will increase to be able to satisfy the basic need of the population, food. Correspondingly, the impact of fertilizers is immediate on production efficiency. Within a

single cropping season, and with the adequate use of other crop inputs (e.g. water) the farm productivity in Egypt can be doubled or tripled.

According to Egypt's vision 2030, and the directions of the Egyptian Government, it is currently among the priorities of Egypt to turn desert land into cultivated land to satisfy the population's needs. Among these megaprojects, for example, is the project to transform 1,000,000 feddans to cultivated land and repopulating the areas around these feddans. Thus, it may be expected that the demand for fertilizers will increase dramatically as the size of green land increases. Therefore, it is our duty to satisfy that demand contributing to the wellbeing and good nutrition of millions of citizens.



### Goal 3 Good Health and Well-Being



We aim to minimize the exposure of workers to conditions that could negatively affect their health, security, and safety. Securing safe and healthy working conditions is our highest priority. It is good for our employees and contractors, and it is good for our business.

Abu Qir believes every accident is preventable and managed to achieve zero injuries for three years in a row. This ambition is anchored in our Health, Environment, Safety, and Quality Policy. Safety is always a top priority, and we continue to set challenging KPI targets for occupational safety. Our focus is on actions that will further develop the safety culture in Abu Qir to reduce exposure to hazards through safety leadership and greater responsibility for oneself and others.

Abu Qir continuously works on improving the working conditions for its employees across the value chain and provides employees and their families with healthcare services and insurance. This ensures that Abu Qir's family remains healthy and safe, and if any diseases are detected, they are properly treated, ensuring the wellbeing of our entire workforce.

We maintain the highest levels of health and safety at our plants, all employees are provided with the needed safety equipment as goggles, overalls, gloves, and other protective gear. We ensure that all hazardous waste is properly handled, stored, and dispatched, minimizing the risk to all our employees. Our employees receive health and safety training and manuals, and signs are distributed all over our plants to guide them on how to act in case of emergencies.

Furthermore, a considerable percentage of Abu Qir's CSR budget is directed towards healthcare. We ensure that a percentage of our profits is widely used for the benefit of the most vulnerable segment in society. This was in the form of equipping the hospitals and healthcare centers with the needed supplies and equipment, directly paying the cost of operations for sick individuals from the surrounding local communities, looking after the health of Abu Qir's employees and their families, and multiple other initiatives. To know more about the company's role in supporting good health and wellbeing, please visit the CSV section.

## Goal 4 Quality Education



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*Abu Qir has been called “The School” due to the level of expertise the company has, and its keenness to transfer this knowledge.*

Abu Qir has been called the “School” for decades. We are very well known among the factories in Egypt and the region as a state-of-the-art facility that applies the highest standards, techniques, and management throughout our production process. We are keen on passing down this knowledge to university students, industry pioneers, peers in the market, and our employees. This is done through internship programs for university students, training sessions for peers in the market, and on and off-the-job training for our employees. It has been proved that as the level of education increases, the life of the individual is more positively impacted on many different levels.

Achieving the quality of education requires the availability of an integrated system both at the

level of methodological development or at the level of construction and buildings that accommodate students. In this respect, Abu Qir Company has been keen to participate positively in the development of education in Egypt through the construction of a complex of schools outside the residential city includes primary, preparatory, and secondary schools with 73 classrooms distributed over the three stages. The complex plays a vital role to serve the people of the areas surrounding the company as well as residents of the residential city. The complex was given to the Ministry of Education and annual assistance is provided to meet the most important needs.

Furthermore, Abu Qir promotes science education through philanthropic investment and specific initiatives that target certain regions or populations, including technical apprenticeships and programs which help improve the professional skills of the surrounding communities. This has a double benefit. Not only does it raise the standard of living of some of the most vulnerable segments in society, but it also creates a pool of candidates of potential employees that the company can choose from. To know more about Abu Qir’s effort to support quality education, please visit our CSV section.

## Goal 5 Gender Equality



Fertilizers can directly contribute to gender equality in Egypt. A big proportion of farmers in Egypt are women. They are responsible to cultivate lands, choose crops, collect their produce, and sell it. For many families in the Nile Delta and Upper Egypt who are headed by women, this is mostly their only source of income. The usage of fertilizers increases the production of a single piece of land, therefore increasing the availability of cash when their produce is sold. This contributes to the availability of job opportunities for women and contributes to decreasing the gender gap in Egypt.

Although at present, Abu Qir is male-dominated, the administration is currently hiring more female employees to decrease the gender gap and provide women with more career development opportunities. It must be noted that the industry is male-dominated and not only our factory. The fertilizers industry requires late working shifts, being continuously present inside the production facilities, and working overtime, something that the culture in many

countries refuses for women. We are currently working on changing these norms and bringing more women to the decision-making table.

Females represent 2.9% of our senior management at the company. We believe that, by having women on the level of senior management, they will work more for the benefit of achieving more rights and ensuring more equality for women. We plan on increasing that number in the future and we will take into account all their suggestions and work on implementing them.

Although we haven’t achieved gender equality at our plants yet, through our corporate shared value activities, dozens of women are empowered and provided with a regular source of income that enables them to be independent. This includes our partnerships and collaborations with the different NGOs and institutions in Egypt that teach the women in various villages different crafts and aids them in selling their products, which secures a stable source of income.

## Goal 6 Clean Water and Sanitation



- Reducing the loss of industrial wastewater and the ammonia ratio in wastewater.
- The establishment of the ZLD project for the treatment of 650m<sup>3</sup> / h and about 80% of the treated water will be returned to 520m<sup>3</sup> / h as compensatory water for cooling towers.
- Improvement of the properties of industrial drainage and reduction of ammonia and organic load as well as potassium carbonate in condensate water. The ammonia extraction project from the condensate water in the unit of removing carbon dioxide (unit 54) was carried out by Ammonia Abu Qir 1. The project idea is based on the installation of the stripper unit for ammonia and methanol with condensate 54, which helps to improve the properties of industrial drainage and reduce ammonia and organic load as well as potassium carbonate in condensate water.
- There is currently a project of establishing a desalination unit in view of the limited water availability of the Nile in the coming period and directing it for human use and agriculture.

Based on the national plan for sustainable development as well as the water conservation challenges due to the effects of climate change leading to the expected decrease of water resources in Egypt, we have been trying to take advantage of wastewater as well as industrial ones, and there is a plan to use 100% of industrial drainage time.

Among the projects that have been implemented in this regard are the following:

## Goal 7 Affordable and Clean Energy



Abu Qir is continuously improving energy efficiency in its facilities, working on reducing its energy consumption, and finding cleaner sources of energy to be used in production.

Abu Qir also decided to establish, document, implement and improve an Energy Management System in accordance with the requirements



of the International Standard (ISO 50001), to achieve continual improvement based on the Plan-Do-Check-Act (PDCA) continual improvement framework across the energy team. With the commitment of Abu Qir's top management, the team managed a gap analysis of Abu Qir plant 3 as boundaries for the implementation of the Energy management system. The team then built an energy map based on the overall energy balance model to follow up major energy flows and energy conversions to understand energy consumption within the process, and accordingly, established an energy base-

line using the information in the initial energy review considering a data period of one fiscal year (2016-2017). As such, the team developed a starting point for measuring the energy performance while comparing the change in energy consumption from one month to another, with day-to-day operations as well as monitoring of performance to reduce energy costs, waste, and emissions, as well as the total cost of production to identify opportunities for improvement, maximize profit and ensure that it is efficiently sustained.

## Goal 8 Decent Work and Economic Growth



Employing more than 2500 employees, Abu Qir is considered a great contributor to the economic growth of the governorate of Alexandria and Egypt at large. We uphold the highest labor standards and respect human rights throughout Abu Qir's operations and the entire value chain representing a substantial opportunity to advance human development. Because scientific development

and research are some of the keys to maintaining leadership, Abu Qir has a research and development department that has contributed during the last period to the development of production systems not only in our company but also its impact extended to national companies working in the same field through training and innovative projects.

## Goal 9 Industry, Innovation & Infrastructure



At Abu Qir, we continuously update our facilities and machinery and use the latest available technology to ensure an efficient production process that maximizes our shared value. Through our different training programs, we equip our employees with the latest techniques in the industry which increases innovation and develops our production process.

Digitization also comes at the top of our priority list, as not only does it contribute to less pollution to the environment, but also it enables us to be more innovative and efficient, doing business in a better way that guarantees a more positive impact on all stakeholders. Currently we are developing the first ERP system which will enable Abu Qir to respond to the different risks.

Furthermore, Abu Qir's administration is very

keen on the continuous development of the production and distribution methods and the modernization of concepts. These priorities can be achieved only through the continuous development of infrastructure within the factory and the road network leading to the factory.

In addition, we contribute greatly to realizing goal 9 through our infrastructure community-developing projects carried out as a part of our corporate shared value budget, especially in repairing the roads and clearing the canals, leading to a joint return between the people of the surrounding areas and the benefit of the company through easy access through these roads, reducing the traveling distance, and resulting for less fuel consumption which also have a positive impact on the environment.

## Goal 10 Reduced Inequalities



The policy of our company, both internal and external, is characterized by complete equality and non-discrimination between individuals, whether employees, suppliers, or customers for political, religious, or ethnic reasons. All of our individuals are equal in rights and duties.

Among these policies that support equality are the fair wages and salaries that ensure a decent living standard, safety and ethical standards that ensure no discrimination based on sex, religion, race, political views, or any other criteria, and social protection which protects the most vulnerable in the society, and ensure they are fully integrated into their communities. Through our philanthropical activities in the healthcare sector, educational sector, infrastructure investments, sports sector, and other projects, we bridge the gaps between individuals in the society and provide the most vulnerable segments with better opportunities to flourish and live a better life that ensures a good education, proper healthcare, and good living standards.



## Goal 11 Sustainable Cities and Communities



One of the objectives of sustainable development is the access of all to adequate and safe housing and basic services at affordable prices which has been among Abu Qir's priorities since its inception.

The residential city for the workers of the company was established in 1979 and consists of (14) residential buildings, containing (504) apartments. The units are currently being renovated to start the delivery to 50 workers and their families as an initial journey . There is a priority for young people and newlyweds. It is concerned with the urban coordination to preserve the aesthetic appearance and provide

a clean environment for the workers who live there. It also has all the necessary facilities and services such as a post office/nursery/consumer complex. The residents of the city can benefit from all the services of the club's sports and social club, transport is also provided to those wishing to enter Alexandria.

In this context, our company has developed policies that rationalize energy and water consumption in residential buildings and works to support the city's residents to provide all requirements to achieve this goal, and our company maintains an integrated system for solid waste management in the city.

## Goal 12 Responsible Consumption and Production



Abu Qir ensures throughout the entire production process that minimal waste is created, the least amount of energy is used, and even after the production process is complete, waste is being collected, segmented, and then recycled. We continuously maintain our machinery to ensure its highest level of efficiency. As long as the machines are well maintained, they use less energy, produce less harmful emissions, require fewer spare parts, and last longer, which positively creates a sustainable production process. We had a turnaround in 2019 and 2020, and we continuously schedule revamps throughout the year when needed for our machinery to ensure that the highest safety and efficiency standards are met.

Furthermore, we keep track of the raw materials needed to ensure that they are efficiently used and that we do not order an excess of a certain raw material. As a result, we make sure that our consumption is responsible, and nothing goes to waste. All our products are intended to be safely used, and none of them is banned in any markets.

In addition, we produce our own packing bags

which protects our factory against any unexpected risks such as disruptions in the supply chain, and ensures that our production process is sustainable.



## Goal 13 Climate Action



The industry is fully aware of fertilizers' contribution to global GHG emissions (2.5%), as well as the potentially negative impacts that an excess of nutrients in ecosystems can cause, and hence, it is committed to reducing its environmental footprint. Abu Qir takes climate change very seriously. We are fully aware that each factory, company, and individual has a responsibility towards protecting our environment. The past century had seen a huge wave of environmental degradation, so it is our duty now to improve our environmental impact.

At Abu Qir, we ensure that our products are produced according to the highest standards, therefore, ensuring that their consumption positively impacts the environment, rather than aggravate climate change and soil degradation. We continuously monitor our emissions to ensure that we are far below what is allowed by the government.

We invested millions in our Clean Development Mechanism (CDM) project, keeping climate

change our top priority. The CDM allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one ton of CO<sub>2</sub>. These CERs can be traded and sold and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol. By investing in that project, we ensured that not only did we as a company leave a positive impact on the environment where we operate but also aided other companies to have a less harmful impact.

AFC's commitment towards the environment is reflected by being ISO 14001-certified by the International Fertilizers Association. Furthermore, we established several environmental protection projects such as the CDM project in AFC plant II, the Zero Liquid Discharge project, and Surveillance Stations. In the future, AFC will continue to contribute to environmental activities towards achieving sustainable development in Alexandria province and throughout Egypt at large.

## Goal 14 Life Below Water



As the Deputy Head of the UN Environment once stated: "Few industries have the ability to address not only one but a variety of environmental problems. The fertilizer industry (...) has a unique capacity not only to support food security but cleaner oceans, human health, and the fight against climate change", we believe that due to our proximity to the Mediterranean Sea, we have a duty to protect it, and use the water to bring the greatest benefits to the society.

At Abu Qir, we ensure efficient disposal of the water used in production, after it has been fully neutralized, to reassure that it has no negative impacts on biodiversity and life below water.

We are aware that the misuse of fertilizers can have a negative impact on biodiversity when they are washed into nearby water streams, therefore, we educate farmers on the correct use of fertilizers and the right portions needed to cause the greatest benefits and the least damage to life on land and life below water.

Among our efforts to save the life below water, we have a ZLD project that ensures that zero water goes to waste, and that all water is treated and reused in production to ensure that no chemicals are drained into the sea, and that biodiversity is not affected in any negative way.



## Goal 15 Life on Land



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Fertilizers play a great role in restoring and maintaining soil health and fertility.



Believing in the role of the company in the conservation of ecosystems and natural reserves, the company has contributed to providing material support to host Egypt for the World Conference on Biological Diversity held in Sharm El Sheikh in 2018. Furthermore, the company provides a range of medical convoys and humanitarian assistance to the local population within

the protected area.

Abu Qir recently invested to increase the green areas inside the company which contributes to the purification of air indoors and the creation of a more beautiful environment. The company ensures that the green areas are well preserved and nourished to sustain their existence.

## Goal 16 Peace, Justice, and Strong Institutions



Abu Qir is focused on maintaining standards of ethical business conduct throughout its value chain. Abu Qir also engages with local, regional, and international bodies on societal structures and laws to promote responsible business practices including anti-bribery and anti-corruption. Abu Qir has zero-tolerance for corruption, and it is written in our code of conduct. If any case of corruption is identified or reported, the administration immediately takes the corrective action needed. Discrimination, sexual or verbal harassment, and any form of violence are not tolerated in our company. We ensure that our plant is a safe place where our family of employees can work peacefully.



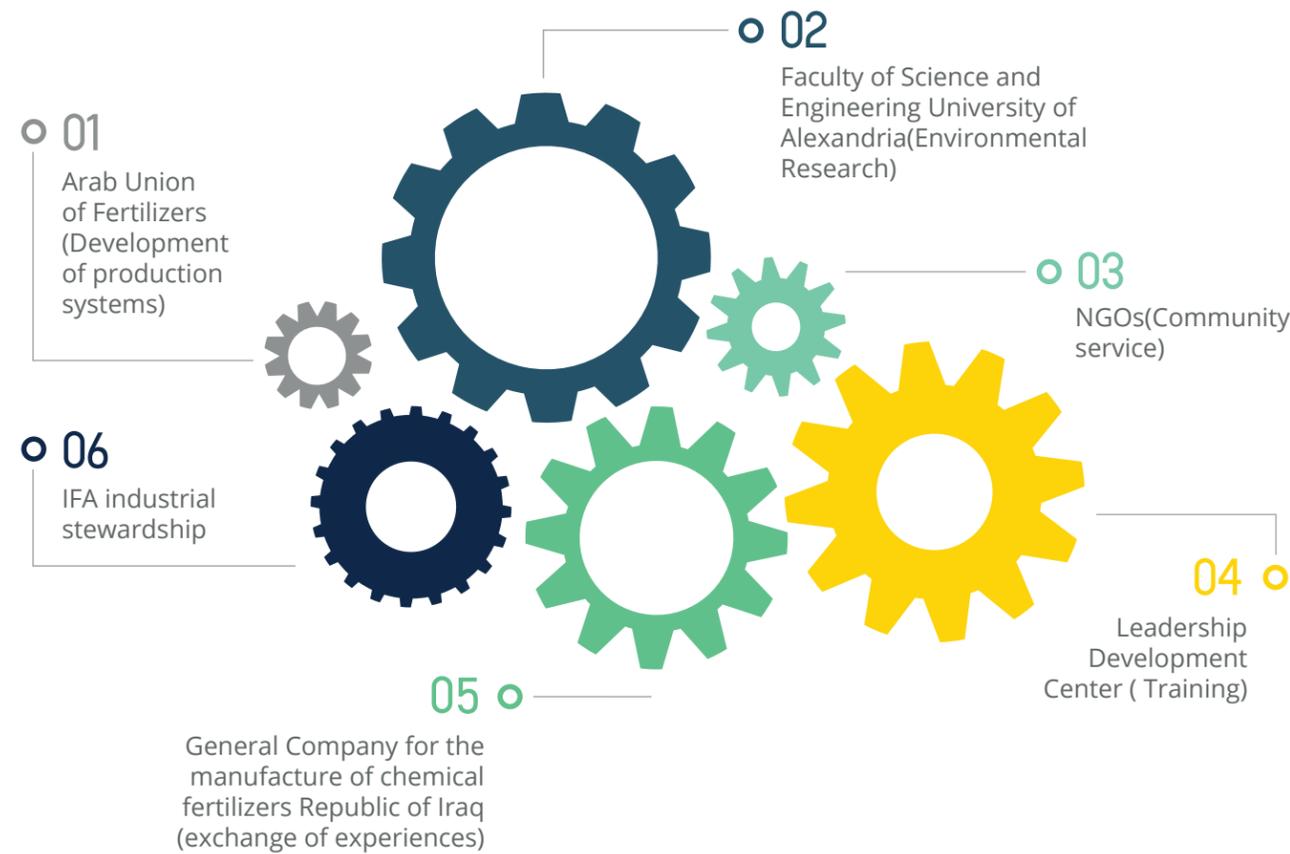
## Goal 17 Partnerships for Goals



To be able to have a positive impact and realize the Sustainable Development Strategy 2030 of Egypt and the SDGs, we need partners who would aid us and work with us throughout our journey. We collaborate with governmental institutions such as the Ministry of Environment, Ministry of Trade, Ministry of Agriculture, among others, to help us reach our goals and

improve Egypt's ranking on the environmental, social, and economic levels. Furthermore, Abu Qir works with multiple local NGOs and civil society organizations to create a better future for the most vulnerable segments of society.

Our partnerships:



# Mapping Abu Qir's Activities with The Ministry of Trade and Industry's Strategy



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*The industrial development is the engine of sustainable, inclusive and economic growth in Egypt. It meets local demand and supports export growth to make Egypt an effective player in the International market and able to accommodate the changes in the global economy*

The industrial sector is one of the most important sectors that make up the Egyptian economy. As the largest fertilizers producer in Egypt fulfilling more than 60 % of the local market needs for various types of fertilizers, Abu Qir is aware of its moral duty and responsibility to work towards the development of the Egyptian society, improving the living conditions for all, and positioning Egypt as a powerful producer of fertilizers on the international arena.

The Ministry of Trade and Industry is responsible for setting a strategic vision and future policies towards the development of industrial and trade policies in Egypt being guided by Egypt's vision 2030.

In its operations, Abu Qir is guided by the pillars of this strategy to ensure that its working towards fulfilling those goals, and that is seen in multiple areas. First, the company pays its taxes on time, therefore, contributing to the economic growth of Egypt. Secondly, Abu Qir emplo-

ys more than 2,600 employees, all of them are Egyptians, so it fulfills the The strategy goal of creating more job opportunities and improving the standard of living of Egyptians in all governorates in general and Alexandria and Behira in specific. By offering attractive job opportunities, Abu Qir ensures that is not only fulfills the SDG goal of decent work and economic growth, and the Ministry's strategy and Egypt vision 2030 by decreasing the level of unemployment in the country, but also having a fixed source of income, allows the employees to seek better education for their children, allows them to receive quality healthcare, and multiple other benefits that increases the overall quality of life of these individuals.

Not only does Abu Qir's operations fulfill the needs and wants of the current Egyptian population, but it also prepares for the needs of the future generations as per the Strategy of the Ministry of Industry and Trade.

**Sources:**

- 1 | [https://www.fertilizer.org/Public/Stewardship/Publication\\_Detail.aspx?SEQN=5626&PUBKEY=DCD8C3FE-0BED-436E-9124-B8091CE9AD4](https://www.fertilizer.org/Public/Stewardship/Publication_Detail.aspx?SEQN=5626&PUBKEY=DCD8C3FE-0BED-436E-9124-B8091CE9AD4)
- 2 | [https://www.fertilizer.org/public/resources/publication\\_detail.aspx?SEQN=6144&PUBKEY=0B2BBF06-D9F3-4926-B1A1-B934502C7D2D](https://www.fertilizer.org/public/resources/publication_detail.aspx?SEQN=6144&PUBKEY=0B2BBF06-D9F3-4926-B1A1-B934502C7D2D)
- 3 | [https://www.fertilizer.org/Public/About\\_fertilizers/Fertilizers\\_Topics/SDGs/Public/About\\_Fertilizers/Fertilizer\\_Topics/SDGs.aspx?hkey=204374d4-be43-4482-b252-df467fd9294c](https://www.fertilizer.org/Public/About_fertilizers/Fertilizers_Topics/SDGs/Public/About_Fertilizers/Fertilizer_Topics/SDGs.aspx?hkey=204374d4-be43-4482-b252-df467fd9294c)
- 4 | [https://www.fertilizer.org/Public/Stewardship/Publication\\_Detail.aspx?SEQN=5626&PUBKEY=DCD8C3FE-0BED-436E-9124-B8091CE9AD4](https://www.fertilizer.org/Public/Stewardship/Publication_Detail.aspx?SEQN=5626&PUBKEY=DCD8C3FE-0BED-436E-9124-B8091CE9AD4)

# Population increase requires an increase in manufacturing and production

Egypt is one of the fastest-growing countries in population growth rates around the world. In 2020, the population had already exceeded 100 million and is expected to increase even more in the future. Such increase entails the following: 1- A direct increase in the demand for jobs of all basic sectors such as housing, food products, garments and textiles industries, and others. 2- Increase in the demand for machinery, equipment, and fertilizers, etc. to meet the demand for the Mega national Agricultural projects, like the new Delta project spanning over a million feddans, which shall achieve agricultural expansion in Egypt.

Through its operations, Abu Qir is addressing all these needs. Firstly, it ensures the availability of decent jobs and training opportunities that increase and improve the skills of laborers to be able to join the labor market and ensure a stable source of income. Secondly, Abu Qir is specialized in the production of various kinds of fertilizers which have been proven to double the production capacity of a given area of land. This contributes to the food security of Egypt fulfilling the basic and most important need of the population for survival, which is food as malnutrition is a big challenge with huge consequences. On the health level, malnourished individuals may not be able to perform their daily tasks due to poor energy levels, low levels of concentration, inability to perform any physical activities or to think properly. As such, this results also in other problems in their educational levels and their ability to produce or contribute to the country's development.

Following the Ministry's Strategy, Abu Qir is working extensively and is continuously updating its operations and production processes, to ensure that it fulfills the needs and demands of the local population, which is continuously increasing, and therefore, to contribute to Egypt's development.



## Ministry of Trade and Industry Policies

Main Strategic Objective	Abu Qir's Contribution
1 Increasing the industrial growth rate to <b>8%</b>	Abu Qir is directly contributing to this goal through its current and future projects that involve increasing the production capacity of the plant through utilizing the current machinery and plant space and expanding the size of the factory through building new units that increase the production capacity to fulfill the needs of the local and international market.
2 Increasing the contribution of industrial products from <b>18% to 21%</b> in the GDP	Abu Qir contributes to this goal by continuously increasing the efficiency of its production process which increases the volume of sales.
3 Increasing the growth rate of exports to be <b>10%</b> annually	Abu Qir strategically contributes to this goal by exporting a huge percent of its production to multiple countries around the world.
4 Providing <b>3 million</b> decent and productive job opportunities	As Abu Qir continuously hires new employees and provides them with decent job opportunities, it already contributes to decreasing the unemployment rate in Egypt.
5 Improving institutional performance	Abu Qir has a clear and professionally managed governance strategy in the company that ensures a smooth production process that has the maximum positive impacts on all stakeholders and the least negative impacts.
<b>Industrial Policies</b> Strengthening local industries to achieve integration between local supply chains as well as the global supply chains by applying complete measurable packages to encourage industrial production activities in promising and prioritized industrial sectors.	Abu Qir is one of the largest fertilizers producers in Egypt. It sells its products both to the local and international market. The suppliers are a mix of both, international and local suppliers, with more emphasis on the local suppliers to provide the company with the main raw materials needed for production and that ensures the company's operations has a direct and indirect positive impact on many lives and matches the Ministry's strategy. Furthermore, with the recent natural gas discoveries in Egypt, fertilizers are currently a very promising sector that could greatly contribute to improving the GDP of the country as the main raw material needed for production is abundant and relatively cheap, so that attracts more investments in the sector, something that Abu Qir already contributes to fulfilling.

Main Strategic Objective	Abu Qir's Contribution
<p><b>Commerce Policies</b></p> <p>Using the trade policy tools that comply with industrial development goals through encouraging infant industries, and export development goals promoting the inclusion of Egyptian exports in current export markets moving towards promising markets.</p>	<p>Abu Qir exports a percentage of its production to the international market, contributing to the increase of Egyptian products in foreign markets. Furthermore, Abu Qir has recently penetrated new markets, which increased the export volume and opened new opportunities for exports.</p>

## Provinces in need of Targeted Developmental Efforts (Alexandria)

Besides the general pillars of the Ministry of Industry and Trade strategy to improve the industrial sector in Egypt and increase its capacity, certain governorates were chosen to witness a full-scale development program based on the relative economic comparative advantage of each governorate as those governorates were underserved and lack the basic infrastructure, therefore, the Ministry chose them to improve the standard of living of citizens in those governorates. Such an endeavor aims at striking a balance between the goals of foreign trade and industrial development and the goals of regional, social, and environmental development, considering the spatial and social dimension by using the Revealed Comparative Advantage (RCA). The classification included governorates with economic diversity and complexity and a state of recession.

Among these governorates chosen for a full-scale development program is also Alexandria, the governorate where Abu Qir has its plants. In its strategy, the Ministry stated that it will set in place

*“policies to revitalize the economy of those governorates, and to develop the basic infrastructure, develop the human capital and focus on industries that are compatible with the nature of these Governorates and their potential”*

Through its activities, Abu Qir contributes greatly to realizing that strategy through both its operations, and other CSR activities.

To be able to operate efficiently, Abu Qir invested in the infrastructure in the area around its plant. This includes installing and fixing water pipes that deliver the water needed for production, and consequently, this decreased the load on the governorates' water supply. Furthermore, Abu Qir lighted the streets around the company to ensure a safe transfer of raw materials and finished goods to and from the factory,

and this in return has a positive impact on the areas around the plant which benefit from the lighted streets.

Moreover, a big percentage of Abu Qir's employees are hired from the local community, which decreases the unemployment rate of the governorate and raises the standard of living of the citizens. Other than direct employment opportunities, many people are indirectly employed to fulfill all the needed roles to have an efficient production process. These roles include the suppliers, vendors, caterers, electricians,

mechanics, maintenance team, among others.

Furthermore, Abu Qir's CSV activities include training programmes to increase the skills of the local population, and healthcare services to improve the health of the disadvantaged. This enables them to be more engaged in different economic activities, educational activities such as paying school fees and supplies for students, which prepares them to join the labor market later, and multiple other initiatives that meet the goals of the current strategy of the Ministry to improve the economy of Alexandria.





# 05 Production Excellence

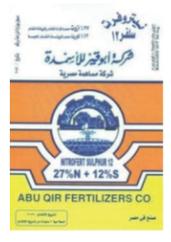
- 5.1 Production Department Key Roles
- 5.2 Department Stakeholder Engagement
- 5.3 Production Major Risks
- 5.4 Operations Targets and Achievements
- 5.5 Performance Indicators

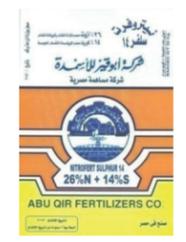
# Production Excellence

At AFC, we place great emphasis on the quality of the fertilizers we produce. We use state-of-the-art technologies to ensure that we are equipped with the most advanced tools in the market. To maintain our position as a market leader, we continuously improve our production facilities, carry out the needed machinery maintenance to ensure the minimum downtime possible, and preserve an efficient production process where the minimum costs and maximum profits are produced. This is achieved through using energy-efficient technology while monitoring all stages of the production process to fix any errors that might occur early on before huge waste accumulates. We are also benchmarking ourselves on a regular basis against our local and international peers, as well as abide by all local and international laws and regulations, and follow international standards for quality as ISO for example.

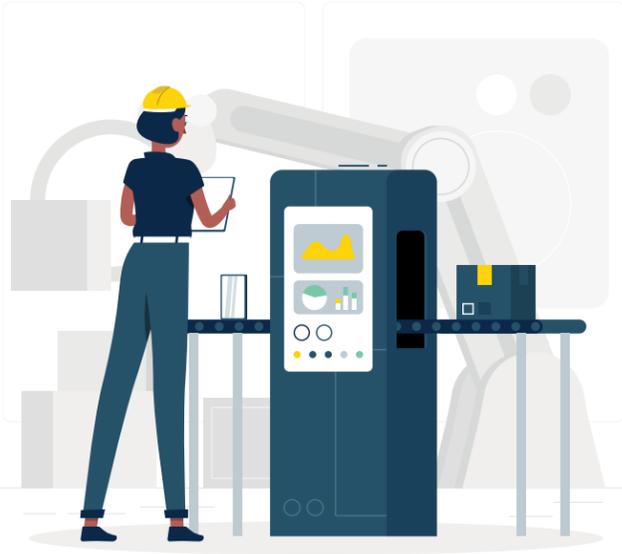


Product Name	Specifications	Image
<b>Prilled Urea</b>	Nitrogen : 46 % Min Biuret : 1.0 % Max Moisture : 0.5 % Max Grain Size : ( 1 – 3.5 mm ) 90 % Min White prills treated with anti-caking agents.	
<b>Prilled Urea Treated With Zinc Sulphate</b>	Nitrogen : 45.3 % Min Zinc Sulphate : 0.05% Biuret : 1.0 % Max Moisture : 0.5 % Max Grain Size : ( 1 – 3.5 mm ) 90 % Min White prills treated with anti-caking agents.	
<b>Granular Ammonium Nitrate</b>	Nitrogen : 33.5 % Min Moisture: 0.5 % Max Magnesium Nitrate : 1.0 % Min Grain Size : ( 2 – 4.5 mm ) 92 % Min	
<b>Granular Ammonium Nitrate Compatible With Magnesium Nitrate 33%</b>	Nitrogen : 33.5 % Min Moisture: 0.5 % Max Magnesium Nitrate : 3.5 % Min Grain Size : ( 2 – 4.5 mm ) 92 % Min	
<b>Granular Urea</b>	Nitrogen : 46.5 % Min Biuret : 1.0 % Max Moisture : 0.5 % Max Grain Size ( 2 - 4.5 mm ) : 90% Min White granules treated with anti-caking agents.	

Product Name	Specifications	Image
<b>Granular Urea Treated With Magnesium Sulphate</b>	Nitrogen : 44.5 % Min Magnesium Sulphate: 1.0 % Min Biuret : 1.0 % Max Moisture : 0.5 % Max Grain Size: ( 2 – 4.5 mm ) 90 % Min White prills treated with anti-caking agents.	
<b>Granular Urea Treated With Ammonium Sulphate</b>	Nitrogen : 45 % Min Ammonium Sulphate : 0.8% Min Biuret : 1.0 % Max Moisture : 0.5 % Max Grain Size: ( 2 – 4.5 mm ) 90 % Min	
<b>Urea Ammonium Nitrate Solution (UAN)</b>	Total Nitrogen % wt : 32.0 min Urea / Ammonium Nitrate ratio: 0.7-0.8 PH : 7-7. 5 Free Ammonia % wt : 0.1% max Corrosion Inhibitor :100-200 PPmm	
<b>Liquid Ammonia</b>	NH3 : 99.5 % Min Water : 0.5 % Max Oil: 10.0 PPM Max Shipping: Through marine pipeline In Abu Qir berth. Temperature: At Ship Manifold About minus 30° C	
<b>NITROFERT SULPHUR 12</b>	Nitrogen (Nitrate ) : 27 % Min Moisture: 0.5 % Max Ammonium Sulphate : 12% Min Grain Size : ( 2 – 4.5 mm ) 92 % Min	

Product Name	Specifications	Image
<b>NITROFERT SULPHUR 14</b>	Nitrogen (Nitrate ): 26 % Min Moisture: 0.5 % Max Ammonium Sulphate : 14% Min Grain Size : ( 2 – 4.5 mm ) 90 % Min	

## Production Department Key roles include



- 01 Managing operation plan to achieve the required production target, optimizing operation conditions to keep the normal running for the plant, and safe operation for the equipment.
- 02 Plant start-up, shutdown, and troubleshooting.
- 03 Initiating Process performance monitoring and Process optimization.
- 04 Improving energy efficiency and plant reliability.
- 05 Daily follow up the performance of the production facilities and analyses, define and implement the most optimal production conditions considering safety, environment, cost, and quality.

# Production Department Stakeholder Engagement

As one of the most vital departments at AFC, the production department has numerous internal and external stakeholders that are continuously affected by any decisions the department takes. To be able to respond to the concerns, needs, and wants of these stakeholders, the department communicates with them through numerous channels like phone calls,

emails, face to face meetings, among others. Monthly and quarterly meetings are also held with external stakeholders to keep them updated about the production process and targets at AFC. The table below lists our stakeholders along with their expectations, how we communicate with them, and the frequency of that communication.

Stakeholder	Status: Internal /External	Mapping Stakeholders: Key/Primary /Secondary /tertiary	Purpose of Communication	Channels of Communication	Frequency
Safety (HSE)	Internal	High	Safe operation	Company oracle system (Network)	High
Maintenance	Internal	High	Equipment maintenance	Company oracle system (Network)	High
Instrumentation	Internal	High	Repair the faults	Company oracle system (Network)	High
Electricity	Internal	High	Repair the faults	Company oracle system (Network)	High
laboratories	Internal	High	Quality Control	Company oracle system (Network)	High
Production follow up	Internal	High	Performance achievement	Daily, monthly & yearly reports	High
Warehouses	Internal	High	Chemicals storage	Company oracle system (Network)	High
Piping	Internal	Medium	Welding	Meetings	Medium
Inspection	Internal	Medium	Inspection	Meetings	Medium
R&D	Internal	Medium	Projects ,Revamp & ITB	Meetings	Medium

Stakeholder	Status: Internal /External	Mapping Stakeholders: Key/Primary /Secondary /tertiary	Purpose of Communication	Channels of Communication	Frequency
Constructions	Internal	Low	Infrastructure & Building	Meetings	Low
Transportation	Internal	Low	Transport equipment	Meetings	Low
Purchasing	Internal	Low	Purchasing chemicals	Memos	Low
Marketing	Internal	Low	Sales of products	Memos	Low
Financial Affairs	Internal	Low	Costs & benefits	Memos	Low
Administrative Affairs	Internal	Low	Attendance and Vacations	Memos & system network	Low
IT	Internal	Low	internet & Email & Networks	Memos	Low
Legal Affairs	Internal	Low	Punishments	Memos	Low
Supplier	External	High	production chemicals & catalyst	Meetings	Medium

## Our Clients

### Farmers

We usually have contact and can easily reach the farmers through the regular marketing tours executed by the Customer Service Department to evaluate the farmer's satisfaction and investigate to know the farmer's complaint if any, to solve it. The company has succeeded in building up the loyalty of the farmer to its products.

### Ministry of Agriculture

Abu Qir is committed to the Ministry of Agriculture to implement the ministry's monthly quota through all the distribution channels.

### Wholesalers

The Company, through its wholesaler, maintains the balance of the local market with the highest possible revenue for the company, taking into consideration the benefit of the customer.

### Overseas clients

Abu Qir Fertilizers Company is the largest producer of nitrogen fertilizers in Egypt and one of the largest producing companies in the Middle East. Abu Qir Fertilizers Company has a prominent position in the local and international fertilizer market



# Production Target Achievement

As one of the most vital departments at AFC, the production department has numerous internal and external stakeholders that are continuously affected by any decisions the department takes. To be able to respond to the concerns, needs, and wants of these stakeholders, the department communicates with them through numerous channels like phone calls,

emails, face to face meetings, among others. Monthly and quarterly meetings are also held with external stakeholders to keep them updated about the production process and targets at AFC. The table below lists our stakeholders along with their expectations, how we communicate with them, and the frequency of that communication.

## Ammonia Plant (Abu Qir Plant III)



### Annual Ammonia Production, Ton

The annual total ammonia production for (2019-2020) is 448,630 tons compared with 446,200 tons in (2018-2019) and 423,800 tons in a year (2016- 2017) before the turnaround in 2018-2019.

## Urea Plant (Abu Qir Plant III)



### Annual Urea Production, Ton

The annual total urea production executed in (2019-2020) was 703,000 tons, compared with 691,500 tons in (2018-2019), which increased **127.8%** than the planned urea production.

# Performance Indicators

# Downtime (Abu Qir Plant III)

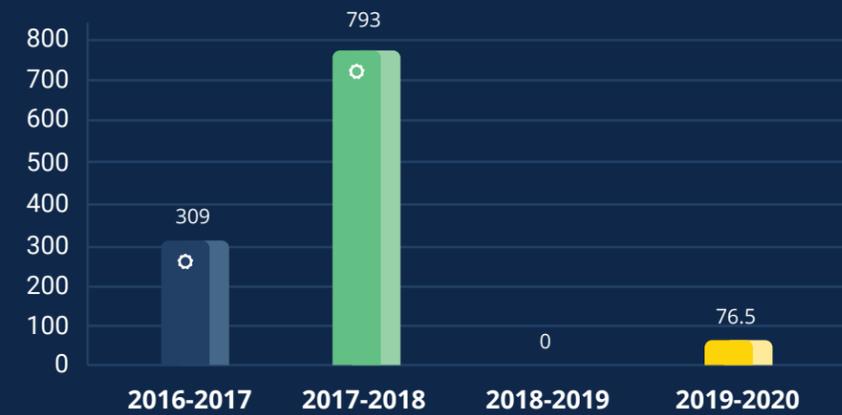
## Ammonia plant (Abu Qir Plant III)



**EnPi Ammonia, MMBTU/TON**

Improvement of Ammonia plant energy performance indicator (EnPi) from 35.1 MMBTU/Ton in (2018-2019) to 34.7 MMBTU/Ton in (2019-2020) compared with 35.4 MMBTU/Ton Ammonia in (2016-2017) before revamping ammonia converter basket in 2018 turnaround.

## Ammonia Plant (Abu Qir Plant III)



**Downtime Hr, Ammonia plant**

The downtime for our Ammonia Plant for (2019-2020) was 76.5 hours, reduced from 793 hours in (2017-2018). In the year (2018-2019) we had zero downtime.

## AFC Plant III



**EnPi AFC, MMBTU/TonUrea**

Improvement of AFC plant III Energy Performance Indicator (EnPi) from 25 MMBTU/Ton Urea in (2016-2017) to 24.5 MMBTU/Ton urea in (2019-2020)

## Urea Plant (Abu Qir Plant III)



**Downtime Hr, Urea plant**

The downtime for our Urea Plant was 62 hours for (2019-2020) down from 85 hours in (2018-2019), which was also a huge improvement from (2017-2018) which recorded 1629.5 downtime hours.

Replacement of stripper feed pumps motors from high voltage to low voltage for reliability and energy saving.



# Maintaining Our Future

- 6.1 Maintenance and Maintenance Planning Departments
- 6.2 Maintenance Planning
- 6.3 Preventative Maintenance
- 6.4 Managing the Unexpected

# Maintenance and Maintenance Planning departments

For any production line, maintenance is a key process to keep up with the company's targets and strategies and to realize the plan. Abu Qir is proud to have one of the most advanced maintenance departments in the field.

Due to the team's great efforts, we are able to continuously increase our efficiency, production, and profit. Our team does not only fix a problem when it appears, we rather have a preventative maintenance strategy for our company where we find a solution before the problem appears. This leads to less lost time, fewer injuries, and more production. We know that the best way to prolong the life of our machines is to maintain them well.

We have strict policies regarding the maintenance of our machinery because not only do ill-maintained machines become obsolete faster, and therefore increase our losses and

costs, but rather what is important to us is the safety of our employees. We work with extremely complicated machines, and any error or malfunction in how the machines operate would put our employees at direct risk. Therefore, we continuously check on our machine's functions and set schedules for rotational checks to anticipate errors before they occur.

We Execute a complete maintenance & re-vamp shutdown for one of the 3 factories every year to ensure sustainable operations and high utilization rates.



## Maintenance Planning

Our Maintenance Planning Team has the following responsibilities:

- Creating, managing, and optimizing the maintenance work programs (including turnarounds). This includes job plans for all maintenance work for all assets, starting with the most critical.
- Maximizing asset performance, availability, reliability, as well as minimizing total cost & time of maintenance.
- Following up on the quality control plans.
- Managing of resources (Labor & Spare parts)

### AFC Maintenance Planning Scope of work



Our maintenance department is not only responsible for heavy maintenance of machinery but also the maintenance of our air conditioning system, the compressors and turbines, and other less complicated procedures including:

- Installation, Receipt, and Start-up Experiences.
- Troubleshooting faults and site maintenance service.
- Full maintenance service for turbines and compressors.
- Early detection of defects to reduce maintenance frequency and costs.
- Conducting dynamic equilibrium on-site or inside the balancing workshop with p pieces Compressors (Low-speed balance).
- Axial adjustment of the machines.
- Implementing targeted mechanical maintenance plans for compressors, turbines, auxiliary equipment, and implementation requirements to link them with the company's general plan.
- Providing the necessary equipment and technical studies for the replacement, renewal, and development processes within the three factories.
- Providing spare parts for the maintenance process.
- Assisting all other maintenance in diagnosing mechanical defects and the safe operation of the equipment by analyzing the vibrations within the production units in the three factories.



# Preventative Maintenance

We have a well-developed preventative maintenance system, including scheduled maintenance turnarounds

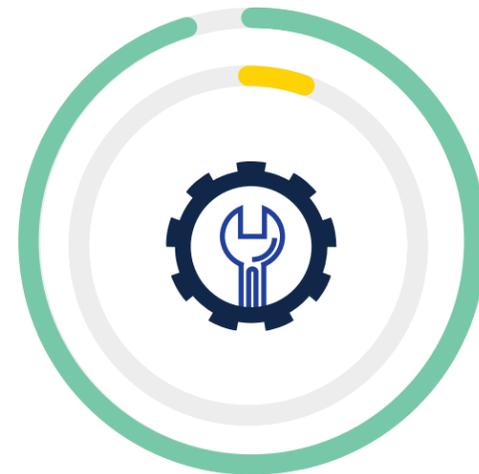
According to maintenance work orders statistics during 2019-2020:

**95.1%**

of maintenance activities are planned (PM & PDM)

**4.9%**

of maintenance operations are unplanned (Corrective)



This reduces the total cost of maintenance while improving conditions of equipment and operating facilities.

## CMMS

AFC has a fully functional and efficient market-leading enterprise asset management (EAM) solution "Oracle R12" implemented for scheduling all planned, corrective, overhaul maintenance, and inspections activities of as-

sets. The department has started the initial studies to upgrade our CMMS as a part of a new ERP system project which will be implemented in AFC according to our digital transformation vision.



# Managing the Unexpected

The Coronavirus crisis has brought an unexpected management situation to the department.

## Challenges represented in:

- The Health and Safety of employees.
- Ensuring the continuity and the efficiency of maintenance plans as absentees increased.
- Availability of spare parts and maintenance services.

## Management approach



Maintaining social distance between employees.



Ensure the availability of spare parts, including dealing with local suppliers.



Most meetings were held online via conferencing applications.



Managing maintenance human resources to ensure the presence of the manpower needed for the completion of maintenance plans.

Our maintenance department was able to achieve and realize its goals, our maintenance plans proceeded according to our original schedule, our employees were kept safe, machines were properly maintained to achieve our production targets, and at the end of 2020, we were able to conclude that, although the COVID-19 pandemic had been a destructive event that spread chaos, uncertainty, delays, and disruptions, yet Abu Qir was able to overcome all the obstacles. This is due to each department's efficient management approach to the situations relating to it in specific, and the administration's fast and efficient new policies and procedures in general.



## Certification

Six Sigma Black belt from International Quality Federation IQF (2020)

...

Certified Lean Six Sigma Master Black Belt from International Quality Federation IQF (2021)



# 07 Labs Quality Control

- 7.1 Quality Control Key Responsibilities
- 7.2 Management Approach

# Labs and Quality Control

Maintaining the high quality of our products is on the top list of our priorities. Our top-quality fertilizers set us apart from our peers and enable us to maintain our position as a market leader in Egypt and preserve our excellent reputation in international markets. Our quality control department exerts great efforts in ensuring the production of high-quality products that leave a positive impact on our clients in specific and the Egyptian and world economy

in general. Our quality control team is composed of top-notch industry leaders who set the strategy that keeps Abu Qir at the top of fertilizers manufacturers worldwide. Around 25% of laboratory chemists hold postgraduate titles. Our labs are also equipped with the latest available technology, which enables our chemists to excel in their duties. Laboratories are ISO/IEC 17025:2017 accredited in the field of water analysis using ICP/OES instruments.



# Quality Control Key Responsibilities

**A. Provide analysis results for plant inputs, in-process activities, and final products in a fast, efficient, safe, and environmentally clean manner.**

That is the main goal of labs' activities. We commit to perform these activities with the maximum possible efficiency and speed using the latest technologies, techniques, and standard methods.

**B. Updating labs with the latest technologies and analytical instruments.**

It is one of the major issues we are concerned with. As the company was established 40 years ago, and with the magnificent advances in the field of laboratory analyses and technological instrumentation, we have a challenge of continually renewing our technologies, standard methods, and analytical instruments.

**C. Continuously improve competence level of labs personnel at all levels.**

Adapting with the leap in the field of laboratory analyses and technologies, we must keep our personnel always equipped with the required standard of competence at all levels.

**D. Continuously improve labs performance through setting and achieving quality objectives.**

We must continuously motivate our personnel at all levels to study risks and opportunities related to their activities to extract all sources of improvement ideas towards continual improvement.

**E. Maintain ISO/IEC 17025 accreditation and continually extend its accreditation scope to serve company objectives.**

We are required to be continuously aligned with updates of ISO/IEC 17025 standard requirements and search for possible pathways to benefit our company through maintaining accreditation.

**F. Expand in applying statistical methods and data management techniques to monitor labs' activities and analysis' outputs.**

We have the challenge to expand in applying statistical methods in lab analysis' activities and equip our employees at all levels with the required knowledge in this field for better data management.

**G. Follow digitizing labs analyses' initiatives on an ongoing basis.**

We ought to search for innovative ideas towards digitizing labs analysis' processes which started in 2016 with a paperless system for reporting data analyses results.

# Management Approach

**A.** Since our labs were established 40 years ago, and due to the continuing rapid change in technologies and instrumental advances utilized in laboratory analyses, in addition to the decreasing number of labs personnel, we have a permanent ongoing challenge of updating labs with the most recent technologies and analytical instruments.

- In the next 5 years, we plan to replace multiple outdated techniques and instruments especially in some laboratories suffering from out-of-date instruments and techniques like Water Lab and Oils Lab. which would enable us to perform our analysis with better accuracy, faster performance, and with the least possible manpower.

**B.** Labs and QC sectors used to send all analyses' reports throughout all labs on paper logs.

- We had to search for innovative ideas towards digitizing labs analysis' processes. In 2016, with collaboration with IT Department, we moved towards a paperless system for reporting data analyses results. All paper logs were replaced by electronic copies.
- Moreover, the Labs and QC sectors have adopted a quality objective since April 2018 which had been effective since the 1st of April 2019 to follow digitization initiatives started in 2016.
- New Error-Proof analysis logs are established to improve the quality of data reporting and enhance data management processes.



**Certification**

ISO/IEC 17025:2017 with last surveillance Dec. 2020





8

# Quality Assurance

- 8.1 Department Key Roles and Responsibilities
- 8.2 Key Issues addressed and Abu Qir's Management Approach

MAU  
سوتاع

MAU  
سوتاع

# Department Key Roles and Achievements

- Prepare documentation, control of (documents/ records).
- Preparation of audit schedule.
- Preparation of management review.
- Upgrade management system.
- Responsible for the collection of all prizes and booklets issues from AFA and IFA in all fields (quality, environment, safety, etc.).



Furthermore, the Quality Assurance team is responsible for ensuring that all Abu Qir's products abide by the requirements of the different international standards for the industry, and the renewal of these standards when they expire.

The certificates obtained by Abu Qir Fertilizers include the following :



Certification

- 01 Certification of compliance of quality management system ISO 9001:2015 requirement.
- 02 Certification of compliance of environmental management system ISO 14001:2015 requirement
- 03 Certification of compliance of occupational health and safety management system ISO 45001:2018.
- 04 Certification of compliance of energy management system ISO 50001:2018 requirement
- 05 Certification of compliance of supply chain security management system ISO 28000:2007 requirement.
- 06 Achieving certification of compliance of IFA Protect and Sustain product stewardship excellence in 2017 (from IFA).

## Certification of compliance of quality management system ISO 9001:2015 requirement



## Key Issues Addressed

Internal with all departments: includes management system effectiveness, management system complaints, and management system continuous improvement.

External issues include the collection of all prizes and booklets issues from AFA and IFA in all fields (quality, environment, safety, etc.).

# Management Approach

## Digitization

Due to changes in the management systems international standards versions, due to employees requests which led to changes in procedures and work instructions for all departments which increase the uses of paper which results in more costs and pollution, due to the weak document control inside the company, and to

decrease the human error, Abu Qir decided implement system digitization by changing all paperwork of our management system to digital documents which result in more control, increased security to all departments and less paper consumption.

## Repeated procedures

Due to the similarity of the structure of all management systems standards, we decide to integrate our management system to:

- 01 Harmonize and optimize practices.
- 02 Eliminate conflicting responsibilities and relationships.
- 03 Balance conflicting objectives
- 04 Formalize informal systems
- 05 Reduce duplication of effort.
- 06 Reduce risks and increase profitability.
- 07 Turn the focus into overall business goals.
- 08 Improve internal and external communication.



We measure the effectiveness of our integrated management system implementation by:



Document management



Training and awareness



Internal audits



Management review



Corrective action

## Awards

1

The Gold Medal for Industrial Excellence from the IFA 2019.

2

The company file that was submitted to the IFA GREEN LEAF 2020 competition was selected among the BEST 10 files participating in the competition, knowing that it is the first time that the company participates in that competition





# Research & Development & Future Projects

- 9.1 Research and Development Department Key Roles and Responsibilities
- 9.2 Innovative Projects Implemented
- 9.3 Projects on the Runway

# Research & Development & Future Projects

At Abu Qir, we place great emphasis on the quality of our production process, ensuring that we produce the highest quality product possible while securing the safety of our employees, nearby communities, the end-user, and the environment. This is achieved through continuous research and finding the latest published studies and technologies that improve our production process. Our Research and Development unit is responsible to review these studies and proposals, filter them, and guide the administration to make the right decisions.

Furthermore, the R&D unit recommends projects that ensure a positive impact on the company, Egypt, and the whole world. When choosing these projects, we are guided by Egypt's Vision 2030, the SDGs, and the National Sustainable Development Strategy. Any project that goes against our values and vision is directly excluded even if it ensures a positive financial return. Research and Innovation are the key techniques that keep us a market leader and a model followed by other fertilizers companies.

## Research and Development Department Key Roles & Responsibility

### 01 Increase the efficiency of the production process

This is achieved through reviewing the performance of factories, identifying deficiencies in the operational process, proposing possible solutions, as well as proposing possible ways to recover losses from the production process.

### 02 Reducing operational costs as well as the production losses

By proposing the necessary solutions to reduce the factories' consumption of raw materials and energy, as well as recovering losses from production.

### 03 Increase the diversity of the company's products and the flexibility of the operational process

By proposing new products and altering them according to market requirements.

### 04 Increase the company's profits

By studying and proposing new projects for the company in various fields.

### 05 Reducing emissions from factories

Studying the possibility of reducing the emissions from factories and proposing the necessary means to achieve this goal.



## Innovative Projects Implemented

### 01 Development of Chloride Acid Storage Unit

The chloride acid storage unit is located next to the Abu Qir appliance air compressor (1) and consequently, the chloride gas produced from the unit is withdrawn with the equipment air, which causes corrosion of the air network lines in the Abu Qir factory (1).

Accordingly, it was proposed to move the unit to the Abu Qir factory (3). This is achieved through establishing a new unit consisting of 6 tanks, each has a capacity of 15 m<sup>3</sup>, consequently, the total capacity of the unit is 90 m<sup>3</sup>. These tanks have been divided into (2) lines so that any line can be isolated in the event of any leakage from one of the tanks and this tank can be easily changed.

In addition, the technical specifications and the mechanical design of these tanks have been standardized, which allows flexibility in the process of maintenance and change to any of these tanks. The unit has been manufactured from FRP material, which is available in the local market, in addition to the inclusion of a Scrubber device in the unit to absorb and neutralize chloride gas, thus securing the storage area from the presence of chlorine gas. Furthermore, the unit is designed so that its drainage line is assembled on a basin to neutralize chloride acid using limestone, which allows safe drainage on the factory drainage network.

The unit has been completed and is working well.

## 02 Dust Removal from the Bulk Urea Packing Unit at Abu Qir (1)

Since during bulk urea packing, dust is produced, which affects the plastic sack production plant, a unit has been proposed to withdraw this dust, remove it, and convert it into a urea solution, provided that it is recovered and used

again in the production process, thus reducing the waste.

The project has been implemented and is currently operating.

## 03 Reducing CH<sub>4</sub> Slip from the Secondary Reformer

After performing the overhaul of the Abu Qir plant (2) in October 2015, and following up on the performance of the secondary reformer, the following was found:

- The percentage of methane slip in the exit gas of the secondary reformer is 5.0%, i.e., an increase of 2.0% over the design values, which leads to a loss in production.
- After a period of operation, a slight increase in the pressure difference was observed with a rise in the exit temperature of the product gas cooler from 490 °C to about 530 °C, which indicates the

possibility of Fouling inside the device, which in turn leads to an increase in the entry temperature of the HT reactor to about 383 degrees Celsius.

Accordingly, a study was prepared to find out the causes of these phenomena. It was concluded that there is a failure in the device's burner. Specialized companies were contacted to study the possibility of modifying this burner, and accordingly, the design was adjusted modified by the company that granted the factory license (tkIS).

This burner was manufactured and installed in the planned overhaul in 2019.

## 04 Demineralized Water Production Unit

A unit for removing salts has been established by adding a new water treatment unit and tank for demineralized water to provide demineralized water to meet the needs of the factories increased demands due to the expansion that the company undertakes. The unit removes salts from treated water and water condensate by the FDR unit.

- The design capacity of the unit is about 450 m<sup>3</sup> / hour through three production lines (one line capacity is 225 m<sup>3</sup> / hour) so that there are two lines in operation and the third is a reserve.

- The investment cost of the project: 4.5 million euros and 5.5 million Egyptian pounds.
- The executing company: Metito
- Project timeline: The operational trials of the project were completed and received in August 2017.

# Projects on the Runway

## 01 Development of the Steam Tracing Network in Urea Factories

The urea manufacturing process is carried out at high pressures and temperatures, and it requires the use of special manufacturing materials. Furthermore, urea is a highly corrosive substance. The most important cause of corrosion is the occurrence of condensing corrosion, which occurs in high-pressure devices in the urea plant. The high-pressure devices are protected by steam tracing to prevent the condensation of gases that occur inside the devices, especially the HP Scrubber.

Accordingly, the Steam Tracing network has

been proposed by using steam fed to the urea plant (25 bars and 330 degrees Celsius) and reducing its pressure to 9 bar while controlling its temperature to 185 degrees Celsius. Maintaining the temperature inside the HP Scrubber higher than 180 °C and thus preventing condensation of the gases inside it and avoiding the occurrence of condensing corrosion.

The necessary equipment has been supplied to implement this proposal and is awaiting the plant planned shut-down to install the connect lines.



## 02 Methanol and Ammonia Production Plant

In keeping with the Egyptian government's economic reform program, Abu Qir Fertilizers Company has been keen to include a new integrated industrial complex to produce methanol and ammonia capacity.

This project contributed in multiple ways to the realization of Egypt's Vision 2030 and multiple SDGs. Firstly, methanol is considered a primary raw material for many petrochemical industries, which are themselves the main raw mate-

rials for multiple other complex industries, and the availability of these products ensures the sustainable production and availability of strategic goods and services. Secondly, the project contributes to raising the added value of the state's natural gas resources, which is expected to achieve a surplus in production by 2021, and instead of exporting it as raw material, it is exported as final products which contribute to increasing the state's resources.

### Project Objectives

This project aims to meet the needs of the local market for methanol, which is used as a fuel and is used in many petrochemical industries such as formaldehyde, plastics, adhesives, polymers, and the acetic acid industry. Furthermore, the project second phase will start after the successful operation of phase and this stage will produce different products e.g., MTO, acetic acid and fertilizers where the final products and design capacities for that stage will be determined based on the economic and marketing studies at the time. It also contributes to developing the areas adjacent to the project and raising their infrastructure. Other than the production value, the project provides new job opportunities to overcome the unemployment crisis. In addition, the project

contributes to reforming the deficit in the balance of payments and attracting foreign currency by exporting the surplus and opening new global markets.

In addition to supporting economic reform strategies by supporting facilities based on the development of the Suez Canal from fuel charging stations for ships and tankers, as the current global trend is to reduce emissions of greenhouse gases and given that methanol does not produce emissions from sulfur compounds, as well as reducing the resulting carbon emissions of it per million thermal units, so it is expected that by the year 2020, steam and tanker engines will be converted to run on methanol.

#### First phase of the project

- An ammonia production plant with a capacity of 400,000 annual tons.
- A plant to produce methanol with a capacity of one million tons annually.

#### Investment cost

**1.6**  
billion (first phase)

#### Project schedule

**36** months after the EPC award.

#### Shareholders

- Abu Qir **%35**
- HFC **55**
- Al-Ahli **00**

#### Finance

**30%** **70**  
Equity Loan

Marketing and economic feasibility studies for the project were prepared by Nexant Limited, where the possibility of establishing the project in Al-Alamein or the Suez Canal Economic Zone in Ain Sokhna was studied, and several scena-

rios were studied. The study clarified that the best scenario in terms of economic indicators is methanol production with a capacity of 3000 tons/day and ammonia with a capacity of 1200 tons/day.

### The current status of the project

The following contract negotiations are underway:

- Natural gas supply contract
- Project land in the Szone
- Port land contract in SOKHNA port
- Shareholder agreement
  - Issuing the PMC tender
  - Finalizing EPC prequalification

## 03 A New Project for Utilizing Rakta Land

Based on the mandate of Abu Qir Fertilizers Company to meet the needs of the local market for nitrogen fertilizers due to the company's experience in operating and maintaining nitrogen fertilizers plants, as well as following safety procedures for nitrogen fertilizers and as the company is considered one of the largest

nitrogen fertilizers manufacturers in the Middle East, Abu Qir had begun to take the necessary measures to implement the new project on the vacant land of Rakta Company, owned by the Egyptian General Petroleum Corporation which is estimated at nearly 80 feddans.

### The current status of the project

Different plants scenarios will be studied and the feasibility study consultant shall investigate the project scenarios to determine the most economic scenario and the optimum capacities.

### The proposed timeframe for the project:

- 3** Months preparing marketing & economic feasibility studies.
- 12** Months Preparing and offering a tender for the EPC contractor.
- 36** Moths Implementation





## 05 Treating Industrial Wastewater Unit

Due to the company's policy to preserve water resources and reduce the consumption of chemicals, in addition to harmonization with environmental laws, a study has been made to establish an industrial wastewater treatment unit with a design capacity of 650 m<sup>3</sup> / hour so that the amount of water recovered after treatment is about 550 m<sup>3</sup> / hour, which contributes to increasing the recycling rate of cooling water because of the quality of specifications, which reduces the consumption of chemicals and the losses of cooling towers.

- The decrease in the amount of raw water consumed, which is commensurate with the future of water in Egypt.
- The decrease in the number of treated chemicals consumed, which leads to a reduction in the total cost of water treat-

- Recovering ammonia in the form of a product that has an economic return on the company (producing 70 tons per day, ammonia sulfate as a by-product).

The implementation of the project has been assigned to the consortium of Bamag and Samcrete, and operational trials are underway.

## 06 Ammonium Sulfate Production Unit in the Industrial Wastewater Treatment Project

The study is underway and negotiating with the licensee regarding the possibility of converting the ammonium sulfate produced from ammo-

nia recovery from industrial wastewater into a solid form, whether crystal or granulation.

## 07 Development of the Ammonia Plant Abu Qir (1)

The first operation of the Abu Qir plant (1) was carried out in 1979 with a production capacity of 1000 tons/day of ammonia. Many studies were done to develop the plant as in 2007 for example, the plant was developed, and its production capacity increased to 1150 tons/day of ammonia without changing the capital equipment. The current production capacity for the ammonia plant Abu Qir (1) increased from 1150 tons/day to 1170 tons/day yet, there is a need to change the ammonia synthesis reactor due to

the near end of the hypothetical overhaul - as it was changed in 2004.

A tender has been put forward to the companies granting the ammonia plant license to study the possibility of developing an ammonia synthesis unit and increasing its production capacities by changing the ammonia synthesis reactor in addition to reducing the plant's energy consumption. The company was awarded to Haldor Topsoe and the reactor is being manufactured.

## 08 Desalination of Sea Water Project

Given that the Nile water is expected to be limited in the coming period and is directed to human use and agriculture, the thought was to search for alternative sources of water to provide the company's needs of water necessary for the operational process. It was considered to establish a unit for desalination of seawater, as seawater is the best alternative for the Nile water due to the company's proximity to the Mediterranean Sea. The unit is expected to be built with RO technology, which is the most common

technology as it consumes less energy and can be used by spending units of brine as raw materials in some chemical industries such as Soda Ash.

The requirements of the company are being determined after making the final expansions to determine the design capacity of the desalination unit, and negotiations are underway on the land (Rakta land) for the construction of the project.

## 09 Development of the Cooling Water Tower at Abu Qir Factory (1)

A tender has been prepared to develop a cooling water tower for the Abu Qir Factory (1) to raise its capacity from 20,000 m<sup>3</sup> / hour to 23,000 m<sup>3</sup> / hour in proportion to the current loads of the Abu Qir factory (1) after the deve-

lopment.

INNOVEK has been awarded and implementation is underway.

## 10 Wadi Project for Phosphate and Fertilizer Industries (WAFCO)

A memorandum of understanding was signed with the Egyptian Phosphate Company to establish an industrial complex to produce phosphate and compound fertilizers, whereby each of the shareholders pledged to pay 50% of the total cost of the studies phase, and accordingly, the following was achieved:

- A tender was launched to international companies qualified to carry out the Test Work, and the study was assigned to the American company, Jacobs.
- Initial feasibility studies for the project were prepared in cooperation with WP
- An environmental study was prepared for the project by Petrosif Company

Signing a study contract with Worley Parsons to conduct a study of all mine works, distribution of ore, concentration ratios, method of extraction and purification, and the availability of other materials needed for the industrial process such as water and electricity. WP supervises shipping samples to specialized companies to conduct tests on samples in addition to performing WP company reviews the studies on Mining Assurance and their conformity with the international standard such as the JORC, as well as the work of the specifications and conditions brochure.

According to the results of the project's feasibility studies, the company was established and Abu Qir Company agreed to contribute 10% of the company's capital.

## 11 Development of Existing Local Factories

A tender document (ITB) was prepared for the development of the existing factories of the Delta and Nasr Company for Fertilizers, to

offer to the companies specialized in this (process Licensor).

## 12 Abu Qir Urea Dissolving Unit (1)

Developing a unit to recover the waste resulting from the fertilizer handling units at Abu Qir Factory (1), by establishing a unit to remove the waste of urea, purify it, separate dirt, oils, and

grease and convert it into a urea solution at a concentration of 40% and return it to the operational process.

The background image shows an industrial facility with several tall smokestacks emitting white smoke into a clear blue sky with scattered clouds. In the foreground, there are lush green plants and a paved area. A large, semi-transparent blue graphic element, consisting of a diagonal line and a circular shape, is overlaid on the left side of the image. In the top-left corner of this blue area, there are three yellow gear icons of different sizes. The main title 'Protecting Our Environment' is written in a bold, yellow, sans-serif font across the middle of the blue graphic.

# Protecting Our Environment

- 10.1 Environmental Protection Section
- 10.2 Environmental Laws and Regulations
- 10.3 Initiatives to Protect the Environment
- 10.4 Safe Disposal of Waste
- 10.5 Civil Co-ordination
- 10.6 Energy Footprint
- 10.7 Water Footprint
- 10.8 Air Emissions

# Protecting Our Environment

Abu Qir Fertilizers Company pays great attention to protecting the environment inside and outside the company and is keen to adhere to the limits on emissions and discharges set by environmental laws and regulations, through a mechanism of continuous monitoring and application of the latest technological systems in this field.

After the explosion that shook the port of Beirut due to the failure to observe the security and safety systems in the storage of dangerous materials, the security and safety plans were re-updated in coordination with all the competent authorities in the country. This period witnessed intensive scrutiny of all the requirements of the product life cycle for all products to maintain the highest levels of safety.



# Environmental Protection Sector

The Environmental Protection Sector monitors and evaluates internal and external environmental measurements. It involves monitoring Ox, NH<sub>3</sub>, Dust, and industrial drainage, among others, comparing it to the relevant laws, and analyzing the results through chimney devices located on urea 1 & 3 stacks and the nitrate plant. The sector is also following up on any amendments to environmental laws and other relevant laws by the government or other international bodies.

The Protection Sector is also responsible for performing daily environmental inspections and contracting with numerous agencies to avoid any penalties, following up on the operation of environmental monitoring stations to measure emissions, and preparing a monthly environmental report that is submitted to the Environment Committee with the environmental notes and their implementation status.

Furthermore, the sector monitors places and sites related to the health of workers (buffets - locker rooms - toilets), follows up on cleaning drinking water tanks in factories, in the residential city, and schools. The sector also supervises the hazardous waste store and disposal and ensures proper organization following environmental requirements.

Other responsibilities include: managing all external and internal communications through which it is possible to obtain all the environmental approvals that the company needs in all new projects, dealing with government agencies and the company's supervisors, maintaining the continuity of the ISO14001 environmental management system, and ensuring that the requirements are applied in an efficient and effective manner for continuous improvement, reviewing and updating the entire environmental record of the company, and review the envi-

ronmental elements in the different sites of the plant, evaluating these elements periodically, and developing solutions for the deviations in these elements.

In addition to implementing an environmental awareness and training program for workers on a periodical basis regarding the responsibility of production departments in preventing emissions, reducing their levels, or recycling waste and using clean technology, implementing programs for the use of oils and greases at the factory level and preventing their diversion to the factory's drainage, and representing the company in local and international scientific conferences.

The company allocates a portion of the funds for implementing pollution reduction programs and implementing the company's environmental policy. The Environmental Protection Sector monitors the evaluation of all results related to environmental measurements, for example, measurements in the indoor and outdoor environment, industrial drainage measurements, and measurements of chimney emissions.



# Environmental laws and regulations



The company is keen to abide by the limits of emissions and discharges set by environmental

laws and regulations through their continuous monitoring under the umbrella of Law 4 of 1994 amended by Law 9 of 2009 and other relevant environmental regulations. Abu Qir abides by the permissible limits for emissions into air and water as set by the Egyptian laws, and continuously monitors its emissions to ensure they fall within the limits. In addition, Abu Qir follows the policies drafted for waste management, and the conditions of the work environment are set by the government (Read more details on the Occupational Health and Safety Section and Waste Management Section).

The Egyptian Environmental Affairs Agency is responsible for inspecting the company and the extent of the company's compliance with environmental laws and regulations for emissions and drainage.

# Initiatives to Protect the Environment



*The sustainability of a business depends on its capacity to anticipate, analyze, understand and address an issue or a crisis, such as the increasingly limited availability of water. Fertilizer producers are tackling this challenge head-on and have implemented measures on their production sites that have already resulted in substantial water savings worldwide*

Philippe Fonta

✓ Reuse of urea plant wastewater (Abu Qir 1 Plant).

✓ A Hydrolyser treatment unit was installed to absorb all the wastewater of the Urea plants (Abu Qir 1 and Abu Qir 3) to reduce pollution while reusing water.

✓ Modernizing environmental monitoring devices.

✓ The installation of four environmental monitoring stations that operate automatically throughout the day and are connected to a central information unit to monitor the gases emitted from the factories.

✓ Installing a Flare unit to burn ammonia from the marine line and ammonia tanks.

✓ Reducing the chlorine emissions from the Abu Qir cooling tower 1 by installing a modern and advanced chlorine injection unit.

✓ Extraction of ammonia from condensed water in the Carbon Dioxide Removal Unit (Unit 54) at the Abu Qir Factory 1: Installing a Stripper unit to get rid of ammonia and methanol with condensate wastewater in Unit 54, which helps to improve the properties of industrial wastewater and reduce ammonia, as well as remove traces of potassium carbonate in the condensate water.

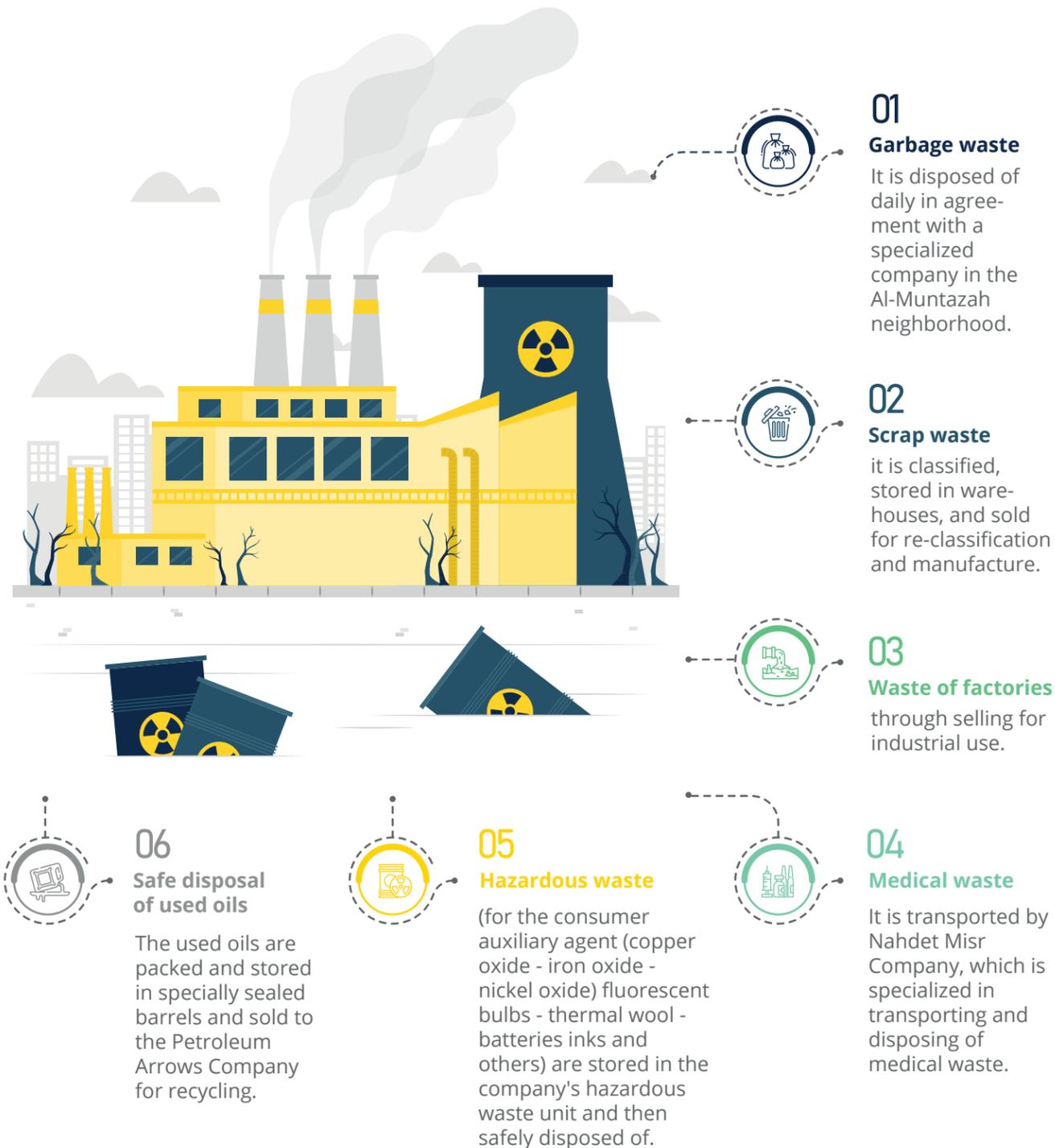
✓ An integrated treatment plant for industrial wastewater ZLD to rationalize water consumption in order to treat 650 m<sup>3</sup> / hour to recover about 80% of the treated water 520 m<sup>3</sup> / hour as replacement water for cooling towers.

✓ Removal of N<sub>2</sub>O and NO<sub>x</sub> (CDM project): The project is the first and largest of its kind in the Arab Republic of Egypt, as one of the clean development mechanism projects. It is intended to remove the nitrous oxide emitted with the exhaust gas of the nitric acid production unit (according to the Kyoto Protocol).

✓ ZLD industrial wastewater treatment unit: The unit was established to treat industrial wastewater in the Abu Qir Fertilizers Company, which is discharged to the sea at a rate of 650 m<sup>3</sup> / hour, or about 5.5 million m<sup>3</sup> / year, to take part in the national trend to rationalize water consumption in light of its limitations. That ensures full compliance with environmental laws and converting any percentage of ammonia from a water pollutant into a by-product for agriculture. The ZLD has another economic benefit which includes providing a by-product (ammonia sulfate), which is used in agriculture and provides an economic return for the project.



# Safe Disposal of Factory Waste



# Civil Coordination

Abu Qir Fertilizers Company pays special attention to the work of beautification, afforestation, and cultural coordination throughout the company, believing in the positive impact not only on preserving the ecosystem but also to preserving the general aesthetic character and the importance that this represents on the public health and the psychological and moral state of the workers. This is in addition to the general image and positive reputational impact it creates Abu Qir as one of the leading companies in the field of fertilizer production locally and internationally.

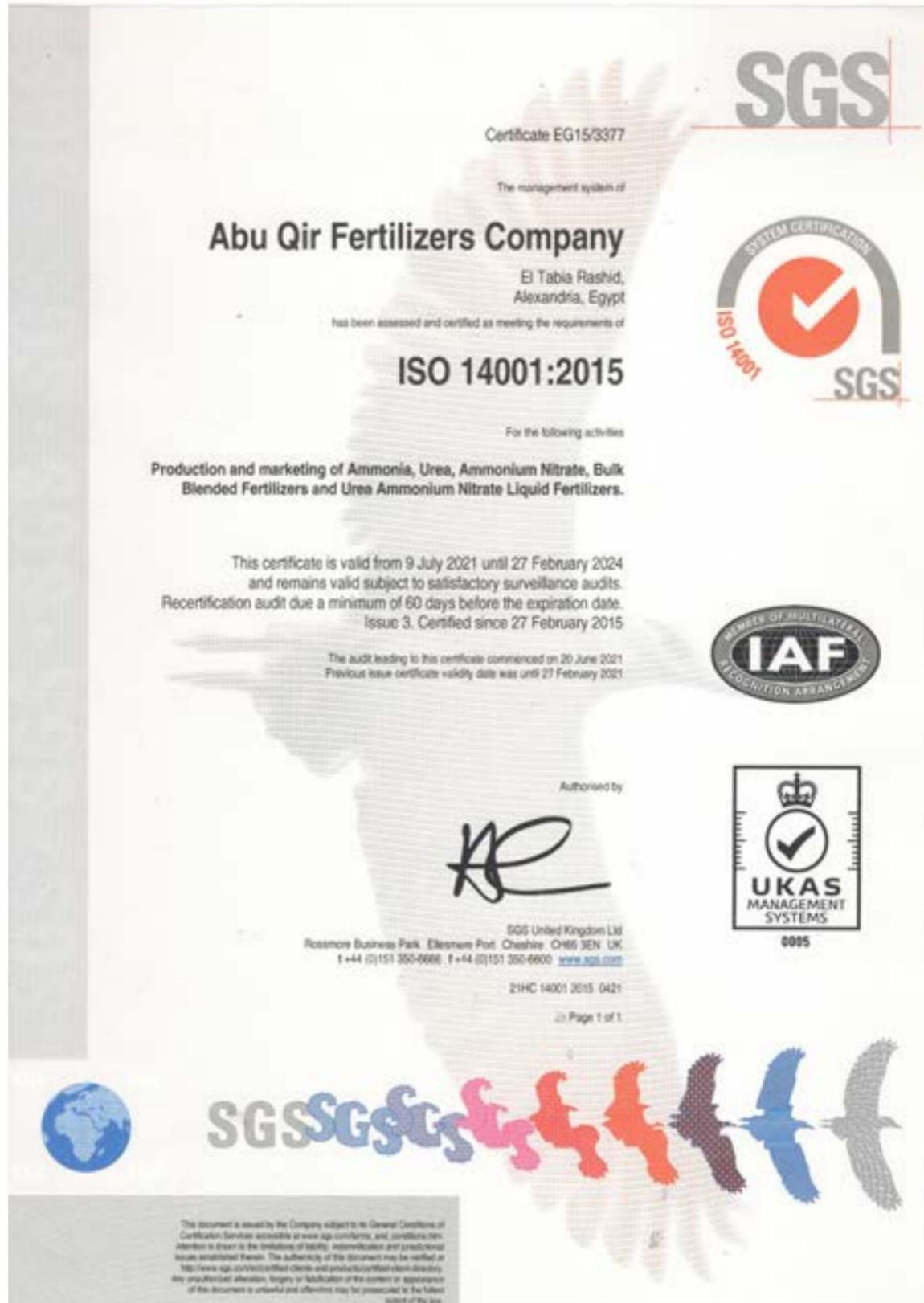
For this purpose, the company established a specialized device to reformulate the aesthetic vision in all areas of the company and work to remove any distortions and visual pollutants. This is done by carrying out afforestation, coordination, tree refinement, and cleanliness, including streets, sidewalks, gardens, and spaces, passing through administrative buildings, production, and service units. Furthermore, signs' colors are chosen under specific controls and requirements that match the general theme of the company and sustain its image. Lighting is also checked regularly to ensure the safety and beauty of the plant are maintained.




**Awards**

- Protect and Sustain Award from IFA
- Community responsibility award by the Environmental Compliance Office of the Federation of Industries
- Environmental Management Award (Clean Development Mechanism Project) from the Presidency of Meteorology and Environmental Protection in the Kingdom of Saudi Arabia

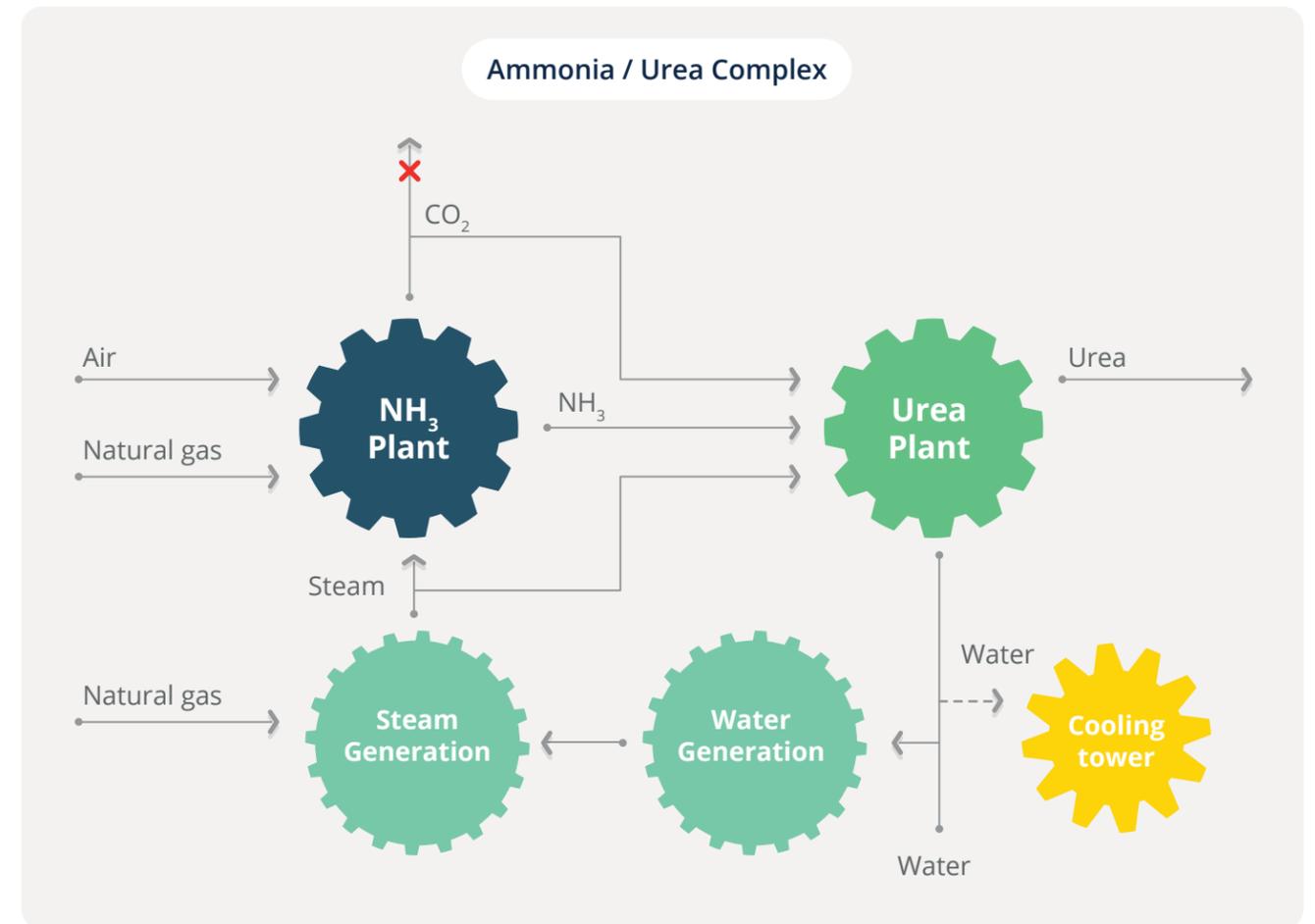
Certification of compliance of environmental management system ISO 14001:2015 requirement



# Energy Footprint

**Abu Qir is one of the most efficient ammonia plants according to the International Fertilizer Industry Association (IFA).**

Abu Qir is focusing on energy efficiency in its production processes and how optimum fertilizer application can support sustainability and green growth. In mineral fertilizer production, its focus is on optimizing the use of natural gas. Almost 90% of Abu Qir's energy consumption takes place in ammonia production. In recent years, most of Abu Qir ammonia plants have been technically upgraded to improve energy efficiency. These efforts have paid off, and Abu Qir is one of the most efficient ammonia plants according to the International Fertilizer Industry Association (IFA).



## Energy Consumption

Nitrogen fertilizers represent the most widely used type of fertilizers in Egypt with a strong governmental contribution in that strategic industry, Abu Qir Fertilizers Company (AFC) is the largest producer of Nitrogen fertilizers in Egypt.

Today, the fertilizer industry is facing a lot of challenges. The major challenges are the availability of feedstock and the reduction of energy to reduce the production cost. Therefore, the industry must constantly endeavor to reduce energy consumption to remain competitive. The nitrogenous fertilizer industry is a large energy consumer, Ammonia production is the most energy-intensive step, accounting for 80-90% of the energy used in the fertilizer industry.

Energy, in the form of natural gas, is a significant input into the production of ammonia, natural gas is preferred Feed Stock, account for up to 85% of operating costs, natural gas prices are increasing all over the world, some fertilizer plants have already lost the ability to produce competitively due to shortage in natural gas and rising energy cost. The value of energy-saving increases with rising gas prices. Therefore, investments in energy efficiency are justified and can be seen as an investment for the future.

The availability of feedstock (Natural Gas) and its price (Higher price) is most important for efficient production of fertilizer and its competitive cost.

### Natural Gas



#### Annual N.G Energy Cons., MMBTU

The annual total Ammonia plant energy consumption for (2019-2020) was 51957 MMBTU compared with 50867 MMBTU in a year (2018-2019).

### Electricity

	Consumption KW/h	2018/2019	2019/2020
Abu Qir (1)	Total electric power from main generator	66,330,024	76,062,608
	Total electrical power from the external network	13,032,230	8,325,876
	Total consumption of Abu Qir (1) plant of electrical energy	79,362,254	84,388,484

	Consumption KW/h	2018/2019	2019/2020
Abu Qir (2)	Total electric power from main generator	97,201,200	92,006,400
	Total electrical power from the external network	19,988,400	24,715,200
	Total consumption of Abu Qir plant of electrical energy	117,189,600	116,721,600

	Consumption KW/h	2018/2019	2019/2020
Abu Qir (3)	Total electric power from main generator	84,024,234	80,084,780
	Total electrical power from the external network	38,389,600	39,463,501
	Total consumption of Abu Qir plant of electrical energy	122,413,834	119,548,281

### Administrative Buildings & Facilities

	Consumption KW/h	2018/2019	2019/2020
	Total consumption of administrative buildings and services	3,603,965	3,172,114

### Total Consumption of the Company

Consumption	2018/2019	2019/2020
AFC1	79,362,254	84,388,484
AFC2	117,189,600	116,721,600
AFC3	122,413,834	119,548,281
Admin & Facilities	3,603,965	3,172,114
<b>Total</b>	<b>322,569,653</b>	<b>323,830,479</b>



Year	2016/2017	2017/2018	2018/2019	2019/2020
Energy Consumption	317,309,696	299,284,345	322,569,653	323,830,479
Total GHG Inv	468,926	443,922	476,699	478,652
%	0	-5.623	8,973	0,408

## Energy Management Approach

We strategically at how energy is currently used in plants, systems, and production processes. We focus on the areas where you can generate the greatest savings, and continuously benchmark the company's energy performance to continually improve this performance.

We are continuously improving our energy efficiency through the use of various techniques, studies, and international benchmarks such as the transition from ISO 50001:2011 to ISO 50001:2018 (New version) with update the Baseline from the fiscal year 2016-2017 to the fiscal year 2018-2019 after improvement (objective) achievement in turnaround February 2018, change in energy performance is measured

against the new energy baseline, follow up major energy flows, energy conversions and energy consumption within the process, measuring the energy performance and comparing the change in energy consumption from one month to another, review and evaluate its energy management system to identify opportunities for improvement and their implementation

The focus of the Energy Management system (EMS) is the continuous awareness of energy and always try to reduce the energy consumption based on the results to meet the requirements of this international standard and to achieve continual improvement and reduce energy costs to Maximize profit.

## Energy Efficiency Case Study

### Revamp Ammonia Converter Basket in Abu-Qir III with Company's Resources Optimization:

Improving energy efficiency is an important way to reduce energy costs, waste, and emissions which in return reduces the total cost of production and maximizes profit.

Ammonia plant III was equipped with a triple-bed radial-flow converter since plant commissioning in October 1998. Converter basket, internal heat exchangers, and ammonia catalyst were approaching the end of their useful life; instead of proceeding with an in-kind replacement, Abu Qir fertilizers company decided to revamp their ammonia converter internals in Abu Qir III as an energy optimization project; energy saving was the main goal of this revamp, Project was assigned to Casale and successfully completed in turnaround June 2018.



## Certification of compliance of energy management system ISO 50001:2018 requirement



Revamp Urea plant III to increase productivity from 1940 ton/day to 2370 ton/day and reduce carbon footprint.



Upgrading of DCS control system



Replacement of primary reformer tubes by micro-alloyed with minimum wall thickness



New Urea HP Stripper and scrubber

An idea to optimize project economics was to use catalysts available in the Abu-Qir warehouse since 1998.

Abu-Qir options for internals replacement were either the replacement (similar design) utilizing our catalyst, or replacement (similar design) utilizing new fresh catalyst, or revamp ammonia converter basket (improved design) with internal resource's optimization.

The last option was considered as the most economically attractive since combined converter performance improvement, thus reducing operational costs and re-use of existing resources.

Abu-Qir's available catalyst was tested by Casale and by JM catalyst Vendor: it was found in good conditions and suitable for converter revamping projects. It was decided then to use it in the second and third ammonia converter beds and to buy the extra amount as a new pre-reduced catalyst for the first bed, this increases catalyst life and decreases the time for catalyst reduction.

Abu Qir resources were optimized by using ammonia converter catalyst stored from 1998 in the company warehouse, converter catalyst volume has been increased by about 30%, leading to an increase in the productivity by 2.5 % with a tangible decrease of plant overall energy consumption by 0.5 MMBTU/ton ammonia, and low operating costs.

The project was carried out and concluded successfully in all its aspects and was completed in less than 20 days with no impact on the plant's scheduled shut-down time.



## Water Footprint

Since Egypt is keen on rationalizing the use of water, especially considering the decline in the average per capita water to the level of the water poverty line, Abu Qir has worked on the implementation of a set of programs aimed at reducing water consumption and the proportion of water losses in the future to zero levels. The company has been working on the project Ammonia extraction from water condensate in the unit of removing carbon dioxide (unit 54) in the plant Ammonia in Abu Qir 1. The project idea is based on the installation of a unit of a stripper for the disposal of ammonia and methanol with wastewater condensate alone 54, which helps to improve the characteristics of industrial drainage/loss of industrial wastewater

and the proportion of ammonia in wastewater through the construction of the ZLD project for the treatment of 650m<sup>3</sup> / h, approximately 80% of the treated water will be returned to 520m<sup>3</sup>/h as compensatory water for cooling towers supplemented. (Need photo & diagram of the operation)

### Water Consumption

Year	Value
2018/2019	15,947,500
2019/2020	14,641,475

## Air Emissions

Abu Qir is the leading company in Egypt in the field of reducing carbon emissions through the Clean Development Mechanism (CDM) project under the umbrella of the Kyoto Protocol, which

was implemented by the company in cooperation with the Austrian carbon company, which reduces about one million and three hundred thousand tons of carbon dioxide annually.





# Health and Safety

- 11.1 Safety at Our Core
- 11.2 Safety Highlights
- 11.3 Enhancing Safety Culture
- 11.4 Looking After Our Employees
- 11.5 Health and Safety Efforts During COVID-19
- 11.6 Safe Products

# Safety at Our Core

Our employees are our most valuable asset. Looking after their mental and physical health is among our top priorities. Fertilizers are an industry with numerous hazards; therefore, we have set in place very rigid policies and regulations on the safe handling of chemicals, wearing the needed protective equipment, evacuation plans in case of an emergency, number of induction training hours before an employee starts the job, the safety brochures and flyers distributed around the factory, the safe operation of machines, getting rid of hazardous waste, among others.

The Company implements a comprehensive occupational Health and Safety Management System that conforms to the latest international standards. We have a total of 1,730 employees covered by our occupational health and safety management system. AFC's safety system comprises an incident prevention program including emergency preparedness plans, training, safety procedures, and protective equipment. Our Health and Safety Team supports our organization by establishing goals and standards and carries out internal audits to ensure that corporate policies are fulfilled. The Safety Committee reviews the work regularly, and the Board of Directors oversees decisions and performance.

Within this framework, AFC plants and units maintain close control of their own health, environmental and safety performance, employee involvement, and compliance with Health and Safety Department responsibilities. The department's responsibilities include risk assessment for all major activities, eliminating the most hazardous material from the working area, and the substitution of the most hazardous substances with safer ones. The department is also responsible for finding an engineering solution to eliminate hazards, securing maintenance activities, raising safety culture by providing comprehensive safety lectures for labor, as well as providing safety induction

for all visitors and contractors, and providing TBT (Tool Box Talk) before any critical activity. Furthermore, the Health and Safety department provides safety inspection tours for most production sites, all warehouses, and administration buildings. It observes machines' behavior during inspection tours, investigates all accidents, and reports the root cause analysis for the corrective action. It also investigates all near misses, reports for corrective action, and follows the action plan. Further responsibilities include monitoring gas leakage from all valves all over the 3 plants, carrying out periodic drills for all employees to ensure the readiness for any emergency case, carrying out periodic drills for the firefighting team, and ensuring compliance with local authorities (Civil Defense Force, Government Safety Office, and the Egyptian Environmental Affairs).

**20,000,000**  
Safety hours with zero injuries.



# Safety Highlights

During the reporting year, the Health and Safety Team succeeded in raising the safety culture within the company and ensured the safe operation of the production process by ensuring

that employees' mental and physical safety is always kept as a top priority. The department's top success stories during the last period include the following:



Providing a new life support unit that ensures employees are safe working inside confined spaces where there is no oxygen or in presence of any harmful gases.



AFC succeeded in reaching **20,000,000** hours without accidents.



Success in raising the safety awareness level for most employees.



AFC succeeded in providing around **10,000** hours of training for industrial school students.



Covering all electrical transformers with an automatic fire fighting system.



Covering all administration buildings with a fire detection system.



Success in covering all stores with firefighting system (spray nozzles)



Success in covering most of our warehouses with firefighting hose reel.



Dealing with the Coronavirus in several ways as mentioned in the following paragraphs.

# Enhancing Safety Culture

As a responsible company, it is our duty to spread the safety culture to both our employees and to our peers in the market. We are aware of the nature of our industry and that extra precautions needed to be taken since we continuously deal with hazardous materials. We invest greatly in the training programs provided to our employees, and we ensure they are equipped with the needed knowledge so that they can deal with any situation that might arise within the premises. No employee starts his job at AFC without taking an induction training that familiarizes him with all the safety rules and regulations in place, with the right ways to act in cases of emergency, with the needed protective equipment, and when to wear them, among other duties. Furthermore, each year, employees are provided a diversified set of training programs to familiarize them with the latest trends in health and safety worldwide and train them on any new situations that might develop as pandemics for example, which was an

unfortunate event that occurred in 2020, and we had to train our employees on how to act during that “new normal” carrying our business in the safest way possible.

**1730** Employees received comprehensive awareness safety training in 2018/2019.

**10,000** training hours in safety, health, and environment training program.



## Certification of compliance of occupational health and safety management system ISO 45001:2018.



Work Ill Health Indicators During the Reporting Year		2018	2019	2020
Abu Qir employees	The number of fatalities as a result of work-related ill health	0	0	0
	The number of cases of recordable work-related ill health	0	0	0
For workers who are not Abu Qir employees	The number of fatalities as a result of work-related ill health	0	0	0
	The number of cases of recordable work-related ill health	0	0	0
	The main types of work-related ill-health.	-	-	-

## Looking After our Employees

We believe that it is our moral duty to look after our employees' health and safety not only during the times when they are present within the production plant but also throughout their entire day. All our employees are provided full medical coverage. AFC provides medical services through the medical clinic, which is an independent building that provides all the forms of both normal and emergency care, a hospital-like clinic that is fully equipped with ra-

diology scanning devices, ECG devices, among others. Such a clinic provides frequent medical check-ups to all operations staff to forecast at early stages any medical issues that workers may have. Other diseases are also covered by our health insurance system that provides care for both our current employees and even employees who retired, their spouses, and their minor children as a form of gratitude for their services provided at AFC.

## Abu Qir Health & Safety Strategy During COVID-19

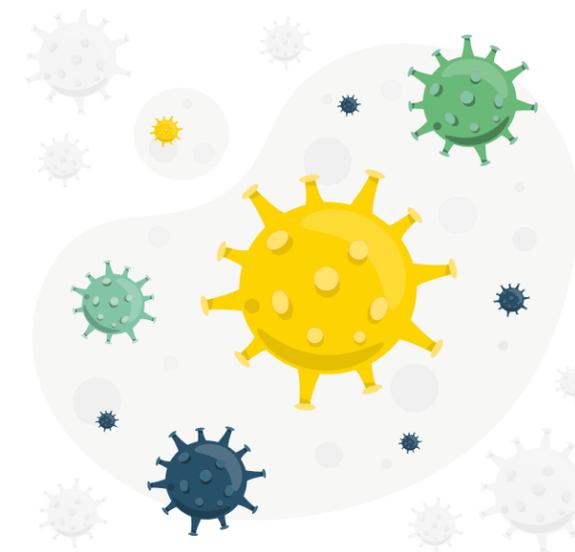
2020 was an unusual year. The world experienced the novel Corona Virus which was an inci-

dent no one was expecting. Although the entire world was in shock, chaos and uncertainty were

spread, yet we acted quickly and set in place a list of policies and procedures to be followed strictly by all employees and staff members to ensure that their lives are at no risk and guarantee a safe production process. Flyers with the new policies were circulated the factory, and we communicated with our employees through numerous channels as phones and emails to ensure that they were continuously

notified with the latest policies in place, and on how to act in case someone was tested positive, or a colleague was infected, how to trace the people he had dealt with, how to disinfect and sanitize the areas which are suspected to be polluted, and how to manage this crisis with the least losses possible.

AFC team efforts included the following:



- 01 Increasing awareness of all the employees and instructing them on how to deal with this disease.
- 02 Separated the workers inside the control room with glass compartments to ensure that social distance is maintained, decreasing the probability of infection.
- 03 Providing all employees with disinfectants, gloves, and face masks, among other sanitary equipment.
- 04 Providing all employees with a history of chronic diseases a paid leave until things became more stable.
- 05 A daily check for all employees before entering the company through measuring their temperatures, and monitoring if they show any symptoms like cough or extreme fatigue.

## Safe Products

During the reporting years, we had zero incidents of non-compliance concerning the health and safety impacts of products and services. We ensure that all our products comply with the highest safety standards as set by international organizations like the ISO as we believe that not only are we responsible for the safe-

ty of our employees, but also the safety of our clients who should use the product safely without being concerned about any negative impacts the product might have on their health. None of our products are banned in any international markets, and we export them safely to the markets that add value to our company.



# 12

## The Helping Hands

- 12.1 Retaining Our Calibers
- 12.2 Transforming Risks to Opportunities
- 12.3 Information on Employees and Other Workers
- 12.4 Training and Development
- 12.5 Entertainment Services to Our Employees
- 12.6 Awards

# Retaining Our Calibers

At Abu Qir, our employees are not considered workers, they are our family. We place great importance to maintain the psychological and physical health of our employees. We ensure that our staff does not face extensive periods of stress, that they maintain a work-life balance, and that they feel their voices are heard. Before taking any strategic decisions that might affect them, we consult our employees to ensure that they are on board. Our Human Resources Department continuously works to ensure that our employees are regularly satisfied, that they develop both personally and professionally, and that they are enjoying their journey at Abu Qir, their second home.

Although the circumstances during this reporting period had been tough due to the pan-

demical in the early months of 2020, yet we accomplished great achievements regarding the services we introduced to our employees, the benefits they received, and the overall positive morale that was kept intact even in the hardest times. There was great progress in the field of developing our human resources performance and building career cadres at the level of regulations and change in the organizational structure, and description cards amendments. The organizational structure is now more balanced, which leads to achieving relationships that carry a balance between powers and responsibilities. Regulations are constantly looked at to ensure their effectiveness that they serve the wants and needs of the employees while maintaining an efficient production process within the company.

# Transforming Risks to Opportunities

One of the major risks that we face is the “migration” of our knowledge, know-how, and competencies to other peers in the market leading to the loss of our competitive advantage, and consequently, this may cause a negative impact on our production efficiency. To retain our calibers and hence, overcome this risk, we have opened new communication channels with our employees to be updated regularly on the issues they face and any factors that cause them discomfort or affects their mental or physical health, and we instantly work on solving that issue. Furthermore, we held seminars

and training courses to answer the questions, inquiries, and concerns of all our employees. In addition, we introduce our employees to the new work systems and regulations and changed our management approach to retain our calibers.

Another risk that faces our company is the resistance to change. Recently, we have automated all our systems, tasks, and procedures to ensure that we follow the latest international standards, create less waste, increase efficiency, and improve our impact on the environment

We faced some resistance from the employees as they have been used to the old manual system for a long time. To make the transition smoother, we held numerous seminars to explain the benefits of changing to the new system, the positive impact it will have on the whole company, and how to work with it.

Due to the complete digital transformation within the company in all its branches and departments, soon we will be able to develop a digital transformation strategy that will chart the road and define the milestones, strategic objectives, frameworks, models, and methodologies. The administrative sectors will provide all services to workers in an easy and smooth way through digital transformation, considering the environmental impact and the social dimension

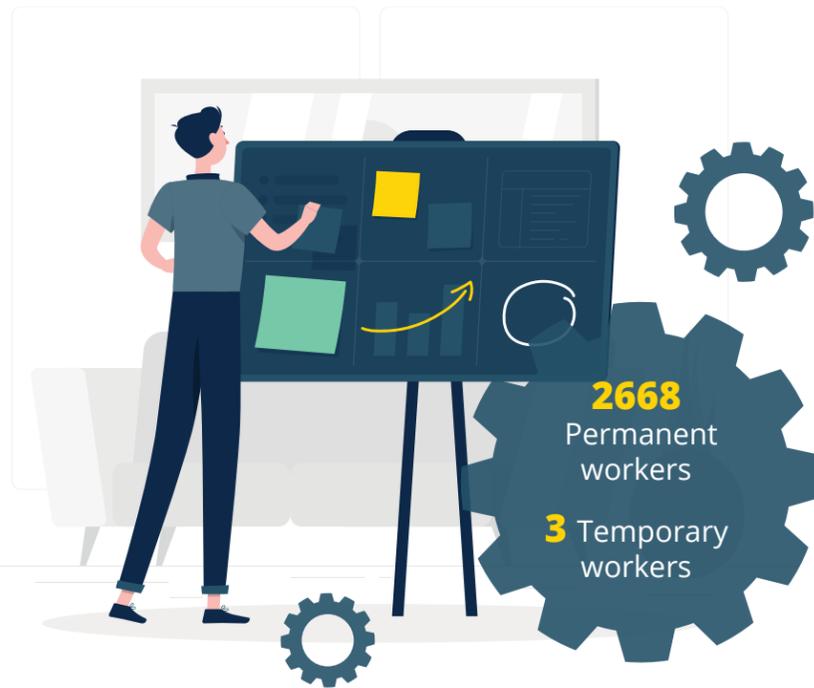
by providing environmentally friendly services that save energy and include business automation, electronic notifications, and fingerprints.

We are proud to announce that we have not received any complaints regarding racism or discrimination from our employees as our code of conduct strictly prohibits any form of discrimination, whether it is racial, gender, religion, or any other form. We have multiple grievance mechanisms in place where employees can report any complaints of misconduct, and the appropriate action is taken immediately to preserve the ethics and integrity of our company. Abu Qir is a place where employees feel safe and free to develop on personal and professional levels.



# Information on Employees and Other Workers

The total number of employees in the company is 2671 distributed as follows:



**2610** Males

**61** Females

**2,170** Technical workers

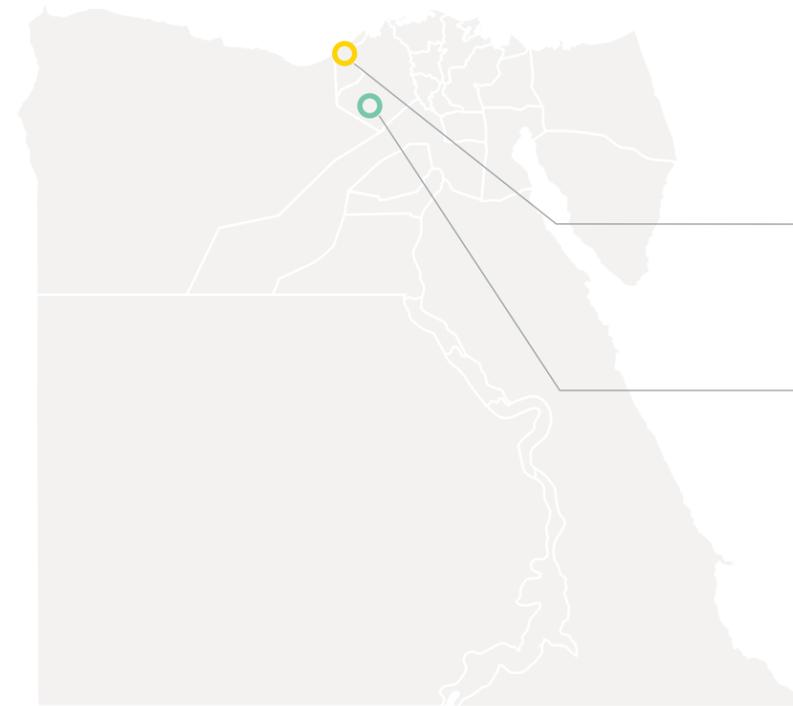
**501** Administrative workers

**349** Senior management + **183** the rest of the workforce, including supervisory positions

The work system for all employees is full-time according to the shifts system, and the number is **4** shifts.

Females are represented in the senior management with a rate of **2.9%** the number of 10 cases

Data on the geographical composition of the workforce (in terms of areas of residence):



**Alexandria 2213** workers with a rate of **82.9%**

**Buhaira 449** workers with a rate of **16.8%**

**Other 9** with a percentage of **0.3%**

## Age Distribution of Employees

There are 51 employees within the senior management under 45 years old.



Appointments and cases of leaving the service during the period from 2018-2020: 164.

Temporary employment who received permanent job mandates: 32

**Employment of women:** There are numerous laws and regulations in the Egyptian Constitution that protect the rights of women, and the company adheres to them in all aspects. There is no discrimination in terms of wages within the framework of the company's policy based on gender. Males and females who do the same job receive equal pay. Discrimination is based only on the level of employment and productivity.

## Wages Development in the Last Three Years

(Value in Egyptian Pounds)

Statement	30/6/2018	30/6/2019	30/6/2020
Basic salaries	98.594.346	119.182.778	141.999.658
Incentives	305.836.826	332.335.960	363.547.137
Salaries and allowances	63.804.711	61.911.733	64.652.864
Rewards	95.916.049	133.853.013	89.371.310
Additional	5.575.271	3.073.334	3.319.330
Advantages in kind	62.661.060	58.761.907	60.570.706
Social security	29.449.776	39.134.620	37.754.933
<b>Total</b>	<b>661.838.039</b>	<b>748.253.345</b>	<b>761.215.938</b>

## Development of wages during the reporting period

In January 2019, all employees of the company were granted exceptional allowances of 14% of the basic salary that is not included in the base salary and have no impact on allowances and bonuses following the decision of the Board of Directors. In addition, the incentive salary for all employees of the company increased by 14% funded from the incentive pot in accordance with the Board's approval. Moreover, all employees of the company were granted a periodic bonus of 7% under the Board's decision with an estimated total cost of EGP 7.122 million per year. Furthermore, all employees of the company were granted an exceptional bonus of 10% of the base salary and have no effect on allowances and bonuses with a minimum of 150 pounds and no maximum. In July 2019, the in-kind feature was increased from 1,000 pounds to 1,150.

In July 2020 all employees of the company were granted a periodic bonus of 7% with an esti-

mated cost of 8.202 million pounds per year. Furthermore, in October 2020, all employees of the company were granted an exceptional bonus of 7% of the base salary and do not affect allowances and bonuses following the Board's resolution with a minimum of 200 pounds and without a maximum estimated total cost of EGP 9.6 million per year. Furthermore, a basic increase of the incentive salary for all employees of the company by 7% was implemented and this funding from the incentive pot without any additional burdens.

The company contributes with the state to bear the consequences of the developments that are taking place on the arena within the framework of the organized decisions and the company's responsibility for its community responsibility, including (symbiotic contribution as a result of the spread of the epidemic) / (symbiotic contribution to honor martyrs and victims of war and security operations).

## Training and Development

At Abu Qir, we believe that "when you are not providing training to employees and having them stay is much worse than providing training to employees and having them leave". Correspondingly, Abu Qir considers training as an essential step to achieve perfection in production. We also recognize that untrained employees need double the time needed to finish a certain task than the ones who received induction training and were familiarized with the process.

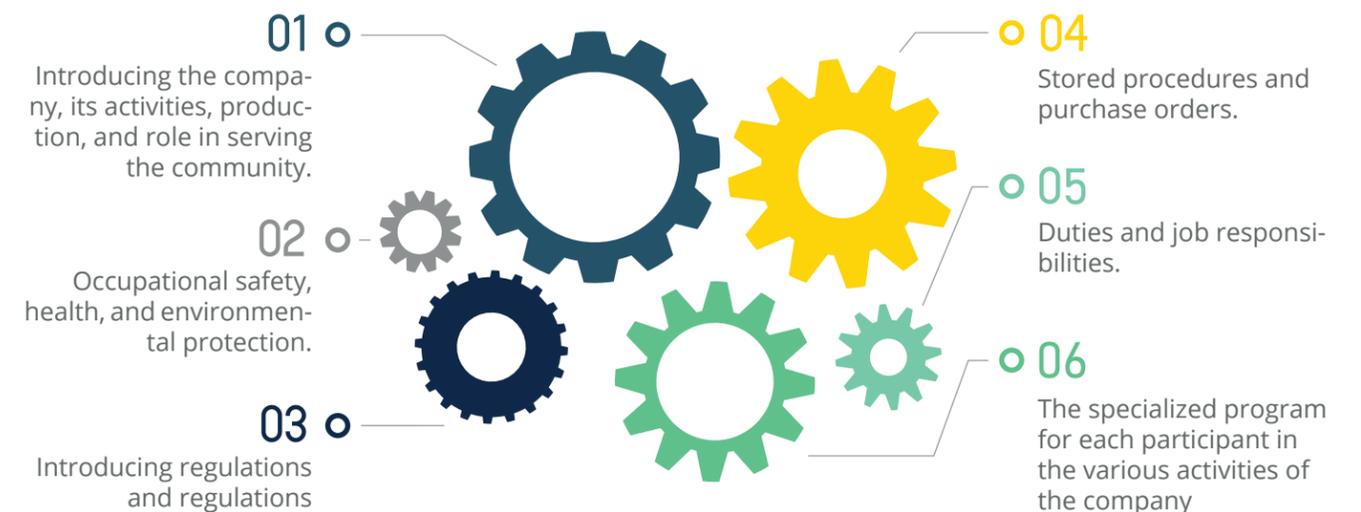
Furthermore, we have taken the initiative to establish a professional training center due to the huge number of technical cadres specialized in the manufacture of fertilizers and petrochemicals and the great benefit of the accumulated experiences of the specialists of the company. Numerous training programs were implemen-

ted in various fields efficiently to cover the needs of the company's employees, and employees of other companies operating in the same field, whether from Egyptian or Arab companies.

**We are working on establishing a professional training center to benefit all our peers in the industry, share knowledge, and improve the position of Egypt between its international peers in the fertilizers market.**

## Introductory program for new employees

The new employees are trained for three months each year according to the following:



## Employee Training for the fiscal year 2018/19

**Total number of training hours during fiscal year 2018/19 is 34,240 hours**



- 73 technical programs for 602 participants with a total of 12,040 hours.
- 47 administrative programs for 502 participants with a total of 10,040 hours.
- 40 Industrial security and environmental programs for 608 participants with a total of 12,160 hours.
- The average training hours for workers during the year is 20 hours of training.
- 43 Seminars and conferences were held with a total of 194 participants in the total number of hours 582 hours.

## Employee Training for the fiscal year 2019/2020

**Total number of training hours for the fiscal year 2019/2020 is 32,440 hours**

- 119 technical programs for 744 participants with a total of 14,880 hours.
- 46 administrative programs for 670 participants with a total of 13,400 hours.
- 21 occupational safety, health, and environment programs for 208 participants with a total of 4,160 hours.
- The average training hours for workers during the year is 20 hours of training.

- 34 Seminars and conferences were held with a total of 163 participants in the total number of hours 489 hours.
- 36 employees participated in the Lean Six Sigma Black Belt Program.
- 20 employees participated in the PMP Certificate Program.



## Foreign Missions

2018-2019

37 missions for a total of 81 participants.

2019-2020

37 missions for a total of 57 participants.

## Training employees of other companies

Qualified and trained employees of the following companies:

**The total number of trainees from other companies for the reporting period is 290 trainees with a total of**

**1,357 training hours**

- 82 participants from the Egyptian Fertilizer Company were trained for a total of 328 hours.

- 82 participants from Alexandria Fertilizer Company were trained for a total of 71 hours.
- 82 participants from Helwan Fertilizer were trained for a total of 84 hours.
- 75 participants from Damietta Fertilizer (Mopco) were trained for a total of 72 hours.
- In addition to the participation of many companies in the training center programs.

## Memorandums of Understanding and Protocols



## Apprenticeship students

The summer training programs for university students reflect the company's interest in its local environment and its role in promoting education and training. This has enabled the company to benefit from the enthusiasm and unconventional ideas of young people, which was positively reflected on the company, while the students gained distinguished practical experience on the ground, as the company is one of the largest companies in the chemical industry.



Considering the community responsibility of Abu Qir Fertilizer Company, Porsche apprenticeship students are trained for:

- Dual Education System (previously known as Mubarak Cole): students are trained for three years, with a total of 25 students per year, each student receives three days of training per week. A total of 75 students were trained.
- Students of the Productive Efficiency Department: 25 students from the third year only are trained per year, each receives four days of training per week.
- Each student receives a sum of 150 Egyptian Pounds per month.
- 75 participants from Damietta Fertilizers (Mopco) were trained for a total of 721 hours.
- The school receives 25 Egyptian Pounds for each student as school supervision fees (Mubarak Cole only).
- A total of 300 students were trained from the different Egyptian universities as the Faculty of Engineering, Faculty of

## Entertainment Services Presented to Employees

### Flight Booking System

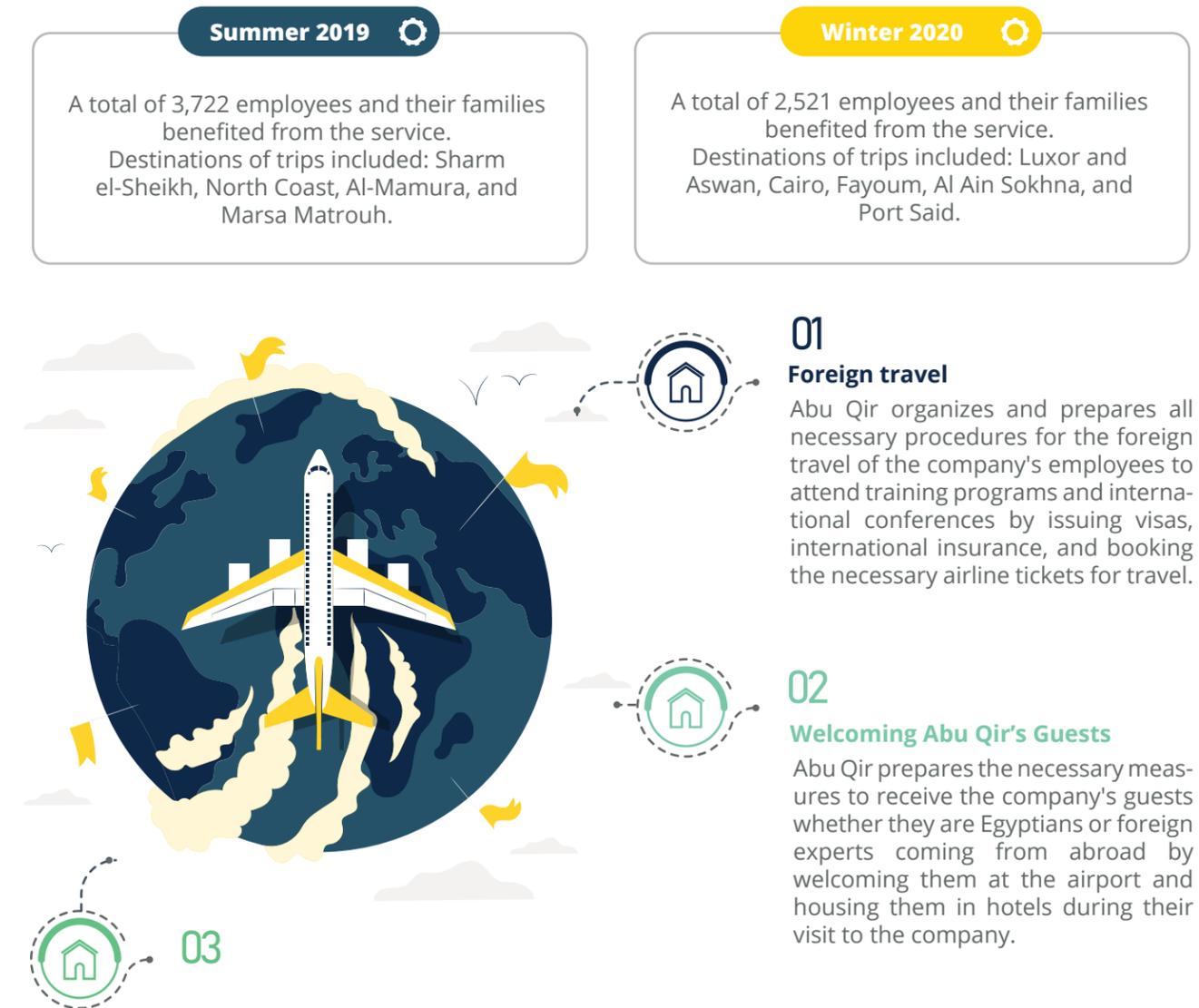
The Management of The Social Activity in The Public Relations Company developed a system for booking and arranging trips that ensures that high quality and efficiency are maintained

throughout the process. This was achieved through the automation and modification of the old flight booking system which required the physical presence of the employee and

involved a lot of paperwork. The newly developed system enables the client to book the flight and pay the amount from the convenience of his home or office without the need to be physically present. This had a great impact in shortening the time and reducing the gatherings in the places of payment and reservation and re-

ducing the number of papers that were used in the old system.

Below are the numbers of employees and escorts participating in summer 2019 and winter 2020 flights.



### Religious Travels (Hajj and Umra)

Abu Qir participates in funding religious travels for its employees.

**Umra:** The employee is provided with 10,000 LE as aid in covering the Umra expenses, for one time only during the period he serves as an employee at the company. The maximum number of requests is 100 per year.

**Hajj:** The employee is provided with 10,000 LE as aid in covering the Hajj expenses, for one time only during the period he serves as an employee at the company.

## Sports activities

Abu Qir gives great attention to the development of the sports club and works to raise its efficiency and develop the sports facilities so that company's employees and their children

can enjoy them.

The company contains many sports teams, including:

**The first team participating in the second division**

**1**

Team

**43**

athletes

Includes players, technical, administrative, and medical devices.

**Junior sector and buds**

**13**

Team

**466**

athletes

Includes players, technical, administrative, and medical devices.

**Abu Qir company teams**

**7**

Team

**87**

athletes

Includes players, technical, administrative, and medical devices.



## Sports facilities



A football field on which the official matches of the Second Division League are held.

Gym

Multi-court (volleyball - tennis - basketball - handball).

A five-generation industrial football field.

Football field for youth training.

## Other Facilities

The social club includes other facilities as a huge hall equipped with all the necessary facilities that are used for huge meetings as the general assembly meetings and other events

and celebrations as Mother's Day celebrations, celebrating the success of employees' children, and celebrating the successes of employees.

## Meals at the Club

The club provides subsidized meals for its employees and their families.

These meals include:

- ☉ Daily meals during the holy month of Ramadan.
- ☉ Hot meals are served for the company's visitors in the specified visitors' halls.
- ☉ Subsidized meals for the sports teams.
- ☉ Takeaway meals for the company's employees, provided with the cost of production only.



# Awards

Championships were not held due to the Corona pandemic, yet some competitions continued, and the Company's teams achieved the following awards and titles:



## Awards

- Winning first place in Alexandria's football team for players below 16 years old.
- Winning second place in the bodybuilding team between competitors from all around the Republic of Egypt and first place among all West Delta companies.
- Winning first place in the Judo team between all West Delta companies
- Winning first place in the Judo team among all participating companies around the Republic.

## Other initiatives and activities

Abu Qir undertakes many initiatives and summarizes as follows:

### ✓ The Holy Quran Contest

The company organizes a competition for the keepers of the Holy Quran in the holy month of Ramadan each year and distributes financial wells and certificates of appreciation to the

winners.

The ceremony was not held in 2020 due to the spread of the Coronavirus.

### ✓ Ceremony Honoring Scientific Achievements

The company organizes an annual ceremony for outstanding scientific and sports workers in the preparatory, secondary, university, and postgraduate stages, and distributes financial awards and certificates of appreciation to the outstanding. The number of honorees in 2020 was 262 students.

Due to the Covid-19 pandemic, the ceremony

was not held, and certificates of appreciation and financial awards were distributed to employees who completed their graduate studies as well as to the employees who are parents of students who are scientifically and mathematically outstanding in the preparatory, secondary and university stages. In addition, the top ten outstanding students were awarded additional financial awards.



## Other Gifts and Incentive

### Patient gifts

The company offers gifts to patients working in the company within the range of 150 Egyptian Pounds when entering the hospital or performing surgery.

...

### Marriage gifts

The company offers gifts to newly married workers within the range of 150 Egyptian Pounds.

...

### Other financial assistance

The company offers a sum of money in the following cases:

In the event of the death of an employee, his father, mother, children, or his wife, the company bears the actual expenses for the transportation and processing of the body.

In the event of the death of an employee's brother or sister and the company contributes to the costs of holding a funeral.





# Our Sustainable Financial Growth

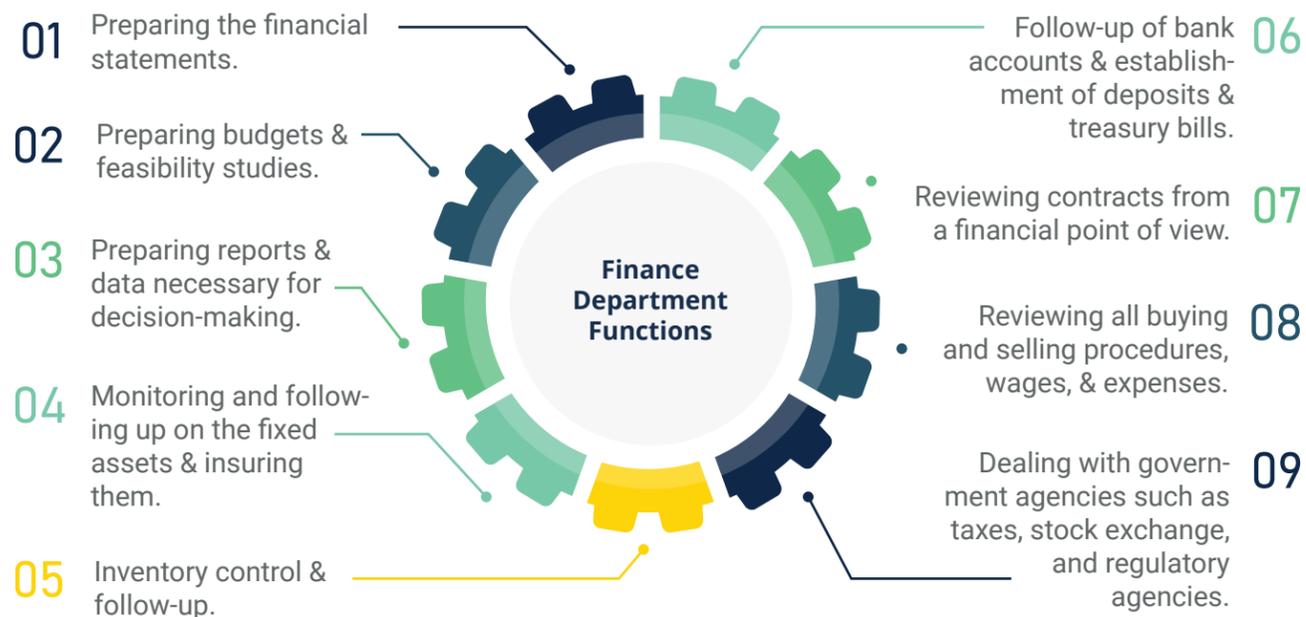
- 13.1 Finance Department Functions
- 13.2 Finance Department Stakeholders
- 13.3 Financial Risks and Abu Qir's Management Approach
- 13.4 Economic Impacts
- 13.5 Financial Highlights and Ratios 2016-2020

# Our Sustainable Financial Growth

The Finance department is among the most strategic departments at Abu Qir. We maintain an incredibly detailed and accurate financial system to ensure that our financial position is always strong and that we have all the needed resources available to continue the successful operation of our production lines. The Finance department engages with all other departments to ensure all their needs are met including a budget for procurement, a budget for human resources, a budget for operations, a budget for marketing and sales, and all other sectors at our company.



## Finance Department Functions



## Finance Department Stakeholders

Stakeholder	Internal /External	Mapping Stake-holders	Purpose of Communication	Channels of Commu-nication	Key Issues	Fre-quency
<b>Board of Directors.</b>	Internal	High	Auditors Reports, Financial Statements, & Board of directors Report	Memos	Provide them with accurate data on time to help them make the right decisions.	High
<b>Workers &amp; Employees</b>	Internal	High	Benefits package	Meetings		High
<b>Government &amp; Regulatory Bodies</b>	External	High	Law & Regulations	Meeting	Product's selling price and prices of purchased materials.	High
<b>Investors &amp; Stockholders</b>	External	Low	Dividends	Memos & Meetings	Profitability in terms of distributed dividends, increase in stock value, and other ongoing concerns.	Medium

Among the other strategic functions of the finance department is to monitor all risks that could face the company from a financial point of view and set the needed management process to eliminate these risks.

## The risks facing Abu Qir include

Firstly, the need to abide by the sovereign decisions in accordance with the following:

- 01 Delivering 77 thousand tons of monthly production to the Ministry of Agriculture at a cost in the form of subsidies.
- 02 Abiding with the price specified for the supply of natural gas to the company.

In the event of a change in the percentage submitted to the Ministry of Agriculture, or a change in the price of gas supply for whatever reason, this will directly affect the company's profits.

Secondly, the Coronavirus affected heavily the entire world at the beginning of 2020. The company has faced many challenges and obstacles due to the spread of the virus including the shortage of staff, delay in payments, inability to buy the needed raw materials and supplies, inability to market the products properly, but perhaps the biggest challenge was represented by weak demand and low global prices for fertilizers. This would have a direct negative impact on our sales and profits, something that was not anticipated by the biggest companies in the world.

Thirdly, the company performed an overhaul for the Abu Qir 2 factory during the reporting period. This caused a decrease in the production of ammonia, acid, and nitrates due to the factories stopping during that period.

Fourthly, the low-interest rate specified by the government.

To preserve the gains achieved by the Egyptian economy since the launch of the economic reform program, the Monetary Policy Committee of the Central Bank of Egypt decided to reduce the basic interest rates at the bank more than once during the recent period as an exceptional measure that contributes to supporting

economic activity in all its sectors. As a result, our financial statements were affected by the decisions, leading to a lower return on our invested money at the banks.



# Abu Qir's Management Approach in the face of these Risks

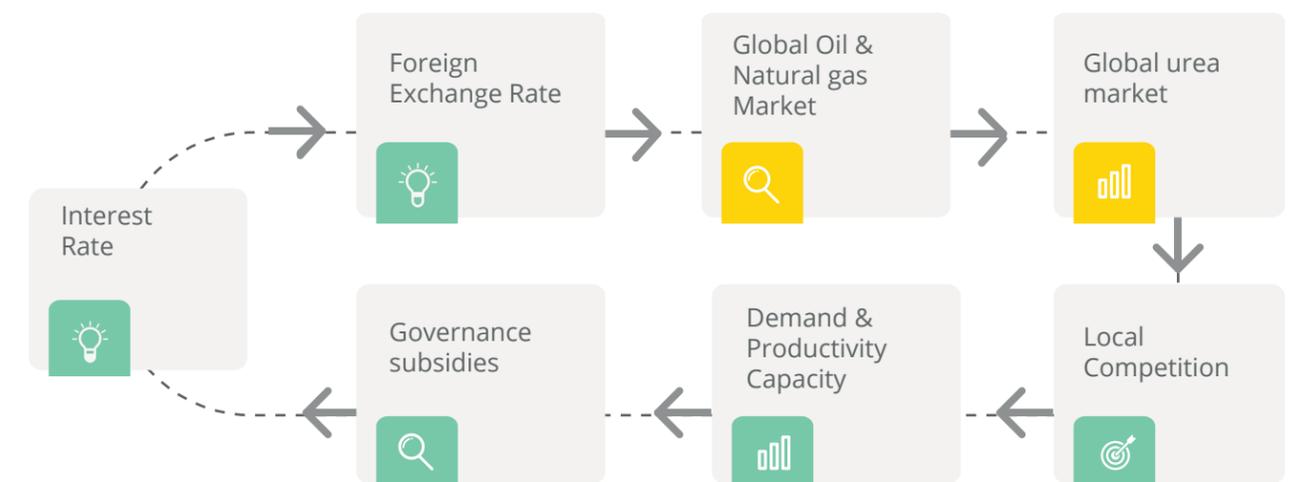
Our management approach in the face of the mentioned risks includes maximizing exports to increase the company's foreign exchange earnings, which had a significant impact on the company's profits, as well as avoiding the risks of changing exchange rates and reducing the tax impact. In addition, Despite the occurrence of the Corona pandemic, Abu Qir had taken all the needed precautionary measures, which enabled the company to achieve its goals and maintain the safety of its employees while maintaining the continuity of operating the factories at their full capacity, therefore, avoiding a decline in production and sales, which avoids a decrease in profits.

Moreover, all the replacement and renewal operations of all the company's factories and

infrastructure have been completed as a first stage and now we are to begin the second stage by removing bottlenecks and carrying out more expansions, this will result in increasing production rates, reducing consumption, and improving economies.

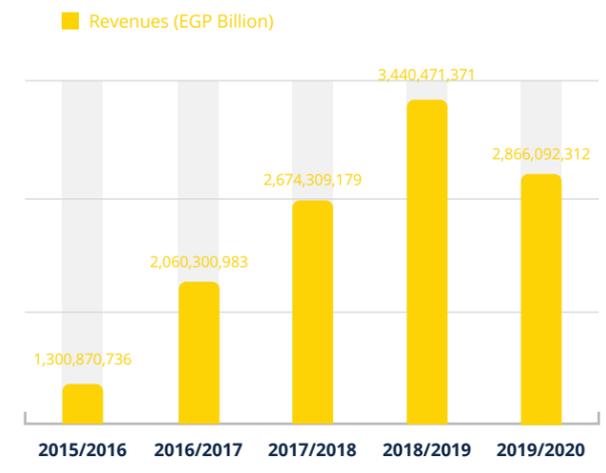
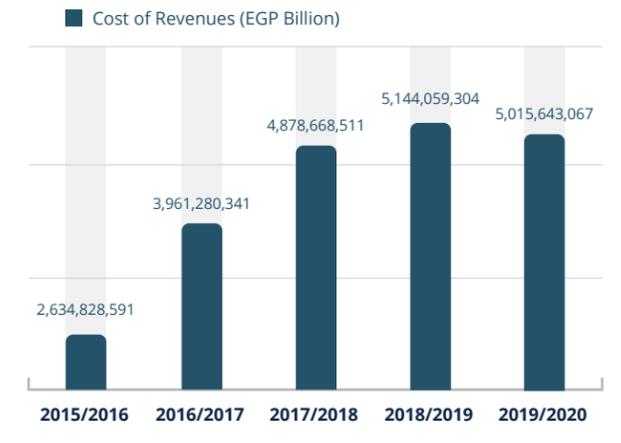
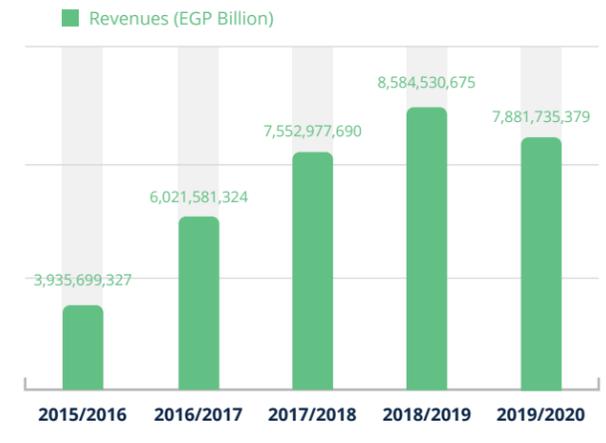
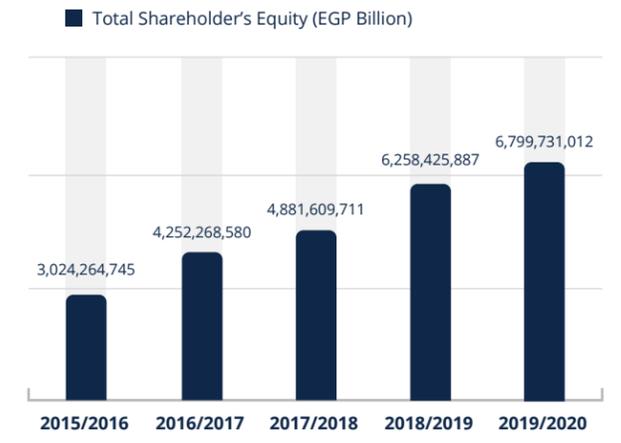
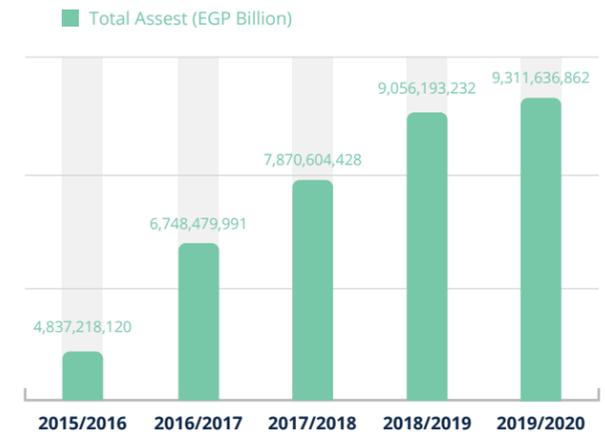
In addition, the company's management was able to reduce the impact of the low-interest rate due to good planning for managing the company's financial portfolio. Abu Qir is also closely following the developments and the current government negotiations regarding reducing the price of natural gas for factories, liberalizing the price of fertilizers, and approving the law of free zones due to the importance of its results and its positive effects on the company in terms of revenues, expenses, and profits.

## Economic Impacts

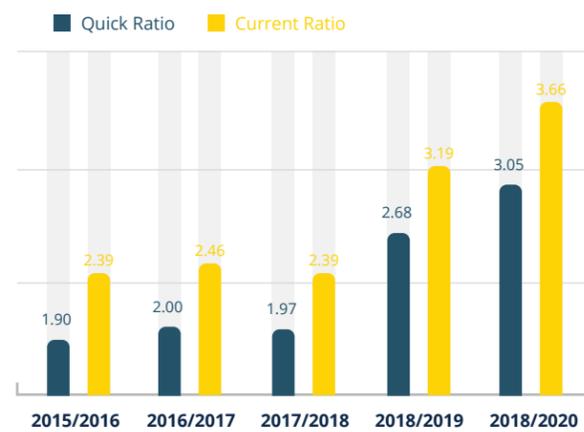
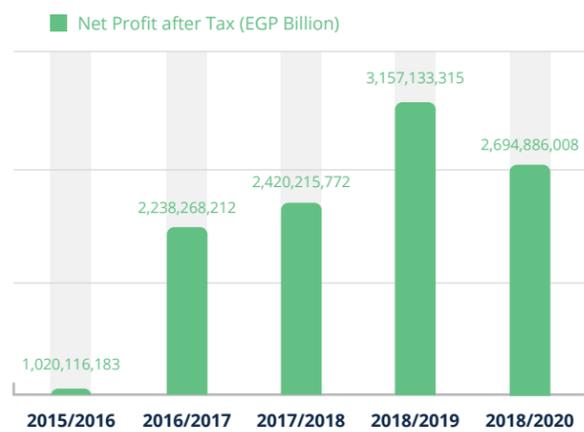
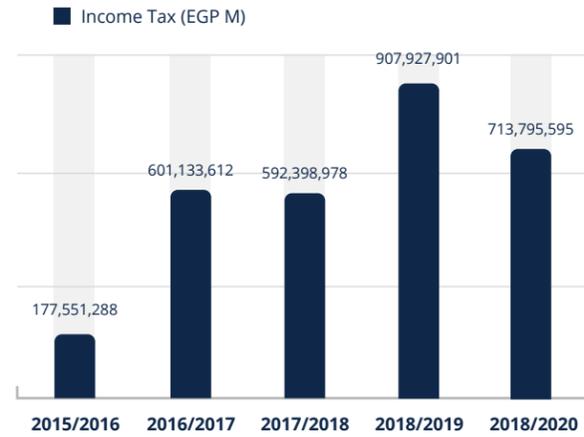
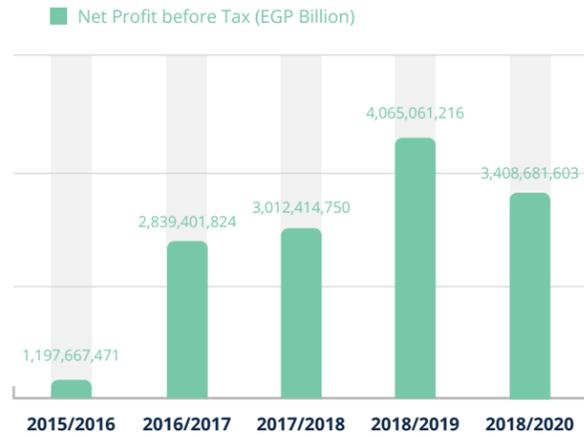




# Financial Highlights & Ratios 2020-2016



- Over the past years, our company has achieved stable growth in revenues and gross profit, as the gross profit increased during the period 2016-2019 by about 165%,
- This is except for the last year 2020 when the company's revenues and gross profit decreased by -8.2%, -16.7% respectively, in the context of the global economic crisis of the Coronavirus, the decline in global prices, and the slow down in the movement of global trade



Gross Profit Margin					
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Average
33.05%	34.22% ▲	35.41% ▲	40.08% ▲	36.36% ▼	35.82%

Operating Profit Margin					
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Average
22.90%	27.58% ▲	28.93% ▲	33.01% ▲	29.45% ▼	28.37%

Net Profit Margin					
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Average
25.92%	37.17% ▲	32.04% ▼	36.78% ▲	34.19% ▼	33.22%

• Over the past five years, our company has achieved rising profitability ratios, reflecting the company's efficiency in managing and employing its assets and managing its costs to achieve more profitability.

• While by the last year 2020, profitability ratios show a relative decline, of course in the context of the negative effects of the Covid 19 crisis, especially the decline in global prices, in addition to the impact of the company financial performance with the decline in interest rates and FX rate in the Egyptian economy.

Return on Investments (ROA)					
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Average
21.1%	33.2% ▲	30.7% ▼	34.9% ▲	28.9% ▼	29.76%

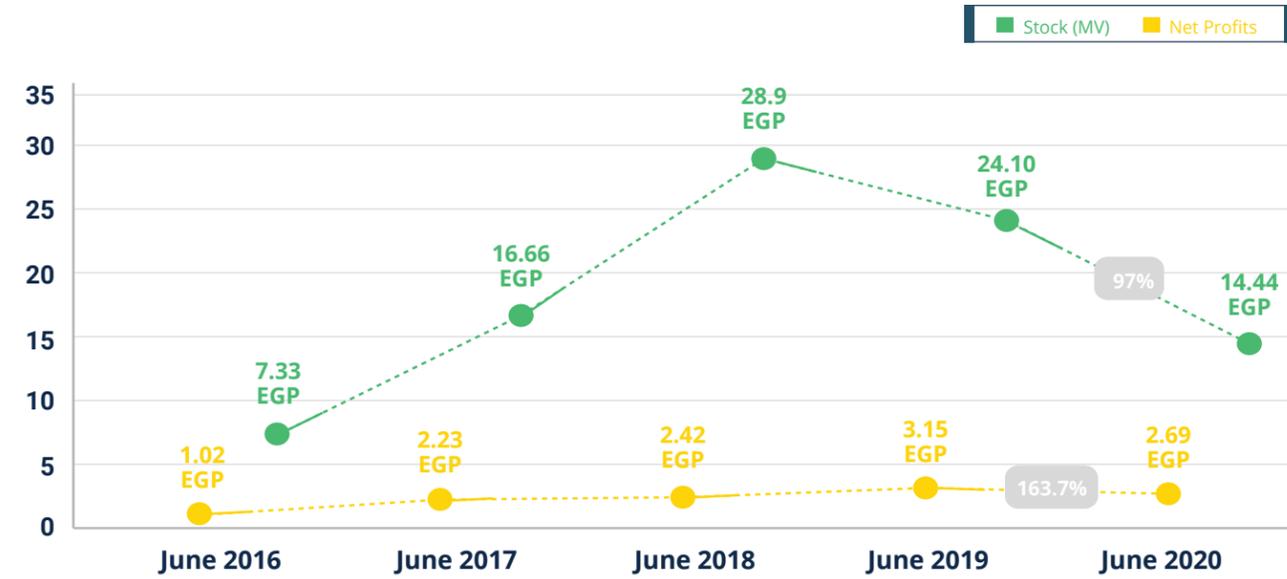
Return on Equity (ROE)					
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Average
33.7%	52.6% ▲	49.6% ▼	50.4% ▲	39.6% ▼	45.20%

Current Ratio					
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Average
2.39	2.46	2.39	3.19	3.66	2.82

Quick Ratio					
2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	Average
1.90	2.00	1.97	2.68	3.05	2.32

• Liquidity ratios reflect a high margin of safety in the company management for the liquidity, especially during the last year and the global economic crisis the company succeeded in achieving more liquidity, as the company banks balances during the year 2019-2020 increased by about 45%.

## Stock Performance



- During the recovery waves of the Egyptian Stock Exchange, after the liberalization of the foreign exchange rate, the company stock has achieved return rates that far exceeded the market return, reaching about 295% during 2016-2018, while the stock has achieved a negative return that exceeded the decline in the EGX30, especially During the global financial market losses that coincided with the Covid-19 crisis.

- The performance of our company stock during the different market conditions and risks reflects a high degree of stability and attractiveness for investment.





# Sales and Marketing

- 14.1 Markets Served
- 14.2 Sustaining our Financial Value
- 14.3 Risks and Opportunities
- 14.4 Future Growth

# Sales & Marketing

**Abu Qir great challenge during the pandemic was to maintain its position as a market leader, and this was achieved through its strategic management approach and policies. Sales increased by 6% than 2018/2019.**

2019 was relatively a more stable year than what followed. We continued to lead the fertilizers market in Egypt, and we had an exceptionally good reputation among our international peers in export markets. We followed our usual policies and strategies in handling client's requests and ensuring customer satisfaction. Our policies had been proven highly effective for the past decades, and that is reflected in the value of sales we achieve, the list of new clients we gain every year, the new international markets we penetrate, and the relations we had with our loyal clients for years.

On the other hand, 2020 is an exceptional year. We are living unprecedented events, a pandemic is spread worldwide, panic is spread along with it, uncertainty is the new keyword for the period, decisions change in the blink of an eye, and we can no longer take anything for granted. Worldwide, COVID-19 disrupted supply chains, the unavailability of raw materials, the inability to import and export easily as we used to do, and numerous laws and regulations for the movement of people and supplies between countries were introduced. Clients were reluctant to take any strategic decisions during that time of crisis due to the uncertainty of the effect of the pandemic on the fertilizers market. Although this year was a tough one, yet, due to our resilient marketing strategies, and our ri-

gid crises management policies, we were able to maintain our position as a market leader, we were able to supply all the needed local demand for the various types of fertilizers we produce, and our international exports remained at its usual levels. We are aware that fertilizers are strategic products, human food depends on them, they are one of the main needed components to be able to increase agricultural production and feed millions of people, therefore, our marketing and sales strategy exerted great efforts and set new policies in place to be able to adjust to the new normal and maintain our market position.

Client satisfaction is the motive that pushes us to excel. All our policies are catered to ensure that our clients are satisfied and get all their demands approved. To be able to maintain our position as a market leader, and as a school which is followed by other fertilizers companies in Egypt, the MENA region, and worldwide, we adopt numerous policies. Among these policies are respect of deadlines of our clients, we pay our suppliers on time, and we allow generous packages for our clients to pay in installments and during periods when cash is more available at their disposal, as we are aware that these strategies set us apart from other peers in the market. Moreover, we ensure the high quality of our products and we provide them at competitive prices. We never sabotage the quality of our fertilizers to provide cheaper prices, we maintain the highest values of environmental and health and safety regulations, yet we keep our prices extremely competitive. We create sustainable relationships with our clients, some of these relations go back decades. We take all our clients' concerns very seriously, all their complaints are taken into consideration when we update our policies and strategy, and we ensure that they are continuously satisfied to be able to maintain them.

# Markets Served

Our Marketing strategy is guided by Egypt's Sustainable Development Strategy-Vision 2030 as well as the Global Sustainable Development Agenda 2030.

Therefore, Abu Qir follows a balanced sales and marketing policy for local and international markets to optimize the return, and serve national priorities.

2019/2020 local market sales volume increased in comparison to 2018/2019 due to the increase of domestic prices which had a positive impact on our profits, at the same time, maintained a solid international position through exporting a significant percentage of our production that translates into more profits for AFC and more foreign currency to Egypt.

The international position through exports to our clients is a result of Abu Qir policy for respecting all international laws and regulations, our products are up to the international standards, hence not banned in any markets.

we respect traffic and quotas set by the different governments worldwide, along with the Egyptian laws and regulations for exported products, and we benefit from international trade agreements when they fall within the scope of our production and give us advantageous trade conditions.

**During 2018/2019, Abu Qir utilized for the first time, the export of ammonia through ISO tanks by establishing a new facility to guarantee the safe and good handling of such tanks.**



# Our export markets are found in all regions around the world

among these are the following countries:



## Export Quantities (2018/2019-2019/2020)

	2018-2019	2019-2020
Products	Quantities MTS	Quantities MTS
Prilled Urea	462,540	418,166
Granular Urea	602,476	578,652
Ammonia	54,998	86,256
UAN	66,141	21,936
<b>Total</b>	<b>1,186,156</b>	<b>1,105,012</b>

## Local Market Quantities (2018/2019-2019/2020)

	2018-2019	2019-2020
Products	Quantities MTS	Quantities MTS
Prilled Urea	462,540	160,911
Prilled Urea Treated with nc Sulphate	22,890	6,500
Granular Ammonia Nitrate	788,960	781,118
Granular Ammonium Nitrate Compatible With Magnesium Nitrate	40,199	34,419
Granular Urea	52,035	103,355

	2018-2019	2019-2020
Products	Quantities MTS	Quantities MTS
Granular Urea Treated with Magnesium Sulphate	16,230	26,960
UAN	1,082	1,117
Ammonia	9,447	9,929
Industrial Urea	591	576
Nitrate Waste	1,023	965
Nitric Acid		1
Ammonia Solution	6,551	13,054
Distilled Water	976	1,380
CO2	22,958	28,665
Polyethylene Bags (Quantities par Bag)	2.6 M	4.2 M

# Sustaining our financial value

During 2018/2019 total sales increased by 3% than in 2017/2018. Local market sales decreased against the increase in exports due to the high international prices which leads our company to direct most of our production to the global market to gain more profits. For the first time, Abu Qir succeeded to exceed its exports to more than 1 million mts by a 9% increase than 2017/2018. In 2019/2020, again, Abu Qir succeeded to exceed its exports to more than

1 million mts. Despite the pandemic crisis, the company accepted the challenge and insisted to preserve its position as a market leader. Despite our resilient strategies, that total exports from the urea had decreased by 5% than 2018/2019. Yet, the decrease is justifiable due to the unforeseen circumstances which affected the whole globe. By comparing to our peers in the market, our losses are among the least.

# Risks and Opportunities

UAN fertilizers sales had been severely decreased lately due to the decrease in the USA market's demand for imported UAN, which is considered the main market for this fertilizer worldwide. This was caused because of the running of new local production facilities in the USA.

To maintain Abu Qir's strategy to achieve the highest revenues possible and face such a drop in the UAN market, and due to the decrease in ammonia exports, Abu Qir directed its export towards solid fertilizers such as prilled and granular urea alongside preserving our existence in the UAN market.

Total sales of UAN still decreased than 2018/2019 levels due to the decrease in the global demand and accordingly, UAN prices fell internationally. However, Abu Qir maintained its existence in the market, and did not quit totally but tried to find another scope to increase its profit. This was achieved through the ex-

port of ammonia through ISO tanks by establishing a new facility to guarantee the safe and high-quality handling of the product. This was the first time for Abu Qir to export ammonia through that method. All the necessary procedures to ensure high degrees of safe exports of the product were taken including checking the expiration and iso certificates of any performing iso tanks as ammonia is a dangerous product to handle. As a result, the total sales of ammonia increased during 2019/2020 related to 2018/2019.



# Further Growth

We continuously work to achieve greater volumes of sales, penetrate new markets, gain new clients, improve the quality of our products, maintain our position as a market leader, and preserve our excellent reputation among our peers. We regularly update our strategy, policies, and procedures to match the continuously changing circumstances worldwide. We closely follow trusted websites to know the latest up-

dates in international trade and borders opening, to decide on which markets are we willing to penetrate next. We take our clients' concerns very seriously, and always work to answer their demands. We follow up with our clients and ask for their feedback to continuously improve our products. We seek to preserve what we had reached in the past decades, and we work hard to achieve that and build on it.





# 15 Abu Qir CSV Activities

- 15.1 Our Social Footprint
- 15.2 Education
- 15.3 Healthcare
- 15.4 Social Services
- 15.5 Abu Qir's Social Responsibility Towards its Employees
- 15.6 Healthcare for Abu Qir's Family
- 15.7 Our Sports and Social Club



# Our Social Footprint

Within the framework of social responsibility and in conjunction with the state's sustainable development plan, the company plays a pioneering role towards the local community in various fields such as education, healthcare, and social services.

**Total CSR/CSV spent during 2019/2020**  
**10,000,000 LE**



# Education

In the field of education, the company covered the expenses of students who are unable to study at various levels in the two governorates of Alexandria and Behiera.



- ⦿ Abu Qir established a preparatory and secondary school in the village of Khar-toum in the Badr Center in the Buhaira governorate and contributed to raising the efficiency of the infrastructure of some schools in the governorates of Alexandria and Beheira.
- ⦿ The company has also established a scientific partnership with Alexandria University in various fields and sponsored conferences held by Alexandria University.
- ⦿ The company contributed to disinfecting numerous schools and the two nurseries in its residential city from germs and microbes.

# Healthcare

As we believe that health is the most valuable asset anyone can have, and poor health negatively affects the lifestyle of the individual and acts as a barrier that stops him from pursuing his dreams and positively impacting the community, we have invested greatly in improving the health of the local communities surrounding our plants, the health of our employees, and their families, and the people most in need.

- ⦿ In addition, the company contributed to raising the infrastructure efficiency of multiple government hospitals and medical dispensaries and supplied them with the needed medical devices and equipment.

- ⦿ In the field of public health, the company launched several medical convoys to neighboring villages and established a medical clinic in the "Haj Muhammad" farm.
- ⦿ Abu Qir contributed to alleviating the suffering of the sick and those unable to provide treatment, conducted surgeries, purchased prosthetic devices, and looked after patients even after their release.
- ⦿ Medical convoys were sent to detect anemia and endemic diseases in neighboring villages, such as the C virus.



# Social Services

In the field of social services, Abu Qir has contributed to the rehabilitation of multiple government service buildings such as traffic, some police departments, civil registry, real estate registry, passport office, veterinary medicine unit, and firefighting unit in the Al-Montazah neighborhood. In addition, The company contributed to paving the main roads surrounding its plants and developed them to be better equipped to handle the carloads without negatively affecting the civilians using the roads.

Abu Qir also contributed to Bashayer El Khier's project to establish a residential city in Ghit al-Enab in Alexandria. Infrastructure contributions also included the establishment of a factory for recycling the garbage in Beheira Governorate and provided multiple cars to transport garbage in Alexandria, in addition to the construction of numerous bridges on the Rakta canal to serve the citizens in the area surrounding the company.

Abu Qir is also keen on distributing food and in-kind assistance to those unable in the surrounding villages, and in helping those families cover the marriage expenses of their children, in coordination with the charities approved by the Ministry of Social Solidarity. In-kind contributions also include distributing Ramadan bags with necessary food supplies needed throughout the month on the less advantaged from surrounding villages and distributing blankets and meat to the less advantaged from surrounding villages.

Abu Qir's CSV activities further include the sponsorship of conferences and mega-events that have a positive impact on the local community and the environment. Abu Qir Sponsored the societal responsibility conference of the Environmental Compliance Office of the Federation of Industries, the Biodiversity Conference, and the Arab Federation for Fertilizer Conference. Over and above, Abu Qir Cooperated with the Arab Federation for Fertilizers to conduct the first convoy of its farmers in Siwa Oasis .



# The social responsibility of the company towards its employees:

Abu Qir provides quality health care for workers and their families. Not only does Abu Qir provide quality healthcare for its current employees, but also for the retired workers and their spouses. The company established insurance funds for supplementary pension to maintain the material level of its employees after leaving the service.

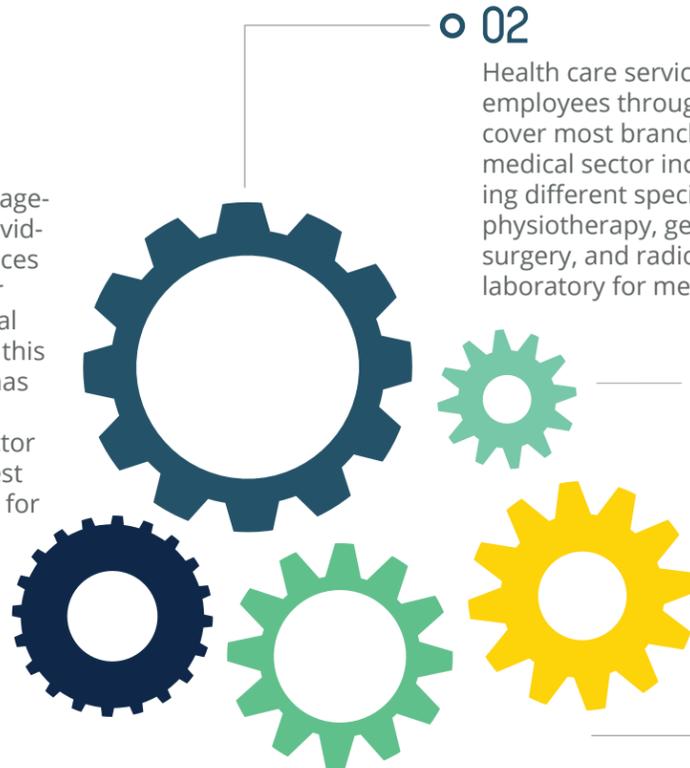
The company established an integrated service residential city. That ensures that Abu Qir employees are provided houses with proper sanitation and utilities that protect their health and dignity and secures a decent lifestyle. Moreover, Abu Qir provides interest-free loans to workers to buy cars or residential units to ensure that all their necessities are met.

Aside from healthcare and providing other vital necessities, the company provides multiple entertainment activities for its employees such as funding trips to numerous resorts, and providing tickets to plays, circuses, and operas, celebrating the success of its employees' children who excel in science and sports, providing an opportunity for employees and their siblings to enjoy multiple sports activities through Abu Qir sports and social club. CSR activities to employees also included organizing cultural and religious competitions and seminars during the month of Ramadan and other occasions throughout the year, organizing a group Iftar for company employees in Ramadan was arranged to enhance the team spirit between the employees of different departments and honoring the ideal mother in the company on Mother's Day every year.

# Healthcare for Abu Qir's Employees

01

The company's management is keen on providing health care services to workers and their families in an optimal manner. To achieve this goal, the company has established a distinguished medical sector that provides the best levels of health care for workers and their families.



02

Health care services are provided to employees through specialized clinics that cover most branches of medicine. The medical sector includes five clinics covering different specialties from orthopedics, physiotherapy, general and internal surgery, and radiology, in addition to a laboratory for medical analyzes.

03

On regular basis, private clinics are established to recruit the most qualified doctors from the Faculty of Medicine to carry out the needed medical examination for the employees.

05

The company's bid does not stop when an employee reaches the retirement age, but it continues to provide health care to the worker after reaching the retirement age, as well as to his wife and minor children.

04

Abu Qir contracts with the best private medical authorities, including doctors, hospitals, radiology centers, analysis laboratories, and pharmacies, in the governorates of Alexandria and Beheira, to ensure that its employees and their families receive the highest quality of healthcare available.

# The company's sports and social club

A Sports and social club was established for the employees of Abu Qir Fertilizers Company to support spiritual and religious values and organize social, sports, cultural and entertainment activities.

The club provides employees and their families the opportunity to practice sports, as well as enjoy summer and winter trips. The club consists of a social building that contains a large meeting room equipped with salons for the reception of company guests, and a restaurant to prepare food and drinks for employees and guests. The club also includes a complex of playgrounds, which includes a football stadium on which the official matches of the first

football team that competes in the First Division League competition are held, in addition to stadiums attached to artificial turf.

The junior and budding football sector was established from more than eleven teams of different age groups to participate in all competitions of the Republic and to encourage employees' children and kids from the surrounding areas to practice sports. Furthermore, the club includes a multi-purpose playground to allow employees and their children to practice all kinds of sports activities and group games (football - basketball - volleyball - handball), and it is also equipped with a gymnasium and locker rooms.



# GRI Index

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205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption during the reporting period
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405-1	Diversity of governance bodies and employees	27,28,29,30,31
405-2	Ratio of basic salary and remuneration of women to men	35,135
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination recorded during the reporting period
408-1	Operations and suppliers at significant risk for incidents of child labor	No risk of child labor
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No risk of compulsory labor
413-1	Operations with local community engagement, impact assessments, and development programs	63
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance

**Assurance activities included procedures to obtain evidence about the reliability of the disclosures:**

- Review of internal policy, procedures, and other documents as provided by the organization.
- Review of materiality and stakeholders' engagement framework reported by the organization.
- Assessment of the systems used for data collection and reporting of the standard, including data collection and/or writing prompts; where applicable or available.
- Evaluation of the processing and monitoring of data collection for disclosures.
- Assessment that the report has been prepared in accordance with GRI Standards: Core option.
- Review of the Report to ensure that there is no misrepresentation of disclosures as per the scope of assurance and our findings.

Limited Assurance was obtained regarding the disclosures covering governance, stakeholders' engagement practices, materiality assessment, scale of the organization, products and services, market presence, employees' well-being, and management approach of activities under social investments, environmental footprint, and procurement practices.

**Conclusion**

We have reviewed the Sustainability Report of Abu Qir Fertilizers Company. Considering the risk of material error, we received necessary explanations from the organization to support sufficient evidence to our assurance conclusion. Based on the activities performed and evidence received, in our opinion, Abu Qir Fertilizers Company has been complied, in all material respects, in accordance with the GRI Standards for sustainability reporting criteria: core option.

Hesham Eissa  
Climate Change Expert  
Lead Report Auditor

*Hesham Eissa*

Dr. Ehab Shalaby  
Lead Sustainability Auditor  
DCarbon CEO & Managing Director

*DR. Ehab Shalaby*

**Independent Assurance Statement**

To the Board of Directors  
Abu Qir Fertilizers Company

**Introduction**

Dcarbon is a Regional Egyptian sustainability and environmental consultancy firm registered under the Egyptian law no. 159 for the year 1981 and its executive regulation. Dcarbon is a certified training partner to the Global Reporting Initiative (GRI), and a GRI Gold Community member. Our focus is to assist organizations, public and private, in understanding and addressing their economic, environmental, and social impact.

Abu Qir Fertilizers Company (the 'Organization') requested from DCarbon to perform an independent assurance on its sustainability reporting process ('the Report'), in order to satisfy the requirements of GRI reporting Standards **Core option**.

**Scope, Boundary and Limitations**

The scope of assurance covers data and information between of 01 July 2019 to 30 June 2020 for operations in Egypt, based on Global Reporting Initiative's (GRI) Standards; Core option.

Economic, Social and Environmental impacts, of Material Topics raised by stakeholders, either through the organization own activities or because of business relationship across its value chain were identified. The report boundary covers impacts that are directly linked to the organization business operations, products and services produced, as well as impacts that are indirectly related to the organization's business relationships with business partners, entities in its value chain, CSOs and State entities where applicable.

**Assurance scope excludes:**

- Data and information in the Report outside this reporting period indicating looking-forward statements by Abu Qir Fertilizers Company.
- Verification statements indicating testimonials, opinions, success stories, and / or aspirations.
- Verification of claims (limited to data and information presented).

**Assurance procedures**

Back-end reviews and data compilation were initially conducted by DCarbon's Senior Sustainability analyst, Mr. Mahmoud Gamal El-Din, then verified and assessed by DCarbon's Team of Experts. The assurance included DCarbon's multidisciplinary independent team of experts in auditing environmental, social, and economic information and abiding to our values of integrity, confidentiality, professional competence, objectivity, and due attention.

The nature, timing and extent of procedures selected depended on our engagements with the organization, data provided, and the approval of Abu Qir Fertilizers Company Sustainability Governance Body delegated by the Board of Directors. Assurance activities included procedures to obtain evidence about the reliability of the disclosures:



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