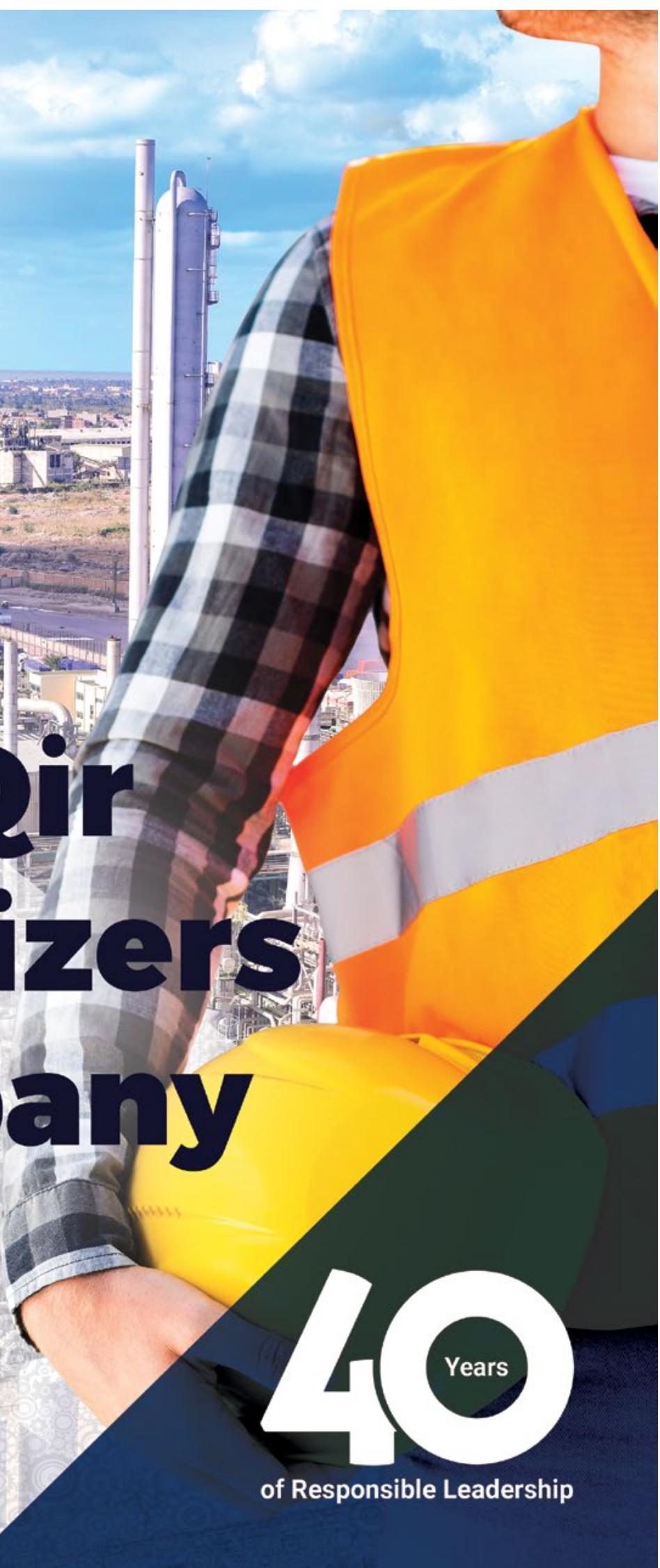




# Abu Qir Fertilizers Company (AFC)

Sustainability  
Report 2018

**40**  
Years  
of Responsible Leadership





**Copyright © 2019 by Abu Qir Fertilizers Company (AFC)  
All Rights Reserved**

No part of this publication may be reproduced, stored in a retrieval system, distributed or transmitted, in any form or by any means; electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of AFC.

For permission requests, please contact us at: [walid.abdou@abuqir.com](mailto:walid.abdou@abuqir.com)



# Table of Contents

• About this report.....	5
• Message from the Chairman.....	6
• International Recognition on Our Sustainability Efforts .....	7
• Abu Qir Statement on Sustainable Development.....	8
• Our Profile.....	12
Overview.....	18
Vision and Mission.....	20
Governance.....	21
Certificates.....	26
• Challenges and Opportunities.....	34
• Materiality Analysis.....	38
Stakeholder Engagement.....	39
Materiality Matrix.....	40
• Operational Excellence.....	42
Our Products.....	44
Our Business Process.....	46
Our Markets.....	52
Information Technology.....	54
Innovation.....	56
Future Projects.....	57
• Responsible Supply Chain.....	61
• Our Safety DNA.....	66
• Sustainable Economic Growth.....	71
• Our People...Our Main Asset.....	91
• Respecting the Environment.....	108
• Global Changemaker in Fighting Climate Change .....	123
• Our Social Legacy.....	131
• List of Abbreviations.....	136
• GRI Standards Content Index.....	139
• Assurance Statement.....	146



# About this Report

---

- This is our first Sustainability Report.
- This report has been prepared in accordance with the GRI Standards: Core-Option.
- As our first Sustainability Report, no information has been restated or changed.
- Abu Qir Fertilizers Company, referred to as AFC, is the sole entity covered in the Sustainability Report and the sole entity reported in the consolidated financial statements.

## **Reporting Cycle** Biennial

## **Covered Period**

This report provides an overview of our sustainability performance for two years;  
2016-2018

## **Assurance**

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

## **For Inquiries**

Please contact Eng. Walid Abdo (Head of HSE & CSR Sectors)  
at: walid.abdou@abuqir.com

**Address:** EL-Tabia- Rashid Road, Alexandria, Egypt.

**Postal Code:** 21911

**Telephone:** (203) 560-3053 / (203) 560-3054 / (203) 560-3055

**Fax:** (203) 560-3032



# Chairman Message

With the launch of the first edition of AFC's Sustainability Report, Abu Qir Fertilizers & Chemical Industries Co. celebrates several unprecedented achievements and success over the past several months. We continue our journey confidently for the coming years and with our focused strategy, we are assured that the initiatives and decisions we are implementing will lead us to further success and sustainability.

First and foremost, I would like to extend my deepest appreciation and gratitude to their Excellencies the Board Members of Abu Qir Fertilizers Co. for their continued support to the company's operations and employees.

We have had the honor of having achieved more in production and marketing than what we targeted and we have to be proud of these milestones, especially since these came while maintaining top standards in safety and the protection of the environment.

Safety is always our number one priority and of great importance to us, and this year we have had no LTI for either our employees or contractors, this is because we always keep 100% focused on our goals of reliability, efficiency and sustainability.

Coinciding with this commitment, I would like to express my sincerest appreciation to the Executive Management and the entire Abu Qir Fertilizers workforce collectively contributing to these remarkable achievements.

In this report, we tried to cover all activities, programs, and initiatives implemented by the company during the period 2016/17 & 2017/18, but I am delighted that, at the company level, everyone at Abu Qir Fertilizers Co. recognizes the importance of a sustainable and effective Corporate Social Responsibility Strategy. Our employees have remained fully engaged in developing, sharing knowledge and sponsoring key initiatives to support and build our great country EGYPT.

Nowadays, everyone is keen to know more about Abu Qir Fertilizers Co. and its achievements since the company is today nationally and internationally recognized as a successful enterprise and this is due to its wise and professional leadership. And through dedication, hard work and carefully formulated strategies, we are able to ensure a safe working environment for our most valuable asset, Our Workforce.

**Chemist. Saad Abou El Maaty**  
Chairman and Managing Director



# International Recognition on Our Sustainability Efforts



"Abu Qir Fertilizers Company implemented a Clean Development Mechanism (CDM) project that significantly reduces the emission of Nitrous Oxide ( $N_2O$ ), a potent greenhouse gas. With over 17 million tonnes of  $CO_2eq$  emission reductions achieved between 2007 and 2019, the project is among the largest, not only in the MENA region but also globally. We look forward to further endeavors from Abu Qir Fertilizers towards combating climate change and achieving the global goal under the sustainable development agenda 2030."

## **Massamba Thioye**

Manager, Regulatory Development Unit  
Sustainable Development Mechanisms Programme  
United Nations Framework Convention on Climate Change (UNFCCC)



# Abu Qir Statement on Sustainable Development

## To the World:

On a world's map of ancient civilizations that go back as far as 3500 BC, Egyptians are among those few peoples who were able to build an immense **civilization** from the available primitive tools. And among those few civilizations, Egypt would be among the fewer civilizations that was able to build a **Sustainable Civilization** that extended from that era till now. And among those few civilizations, Egypt is the only **Agricultural Sustainable Civilization** that extended around the river Nile and produced crops that covered the needs of all Egyptians, and more. Farming, growing, cultivation, irrigation, crop raising and aggregation are both a heritage and an identity. We invented new ways to help ourselves and the world survive the instability of the weather and water supply that flooded at years and dried at others. We did not only rely on the fertility of our soil but used new methods to deliver water to remote areas and increase the productivity of our lands.

**Now**, we realize that the world population will reach about 8 billion by 2020, and about 9 billion by 2050. While this will radically increase the consumption of food, we will remain limited with the same or less current agricultural area. **We, at Abu Qir Fertilizers, choose to be in the business of increasing the productivity of the agricultural land, and feeding ourselves and the world.** We continue on a legacy that started long before us and will hopefully continue in the days to come. Fertilizers are proven to cause an increase in the productivity of crops by about 30% to 50% and we have successfully participated in achieving radical increase in the productivity of Egyptian crops making us the number one fertilizers company in Egypt covering more than 60% of the Egyptian market needs of fertilizers.

We value **Sustainable Development** as an approach and a philosophy. We understand that our needs are increasing, our resources have become **very limited**, and **that the coming generations have rights that we should watch over and preserve.** "In order to face such a challenge, we work hard on using our resources efficiently, managing the human rights impacts and the societal impacts of our operations, developing sustainable products, promoting responsible consumption, and treating the environment fairly."

Such an attitude opens up opportunities reflecting on higher revenues, customer satisfaction, and increased demand. Our strategy is the cornerstone of the value creation process, and guides our people to deliver short, medium and long-term Sustainable Value.



# To our Beloved Egypt:

---

We fully understand and support Egypt's needs for securing food and nutrition, aligning with Egypt's Sustainable Development Strategy (Egypt's Vision 2030). A number of challenges are being faced such as the continuous population increase of almost 2.5% per annum, the steady decline in agricultural area, and the expected decrease in the agricultural sector's share of water.

We covered 60% of the Egyptian market needs for fertilizers over the past two years. Our effective support for increasing the efficiency of agricultural land through advanced fertilization systems comes in many ways, that will be presented to you through your tour in this report. Below are some of our activities for supporting the Agriculture sector in Egypt and the Egyptian Economy:

- **Products Enhancement:** Meeting the sectors challenges of producing Urea Granular fertilizer with longer soil stay, higher nutrition value, less water consumption, and less emissions.
- **Subsidization:** We sold seventy-seven thousand MTs as shares in the Egyptian market to farmers at cost prices. In other words, Abu Qir Fertilizer's Company is directly supporting National Economy through subsidizing its products, decreasing crops prices, which in turn would decrease prices of products to end users.
- **Technical Assistance and Awareness Sessions:** We provide technical assistance and awareness sessions to farmers through our agricultural engineers on how to efficiently use fertilizers in a way that benefits the soil and uses less amount of water.



**We proudly announce that our policies, projects and activities are matching the 17 Goals of United Nations 2030 Agenda and the 10 pillars of Egypt's Vision 2030.**

#### **CHAPTER'S TITLE**

**Governance**

**Challenges and Opportunities**

**Operational Excellence**

**Responsible Supply Chain**

**Our Safety DNA**

**Sustainable Economic Growth**

**Our People...Our Main Asset**

**Respecting the Environment**

**Global Changemaker in Fighting Climate Change**

**Our Social Legacy**

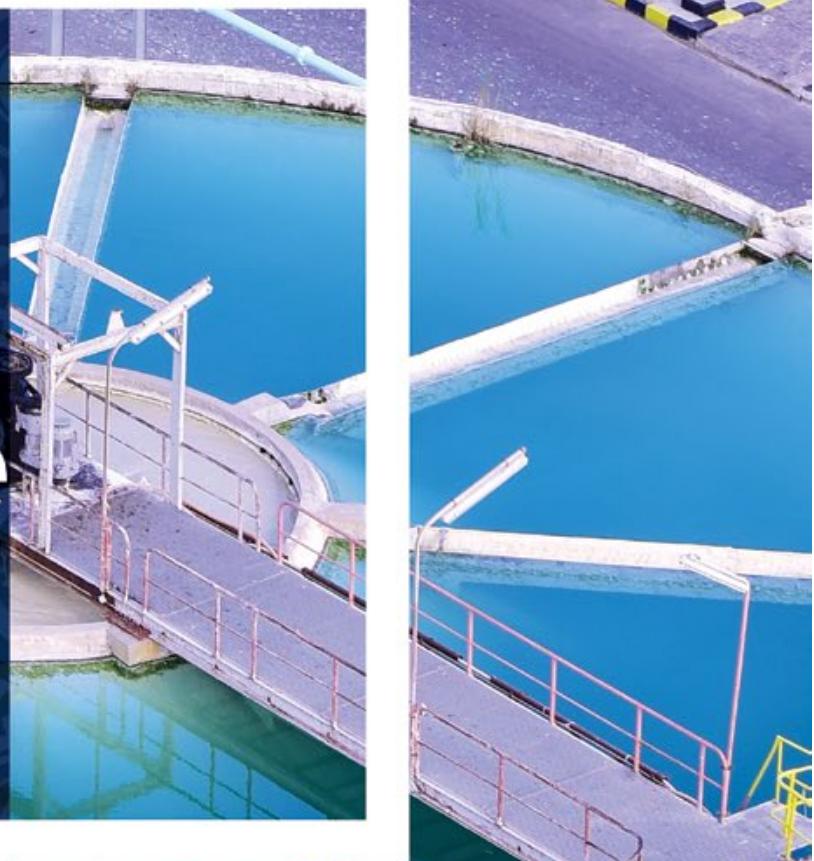


## SUSTAINABLE DEVELOPMENT **GOALS**



<b>Goal: 16</b>	<b>Pillar: 4</b>
<b>Goals: 6, 7, 8, 9</b>	<b>Pillars: 1, 2, 3, 10</b>
<b>Goals: 1, 2, 3, 9</b>	<b>Pillars: 2, 3, 9</b>
<b>Goals: 8, 12, 17</b>	<b>Pillars: 3, 4, 7, 9</b>
<b>Goals: 3, 4, 8, 17</b>	<b>Pillars: 6, 7, 9</b>
<b>Goal: 8</b>	<b>Pillar: 1</b>
<b>Goals: 1, 2, 3, 4, 5, 8, 11, 16, 17</b>	<b>Pillars: 4, 5, 6, 7, 8, 10</b>
<b>Goals: 3, 6, 7, 9, 12, 13, 14, 15</b>	<b>Pillars: 2, 3, 6, 7, 9</b>
<b>Goals: 1, 2, 3, 8, 9, 13, 17</b>	<b>Pillars: 3, 5, 9</b>
<b>Goals: 1, 2, 3, 4, 10, 11, 15, 17</b>	<b>Pillars: 5, 6, 7, 8, 10</b>

# I Our Profile





# Abu Qir at a Glance

**2,750**

Total Number of Employees

**11,000,000**

Safety Hours with Zero Injuries

**4,000,493**

Tons of Fertilizers  
Total Sales in  
2016/17 & 2017/18

**32,600,000 EGP**

Total CSR Spending

**Largest**

Producer of Nitrogen fertilizers  
in Egypt

**First  
Fertilizers  
company  
in Egypt**

to achieve Product  
Stewardship Excellence from  
the international fertilizers  
associations (IFA)

**First Fertilizers  
company in  
Egypt**

to comply with OHSAS  
18001:2007

**First Fertilizers  
company in  
Egypt**

started to comply with ISO  
45001 Standard

**First CDM  
Project**

in Africa, Middle East and  
Egypt

**17,135,391**

Cumulative Reductions in  
 $\text{CO}_2\text{eq}$   
“The Largest in Africa”

**On top 1%  
Worldwide**

in total amount of  $\text{CO}_2\text{eq}$   
reductions annually,  
out of 7,807 registered CDM  
projects



# Alexandria, Where It All Began

Abu Qir Fertilizer and Chemical Industries (AFC) is a pioneering company in the field of production and marketing of chemicals, fertilizers & agricultural chemicals and diversified chemicals in Egypt and Africa, in terms of production rates and product diversity, and is one of the major Arab and international companies working in this field.



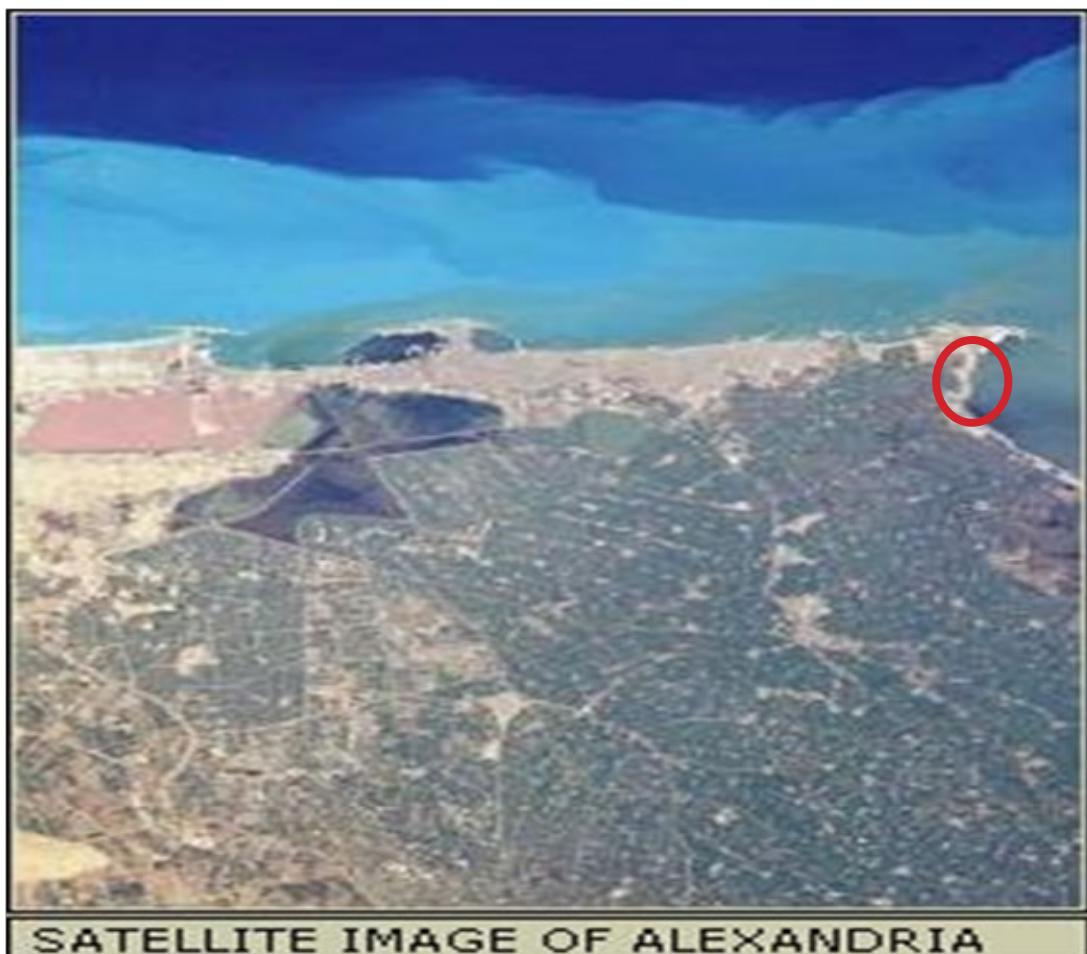
We manufacture all types of Nitrogen fertilizers, chemical products and other derivatives from it, or needed for its manufacturing, packaging, buying, selling and trading in Egypt and abroad.

AFC is driven by its strategy to support the National Economy and the most important issues, which are related to the welfare of all Egyptian citizens.



AFC is located and registered in Alexandria governorate, where the headquarter exists.

AFC is located about 15 km east of downtown Alexandria, in a rural area, approximately 5 km outside the small town of Abu Qir. Abu Qir is situated north-east of Alexandria, bordering the suburbs of Alexandria. AFC is located on the shores of the Mediterranean Sea. The company has a road and a rail access as well as a nearby ship loading terminal.





### **July 20, 1976**

Abu Qir Fertilizers Company (AFC) was founded by the ministerial decree number (374) of year 1976 with law no. 60 of year 1971 and law number 111 of year 1975.

### **1979**

Abu Qir (1) Plant was commissioned to produce Prilled Urea fertilizer with a production capacity of 1550 tons / day, which was increased later to be 1750 tons / day.

### **April 20, 1980**

AFC was declared as an Egyptian Public Company according to the ministerial decree of the Minister of Economy, Foreign Trade, and International Cooperation no. 107 of year 1980 and according to law number 43 of year 1974

### **1991**

Abu Qir (2) Plant was commissioned to produce Ammonium Nitrate fertilizer with a production capacity of 2400 tons / day.

### **May 15, 1996**

The ministerial committee of the Public Sector Companies and Privatization agreed that the company will be regulated by law no. 159 of year 1981, where this was approved by the General Assembly of the company on 16th May, 1996.

### **1996**

The production capacity of the Ammonia (1) Plant was increased from 1000 tons / day to 1100 tons / day, which was later increased to 1150 tons / day in 2012.

### **1998**

Abu Qir (3) plant was commissioned to produce Urea Granules fertilizer with a production capacity of 1750 tons / day, which was then increased to 1925 tons / day.

### **2004**

Urea Magnesium fertilizers were produced in Abu Qir (3) Plant.



**2004**

Urea Sulfate fertilizer were produced in Abu Qir (3) Plant.

**2005**

Urea Zinc fertilizer was produced in Abu Qir (1) Plant.

**2005**

The Bulk-Blended Fertilizers Unit was commissioned to produce NPK fertilizer with a production capacity of 1000 tons / day.

**2006**

The liquid fertilizers (UAN) Unit was commissioned to produce Urea Ammonium Nitrate (UAN) solution with a production capacity of 1000 tons / day later increased to be 2400 tons / day.

**2014**

Urofert and Nitrofert Fertilizers were produced.

**2018**

The production of Ammonia (3) Plant was increased from 1200 tons / day to 1230 tons / day.

**2019**

The Plastic Factory was commissioned to produce fertilizers Plastic Bags with a production capacity of 40 million bags/year.



# Overview

<b>Company Purpose</b>	Manufactures all types of fertilizers and chemicals, in particular chemical fertilizers and derivatives from it or required for its manufacturing, packaging, buying and selling.
<b>Date Incorporated</b>	20/07/1976
<b>Company Governing Law</b>	159 of 1981
<b>Stock Exchange Listing Date</b>	09/12/1994
<b>Shareholders</b>	National Investment Bank, Egyptian General Petroleum Corporation, Industrial Development Authority, Al-Ahly Capital Holding Company, Chemical Industries Holding Company, Nasser Social Bank, Misr Insurance Company, Misr Life Insurances Company, Shareholders Employees Union, Chemical Industries Company (Kima), Mutual Funds and Individual Investors
<b>Location</b>	Alexandria, Arab Republic of Egypt
<b>Scale</b>	Large
<b>Number of Employees</b>	2,750
<b>Core Products</b>	Ammonia, Prilled Urea, Ammonium Nitrate, Granular Urea, UAN, NPK
<b>Key Markets</b>	Europe, Mediterranean Region, North America, Latin America, Southeast Asia
<b>Total Revenues 2018</b>	EGP 7.55 Billion
<b>Total Revenues 2017</b>	EGP 6.02 Billion
<b>Total Sales 2018</b>	EGP 4.88 Billion
<b>Total Sales 2017</b>	EGP 3.96 Billion
<b>Net Profit 2018</b>	EGP 2.42 Billion
<b>Net Profit 2017</b>	EGP 2.24 Billion
<b>Total Production 17/2016</b>	2,197,000 MTs
<b>Total Production 18/2017</b>	2,108,000 MTs
<b>Certifications</b>	<ul style="list-style-type: none"><li>• Certification of Compliance with ISO 9001 Requirements.</li><li>• Certification of Compliance with ISO 14001 Requirements.</li></ul>



<b>Certifications</b>	<ul style="list-style-type: none"><li>• Certification of Compliance with OHSAS 18001 Requirements.</li><li>• Certification of Compliance with ISO 50001 Requirements.</li><li>• Certification of Compliance with ISO 28000 Requirements.</li><li>• Certification of Compliance with IFA Protect and Sustain Product Stewardship Excellence.</li><li>• AFC laboratories are accredited by the (Egyptian Accreditation Council) in compliance of ISO/IEC 17025.</li></ul>
<b>Memberships</b>	<ul style="list-style-type: none"><li>- IFA (International Fertilizers Association)</li><li>- AFA (Arab Fertilizer Association)</li></ul>
<b>Partnerships</b>	<ul style="list-style-type: none"><li>- Arab Union of Fertilizers (Development of production systems)</li><li>- Faculty of Science and Faculty of Engineering at the University of Alexandria (Environmental Research)</li><li>- General Company for the Manufacture of Chemical Fertilizers-Iraq (cooperation in training)</li><li>- Leadership &amp; Management Development Center</li><li>- NGOs</li></ul>
<b>Awards</b>	<ul style="list-style-type: none"><li>- AFA (Arab Fertilizer Association) HSE Award 2018.</li><li>- Community Service Award from the Environmental Compliance Office of the Federation of Industries</li><li>- Environmental Management Award (Clean Development Mechanism Project) from the General Directory for Meteorology and Environmental Protection in Saudi Arabia</li><li>- Distinction Cup for Industry and Environmental Protection from Euro-Arab Cooperation Center</li></ul>





# Vision and Mission

## Our Vision:

To Preserve Abu Qir's position as the pioneer in the production and marketing of several nitrogenous fertilizers, UAN and Bulk Blended Fertilizers in the local and international markets in conformity with international standards.

## Our Mission:

We work efficiently and effectively in a safe and an environmentally-responsible approach to produce our extensive diverse products at the utmost quality levels needed and expected by our customers. We optimally exploit our resources and carryout our investments in a manner that satisfies our customers, maintains environmental sustainability, restricts operational risks, preserves our employees' lives and privileges, conserves our stakeholders' rights and maximizes our returns.

## 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
- Compassion in our relationships with our employees and the communities affected by our business
- Fairness to our fellow employees, stakeholders, business partners, customers and suppliers through adherence to all applicable laws, regulations and policies, while maintaining a moral and ethical behavior.

AFC's Code of Conduct creates a common understanding of the company's vision, mission and values among all employees and directors to avoid any conflict of interest, to successfully work as one unit.



# Governance

---

Our governance structure is central to our ability and it positions us to creating value for our wide range of stakeholders. The cumulative experience and knowledge on economic, environmental and social topics, and the internally developed code of conduct, policy statement of ethics and business statement, and code of corporate governance are guiding pillars for us.

We conduct our business in compliance with the laws and regulations. Extensive information regarding policy statement and related matters can be found in this report, and our corporate governance principles define the managerial structure, organization and processes to provide transparency and guaranteed sustainable long-term success.

# Shareholders

---

<b>National Investment Bank</b>	<b>24.88%</b>
<b>Egyptian General Petroleum Corporation</b>	<b>19.11%</b>
<b>Industrial Development Authority</b>	<b>12.67%</b>
<b>Al-Ahly Capital Holding Company</b>	<b>8.11%</b>
<b>Chemical Industries Holding Company</b>	<b>6.51%</b>
<b>Nasser Social Bank</b>	<b>5.9%</b>
<b>Misr Insurance Company</b>	<b>5.44%</b>
<b>Misr Life Insurances Company</b>	<b>4.76%</b>
<b>Shareholders Employees Union</b>	<b>3.97%</b>
<b>Chemical Industries Company (Kima)</b>	<b>2.7%</b>
<b>Mutual Funds and Individual Investors</b>	<b>5.96%</b>



# Organizational Structure:

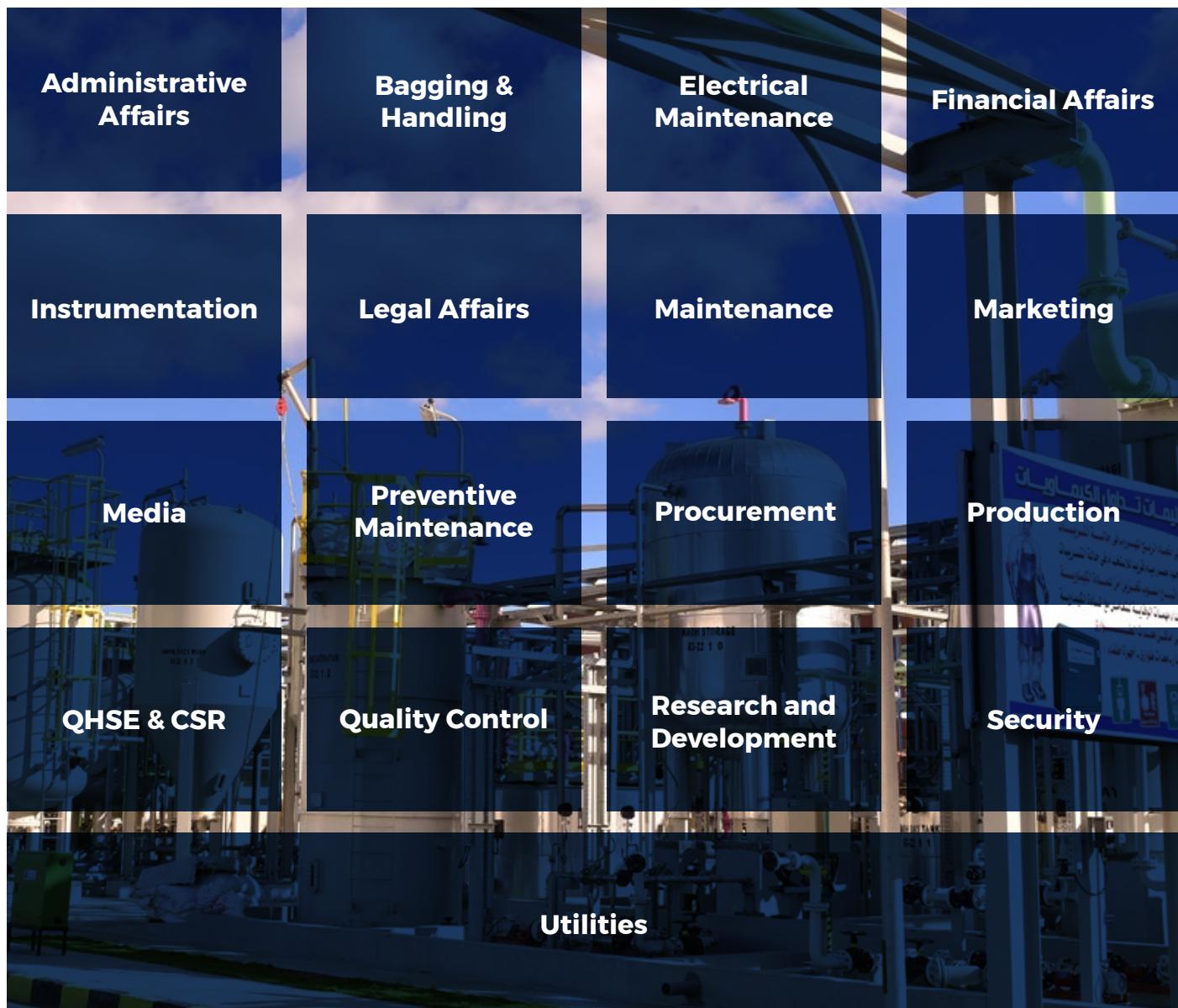
## Board of Directors

The Board of Directors (BoD) is the highest administrative body in the company and is responsible for approving the strategic directions and company goals. It is accountable for establishing broad operating plans and capital budgets, reviewing the financial performance of the company, identifying new opportunities, reviewing developments in the industrial and human relations, reviewing the environmental performance and compliance with all applicable laws and risk assessment and mitigation procedures, as well as identifying new opportunities. It is also responsible for approving and updating AFC's purpose, values, mission statement, and strategic policies and goals in respective areas.

<b>Chairman &amp; Managing Director</b>	<b>National Investment Bank Member</b>	<b>National Investment Bank Member</b>	<b>National Investment Bank Member</b>
<b>Egyptian General Petroleum Corporation Member</b>	<b>Egyptian General Petroleum Corporation Member</b>	<b>Industrial Development Authority</b>	<b>Al-Ahly Capital Holding Company Member</b>
<b>Misr Insurance Company Member</b>	<b>Nasser Social Bank Member</b>	<b>Labor Union and Shareholders Employee Member</b>	<b>Expert</b>



# Departments





# 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.

## **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.

## **Our Management Approach Towards Sustainability:**

Sustainability Management System is a component of our strategy planning, objectives and processes. We make every effort to include sustainability criteria in our business relationship with suppliers, contractors and service providers. The implementation is carried out by QHSE department, CSR department and all relevant departments and reviewed at departmental level. The final results are deliberated at executive committee meeting.



# Abu Qir Fertilizers Policy Statement

---

Abu Qir Fertilizers & Chemical Industries (AFC) is leading company specialized for production and marketing of nitrogenous, liquid & bulk blended fertilizers; the organization is committed to implement the requirement of several management systems effectively (Quality ISO 9001/Occupational Health & Safety OHSAS 18001/Environment ISO 14001/Energy ISO 50001/Supply Chain ISO 28000/Principles of Protect & Sustain of International Fertilizers Association "IFA") for continual improvement aimed to:

- Developing & manufacturing of nitrogenous, liquid & bulk blended fertilizers with the highest level of quality seeking customers' satisfaction and it looks to be the best fertilizer company in the Middle East which will affect positively in energy performance.

So, all AFC's processes and activities are committed to:

- Optimizing the use of natural resources and energy.
- Prevention of pollution and prevention of injury and ill health through product lifecycle.
- Compliance with legal and other requirements to which the organization subscribes that related to its nature of work reviewed periodically to keep safe and secure work environment.
- Setting and reviewing Management systems Objectives targets.
- Achievement of customer satisfaction through its qualified staff capability by using the latest technology.
- Enhancing the employees' loyalty and increasing efficient performance, we well the provision of human and technical resources.
- Reviewed periodically to ensure that it remains relevant appropriate to the organization.
- Supporting of purchasing of equipment and production requirements with high energy efficiency to improve the energy performance.
- Development of the necessary measures to deal with security threats and preparedness, to ensure company, individuals and supply chain security.

"Policy is communicated to all persons, employees, visitors, contractors, and interested parties"

"AFC's Top Management asking all employees to apply the management system in all projects and premises as well to develop good performance and continuous improvement of quality and put the full customer satisfaction in mind and make every effort to achieve AFC goal"



# Certificates

## Environmental Management System



Abu Qir Fertilizer Company has been assessed and certified as meeting the requirements of ISO 14001: 2015.

AFC Environmental Management Systems provides the necessary tools to be environment-friendly by supporting environmental initiatives to keep us on the road of continual improvement.

The Environmental Management System of Abu Qir Fertilizers Company is reviewed annually by external auditors from SGS to ensure that our system meets the requirements of the standard.



# Quality Management Systems



Abu Qir Fertilizer Company has been assessed and certified as meeting the requirements of ISO 9001: 2015.

AFC Quality Management System gives us a competitive advantage in the global markets and exceeds customer expectations.

Quality Management System of Abu Qir Fertilizers Company is reviewed annually by external auditors from SGS to ensure that our system meets the requirements of the standard.



# Occupational Health and Safety Management System



## CERTIFICATE OF REGISTRATION

INTERCERT hereby certifies that Occupational Health & Safety Management System of

**ABO QIR FERTILIZERS CO. (S.A.E.)**

ABU QIR, ALEXANDRIA, EGYPT

Has been successfully assessed as per the requirements of

**OHSAS 18001:2007**

For the scope of

**PRODUCTION AND MARKETING OF AMMONIA, UREA, AMMONIUM NITRATE, BULK  
BLENDED FERTILIZERS AND UREA AMMONIUM NITRATE LIQUID FERTILIZER.**

Initial Certification Date : 08-11-2018  
Certificate Issue Date : 08-11-2018  
Surveillance Validity Date : 07-11-2019  
Recertification Date : 07-11-2021

Registration Number : IC-OH-1811034  
IAS UCIN : MSCB-121-8928-4



Issued on behalf of Intercert  
Head - Certifications



The validity of this certificate can be verified at [www.intercert.com](http://www.intercert.com) or through email at [info@intercert.com](mailto:info@intercert.com). This certificate is the property of INTERCERT and must be returned on request. Accreditation details are available with IAS, (International Accreditation Services) Inc. USA at [www.lasonline.org](http://www.lasonline.org)

As one of the most important priorities at Abu Qir, we have been certified against Occupational Health and Safety Assessment Service (OHSAS) 18001:2007 standard in 2009.

The Company implements a comprehensive occupational Health and Safety Management System that conforms to the latest international standards. AFC's

safety system comprises an incident prevention program, including emergency preparedness plans, training, safety procedures, and protective equipment.

To ensure the continual improvement in our safety performance, we are regularly audited by external auditors to review and verify our compliance with the standard.



# Energy Management System



Abu Qir Fertilizer Company has been assessed and certified as meeting the requirements of ISO 50001: 2011.

Energy management system of Abu Qir Fertilizers Company is reviewed annually by external auditors from SGS to ensure that our system meets the requirements of the standard.

Energy management system implementation aims to ensure the continual improvement in our energy performance and use it with the highest possible efficiency and minimum consumption to conserve natural resources, which supporting the company's vision of sustainability principles.



# Supply Chain Security Management System:



Abu Qir Fertilizer Company has been assessed and certified as meeting the requirements of ISO 28000: 2007.

Supply chain security management system of Abu Qir Fertilizers Company is reviewed annually by external auditors from SGS to ensure that our system meets the requirements of the standard.

Supply chain security management system of the company aims to secure the sources of raw materials for the company and product for farmers passed through the processes to ensure the continuity of business.



# IFA Protect and Sustain Product Stewardship Excellence



Abu Qir Fertilizers has achieved this certificate in March 2017.

IFA 12 HSE Principles are reviewed annually by external auditors from SGS.

IFA P and S principles aims maintain business continuity, protecting employees, optimizing the use of resources, preserving the environment, care for farmers needs and preventing the misuse of products



# Egyptian Accreditation Council:



Abu Qir Fertilizer's Laboratories have been accredited by the Egyptian Accreditation Council (EGAC) in compliance with the requirements of ISO/IEC 17025: 2005.

The Egyptian Accreditation Council is recognized by the Presidential Decree number 312/1996 as the sole national body for the assessment and accreditation

of conformity assessment bodies performing testing/ calibration Laboratories, inspection and certification of products & systems as well as personnel. EGAC is headed by the Minister of Trade & Industry and governed by a board of 14 members, representing all stakeholders and concerned bodies.



# European Chemicals Agency (ECHA):

**ROR** Reach Only Representative Ltd

Reach Only Representative (Ireland) Ltd  
VPR House, Main St, Swinford, Co. Mayo  
F12 FC64  
Republic of Ireland  
Telephone: +44(0)1565 748111

20<sup>th</sup> May 2019

**RE: REACH Only Representative Statement**

We would like to confirm that the company

Abu Qir Fertilizers Co., Talaat Rashid Road, Alexandria, Egypt

as non-EU manufacturer of the substances listed below has appointed, in compliance with Regulation (EC) No. 1907/2006, of the European Parliament and of the Council of 18<sup>th</sup> of December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH);

Reach Only Representative (Ireland) Ltd., VPR House, Main Street, Swinford, County Mayo, Republic of Ireland, F12 FC64

as the Only Representative under Article 8 of the REACH Legislation, to fulfil the obligations on importers under title II and to comply with all other obligations of importers under the REACH Regulations.

Registered substances include:

Substance	CAS	EC	Tonnage Band	Registration Number
Distillates (petroleum), hydrocarbons, heavy, paraffinic	64742-54-7	265-157-3	>1000 MT/annum	01-2119484827-25-XXXX
Amonia, anhydrous	7664-61-7	231-835-3	>1000 MT/annum	01-2119488875-14-XXXX
Ammonium nitrate	6404-52-2	229-347-8	>1000 MT/annum	01-2119499981-27-XXXX
Formaldehyde	50-00-0	290-001-8	>1000 MT/annum	01-2119488953-20-XXXX
Magnesium nitrate	18377-80-3	233-828-7	>1000 MT/annum	01-2119493164-30-XXXX
Urea	57-13-6	290-335-5	>1000 MT/annum	01-2119465277-39-XXXX

Based on the volumes reported to us, we can confirm that the manufacturer's direct imports to the EU are, and have been, REACH-compliant up to the present date. Please note that indirect imports are not covered under these registrations unless subsequently declared, and confirmed to be below tonnage thresholds where necessary.

Reach Only Representative Ltd., accepts the responsibility for the purposes of import under REACH as the Only Representative for the listed components in the products which have been either pre-registered or registered, or which may remain below the pre-registration/registration threshold.

If you have any further inquiries with regards to this matter, please do not hesitate to contact me.

Yours sincerely,

*[Signature]*  
Dr James Beardmore  
Reach Only Representative Ltd.  
Reach Only Representative (Ireland) Ltd.

Reach Only Representative Ltd. Registered in England No. 06209488 - Registered Office: Books Park 1, Cheltenham, Gloucestershire, GL4 8QS, UK  
Reach Only Representative (Ireland) Ltd. Registered in ROI No. 644658 - Registered Office: VPR House, Main St, Swinford, Co. Mayo, F12 FC64, Ireland

Abu Qir products are registered for (REACH) the new European chemicals legislation.

REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals. It entered into force on 1 June 2007.

REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment

from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. It also promotes alternative methods for the hazard assessment of substances in order to reduce the number of tests on animals.

Abu Qir Fertilizers Company demonstrate to ECHA how the substance can be safely used, and they are obliged to communicate the risk management measures to the users.



# Challenges and Opportunities





Our priority risks are determined through analysis of the risks facing our current operations and near to mid-term strategies, longer-term aspirations and priorities.

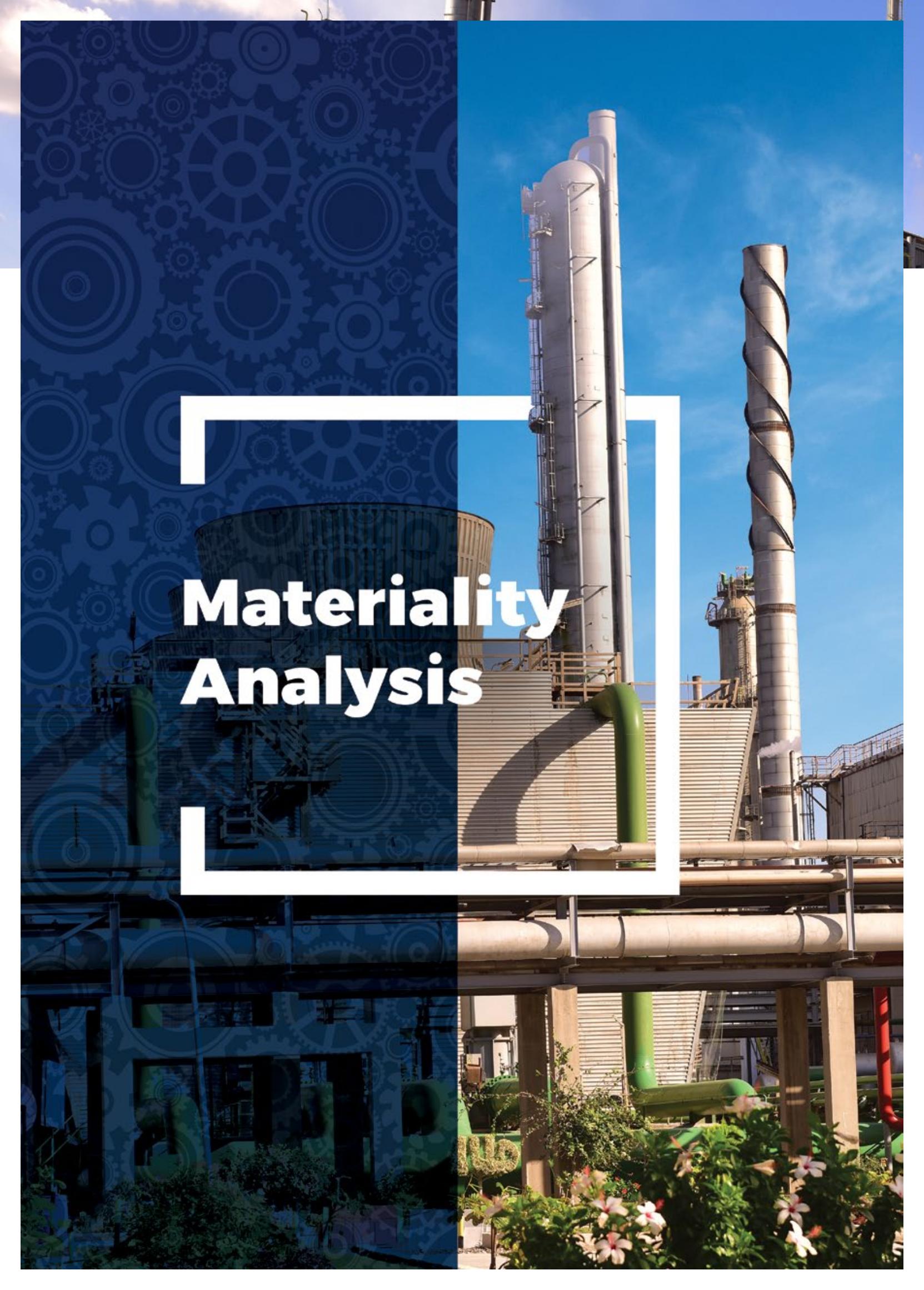
Challenge/Risk	Internal	External	Issue Description	Management Approach
<b>Cyber Security</b>		✓	A cyber-attack was conducted on Abu Qir servers and network through infecting with a deadly virus that caused complete paralysis of the devices trying to breakdown the network firewalls and IT security defense.	The attack was immediately identified by the IT Department where the type of attack was identified and communicated to all levels to discuss ways to control it. In less than 48 hours, a study and assessment of the situation and the development of a plan to manage were developed and the attack totally failed without losing any data.  After ensuring the safety of network and all devices, an awareness training was conducted to employees on how to deal with any kind of IT threats in the future. In addition to developing all measures to avoid this happening in the future by developing devices and programs responsible for higher level of protection to protect the main servers from external and internal piracy attacks and protect all devices from viruses and misuse.
<b>Devaluation of Currency</b>		✓	As part of Egypt's economic reform program, the EGP devaluation took place. The devaluation led to increasing in costs.	Since the inception of the economic reform program, AFC has focused on increasing its exports to the international market, that has had its impacts on increasing total revenues and opening channels for foreign currencies.



<b>Challenge/Risk</b>	<b>Internal</b>	<b>External</b>	<b>Issue Description</b>	<b>Management Approach</b>
<b>Energy Supply</b>		✓	Natural gas is a key feedstock in the manufacturing of Nitrogen in Egypt, for which there is no practical substitute, accounting for up to 85% of operating costs in addition to the increase in natural gas prices.	With agreements between AFC and Ministry of Petroleum in Egypt, and the huge gas reserves found later in Egypt, like Zohr Field, that have started its mass production, there will be abundance in production and fair prices of natural gas that is expected to secure the energy supply to AFC.
<b>Market Supply and Demand</b>		✓	In 2016/2017, the ammonia exports reduced to 57 thousand MTs due to the fall in the international ammonia prices during this period.	With a wide range of fertilizers products combined in AFC, that gives AFC a high level of agility to deal with markets changes in supply and demand. Hence, AFC directed its exports to concentrate mainly on solid fertilizers and accordingly increase the production of urea to compensate this decrease in ammonia prices and make higher profit.
<b>Research and Development</b>	✓		The challenges facing the agriculture sector worldwide are increasing with the significant increase in world population.	<p>The Research and Development Department at AFC is playing a vital role in addressing those challenges. AFC has developed two products to be added to its production line:</p> <p>Urea Granular: Fertilizer of larger size and more effective formula that stay in soil for longer time with less consumption of water and less emissions.</p> <p>NPK: Fertilizer that include three elements (Nitrogen, Phosphorus and Potassium) for different soil types and can adapt changes in climate that consequently affect farming conditions and crops)</p>



Challenge/Risk	Internal	External	Issue Description	Management Approach
<b>Water Scarcity</b>		✓	The World and Egypt have a challenge to access to fresh water	<p>Approach (1):</p> <p>Decreasing the consumption of water used in operations for all plants in AFC through water efficiency techniques and the reuse of wastewater from all manufacturing plants by installing a Zero Liquid Discharge (ZLD) unit to treat wastewater from plants and reuse it in operation.</p> <p>Approach (2):</p> <p>Using sea water from the Mediterranean instead of using fresh water from Nile River through installation of a new desalination unit for sea water treatment to feed plants operation to support Egypt in facing the challenge of water scarcity.</p>



# **Materiality Analysis**



# Stakeholder Engagement

Value creation requires integration of expectations and interests of stakeholders in decision-making. Our continuous commitment to engage with our stakeholders helps us understand their concerns, devise appropriate strategies and meet their expectations.

The first and significant step in an engagement process with the stakeholders is the identification of relevant and significant stakeholders. We identified significant stakeholders by considering those groups or individuals which can be significantly affected by our business activities, outputs or outcomes, or whose actions can be expected to significantly affect our ability to create value over time. The identified stakeholders were profiled, mapped and prioritized for consultation based on factors of influence, responsibility, proximity, dependency, willingness to engage and representation. Consultation with stakeholders' groups is carried out on a continuous basis by the relevant departments.

Stakeholder	Method of Communications	Interests
<b>Government and Regulating Authorities</b>	- Meetings - Audit/Inspection - Periodical Reports	- Compliance with laws and regulations - Maintaining the support of the agricultural sector by keeping the subsidized amount of production of fertilizers sold to the Agricultural Bank - Readiness and cooperation with auditing bodies for financial audit, environmental audit, and industrial safety audit...etc.
<b>Community</b>	- Open direct dialogue - Meeting with community representatives - Meeting with NGOs	- Employment - Medical care - Infrastructure development - Education - Fresh water - Clean air
<b>Customers</b>	- Emails - Direct meetings - Video conferences	- Technical support - customer support - Factory visits - Quality - Continuity of supply



Stakeholder	Method of Communications	Interests
<b>Employees</b>	- Daily reports - Monthly reports - Intranet - Communication meetings - Interactive bulletin boards	- Safety - Health Capacity building - Career path - Benefits package
<b>Suppliers</b>	- Direct meetings - Emails	- Safety - Factory visits - Reliability - Quality of raw material - Delivery time
<b>Investors</b>	- Presentations - Website - Investment relations report - Press Release - Meetings - Emails - Field visits	- Financial and non-financial performance - Sustainability - Governance - Strategy - Risks - Production capacity

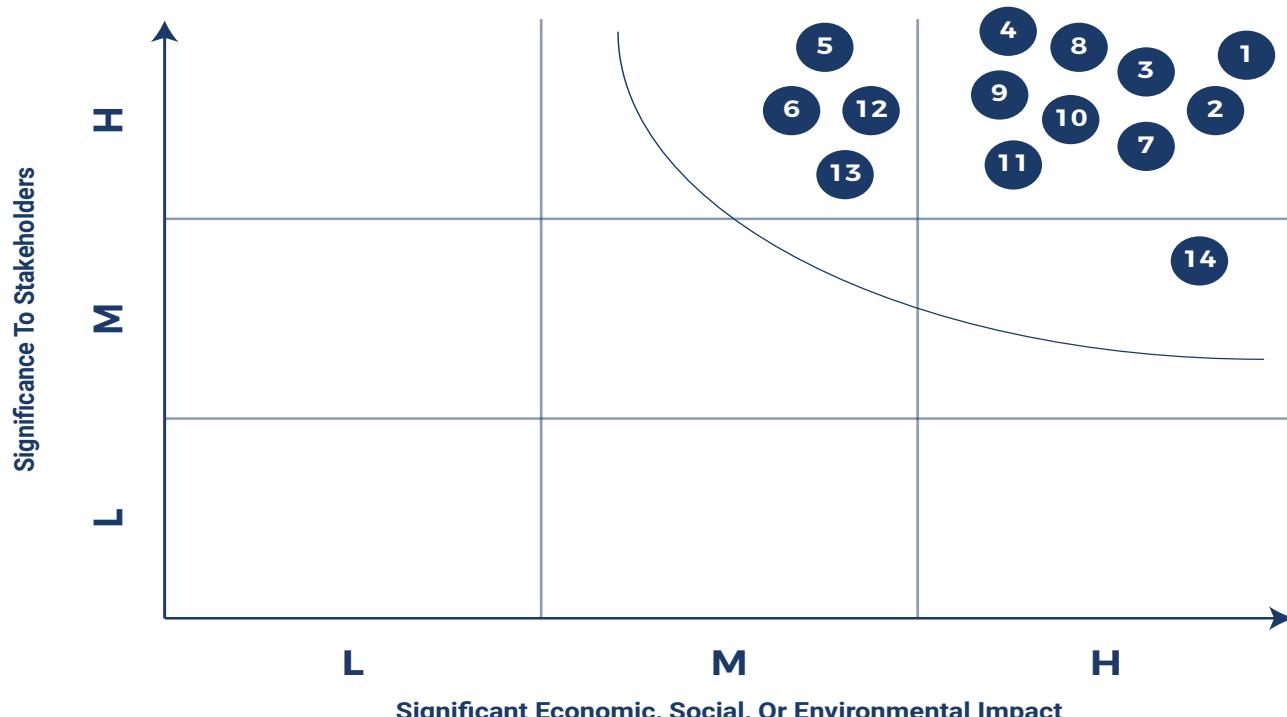
## Materiality Matrix

AFC assesses materiality through a structured process which combines internal and external factors including concerns expressed directly by stakeholders, broader social expectations, and the organization's perceived risks and opportunities.

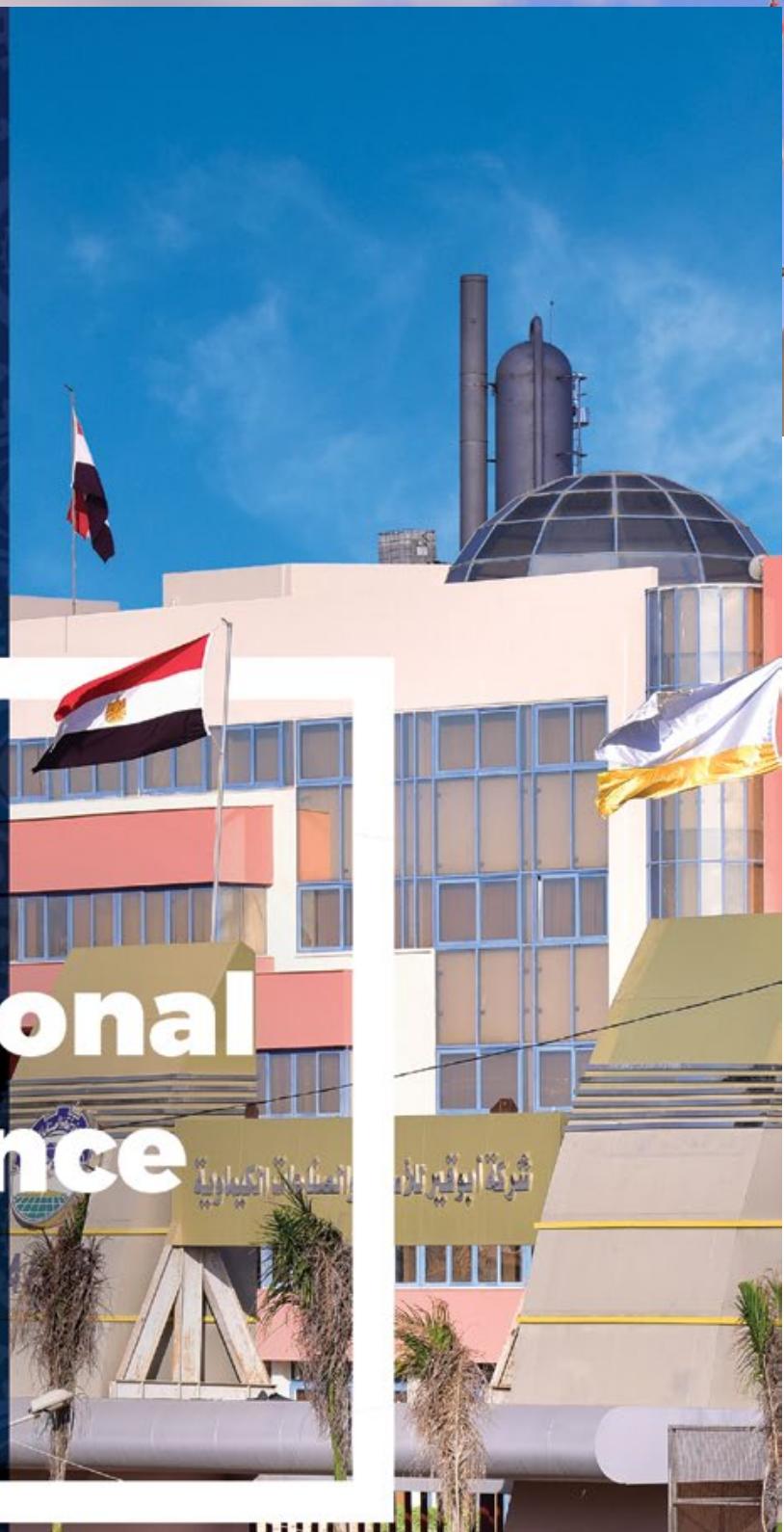
We plot the issues that are considered important for its long-term business success against those that pose risks or opportunities to the company.



No.	Material Issues	Significance to Stakeholders	Significant Economic, Social, or Environmental Impact	Boundaries
1	Climate Change	H	H	Both
2	Community Development	H	H	External
3	Compliance	H	H	Internal
4	Customer	H	H	External
5	Cyber Security	H	M	Internal
6	Devaluation of Currency	H	M	External
7	Energy Supply	H	H	External
8	Health & Safety	H	H	Internal
9	Market Supply and Demand	H	H	External
10	Profitability	H	H	Internal
11	Public Policy	H	H	External
12	Research and Development	H	M	Internal
13	Supplier	H	M	External
14	Water Scarcity	M	H	Both



# Operational Excellence





**The School:** this is what Abu Qir Fertilizers Company has been called over the years by its employees. This applies to both, those who have spent their entire professional career at AFC and those who have made a move to other fertilizers company outside Egypt. This can be explained with the very rich experience gained from the knowledge pyramid and unique expertise that were built over the years in AFC since its inception in 1976.





# First: Our Products

We produce a variety of fertilizing products:

Ammonia, Prilled Urea, Ammonium Nitrate, Granular Urea, UAN, NPK

## Total Sales: in 2017/2018

Factory	Products	Domestic Market				International Market	
		Ministry of Agriculture		Private Sector			
		Quantity (Thousand Tons)	Value (Million EGP)	Quantity (Thousand Tons)	Value (Million EGP)		
AFC I	Prilled Urea	41	116			454	
	Urea-Zinc			42	174		
AFC II	Ammonium Nitrate	787	2,116				
	Ammonium Nitrate-Magnesium			65	270		
AFC III	Granular Urea	32	88			488	
	Urea-Magnesium			38	155		
NPK	22/5/0						
	30/0/5						
UAN Unit	UAN			1	3	58	
	Liquified Ammonia			3	14	99	
Total		860	2,320	149	616	1,099	
						259	

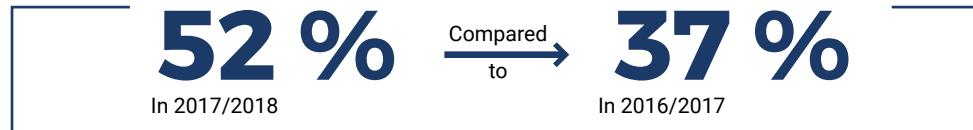


# Total Sales: in 2016/2017

Factory	Products	Domestic Market				International Market	
		Ministry of Agriculture		Private Sector		Exports	
		Quantity (Thousand Tons)	Value (Million EGP)	Quantity (Thousand Tons)	Value (Million EGP)	Quantity (Thousand Tons)	Value (Million USD)
AFC I	Prilled Urea	233	461			255	58
	Urea-Zinc Sulphate			71	210		
AFC II	Ammonium Nitrate	637	1,366				
	Ammonium Nitrate-Magnesium			115	345		
AFC III	Granular Urea	155	319			346	78
	Urea-Magnesium			95	270		
NPK	22/5/0	71	107	8	14		
	30/0/5			0.35	1		
	UAN			1	2	150	23
	Liquified Ammonia			3	12	57	13
Total		1.096	2.253	293	854	808	171

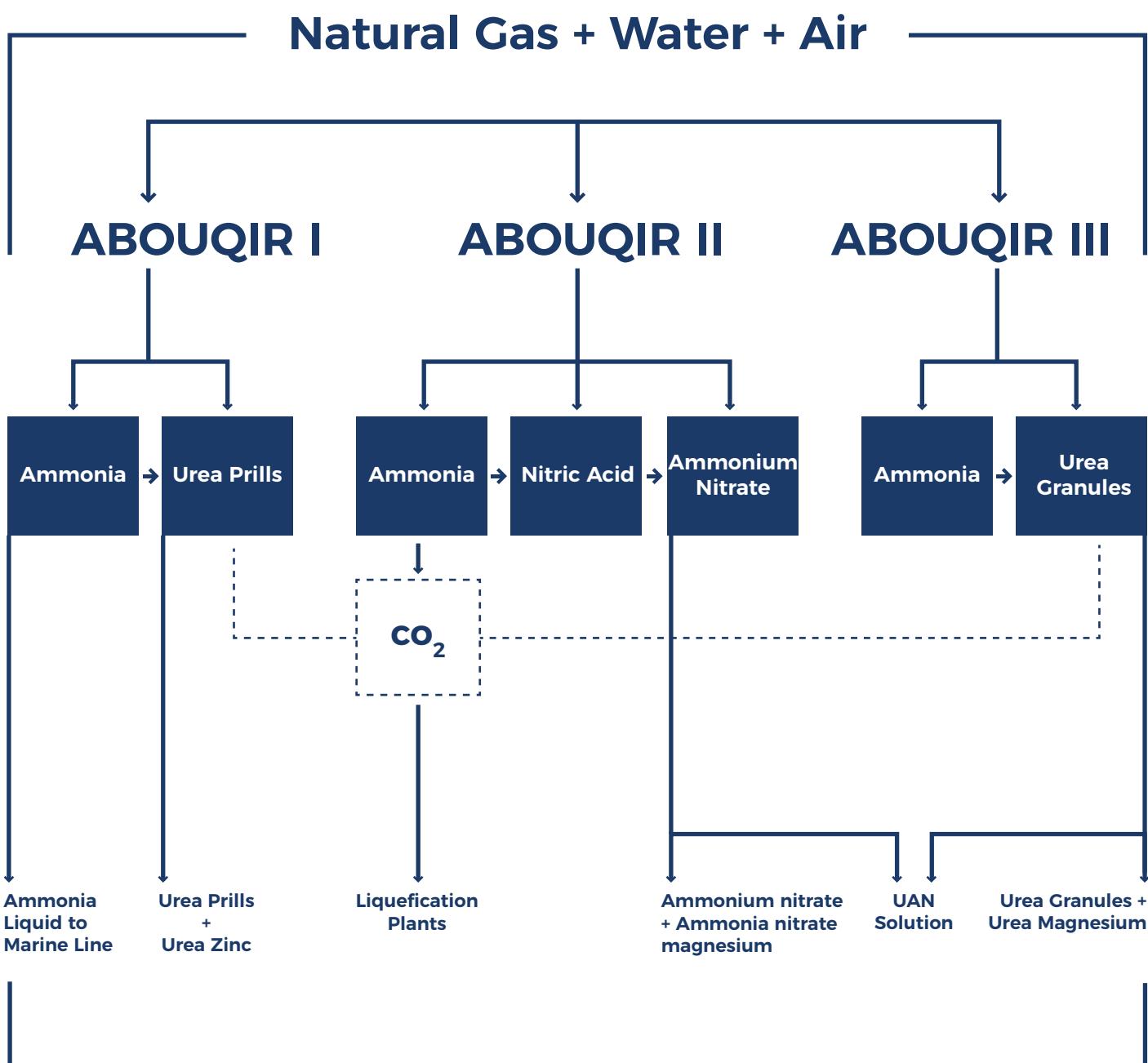
\* 2017/2018 witnessed a big jump in the urea market by exporting 488 thousand Metric Tons of Granular Urea and 454 thousand Metric Tons of Prilled Urea with total of 941 thousand Metric Tons, the highest since Abu Qir's establishments.

Percentage of exports to total sales has increased in 2017/2018 compared to 2016/2017:





## Second: Our Business Process





## Description of our facilities:

---



## Abu Qir |

---

### **History:**

commissioned in September 1979.

### **Production performance:**

Ammonia Plant: 1150 ton / day

Urea Plant: 1750 ton / day

### **Products:**

Prilled Urea (July 1979).

Prilled Urea Treated with Zinc Sulphate (February 2005).



## Abu Qir II

### **History:**

commissioned in August 1991

### **Production performance:**

Ammonia Plant: 1000 tons / day

Nitric Acid Plant: 1800 tons / day

Ammonium Nitrate Plant 2400 tons / day

### **Products:**

Granular Ammonium Nitrate 33.5% N2.

Granular Ammonium Nitrate Supplemented

Granular Ammonium Nitrate (August 1991),

Granular Ammonium Nitrate supplemented with micro nutrients (December 2004).

## Abu Qir III

### **History:**

commissioned in October 1998

### **Production performance:**

Ammonia Plant: 1230 ton / day.

Granulated Urea Plant: 1925 ton / day.

### **Products:**

Granular Urea 46% N2. (October 1998).

Granular Urea treated with Ammonium Sulphate 46% N2 (February 2004).

Granular Urea treated with Magnesium Sulphate 46% N2 (December 2004).

## Bulk Blended NPK Unit

### **Production performance:**

NPK unit: 1000 ton / day

### **Products:**

Nitrogenous Fertilizer having ammonium nitrate as its base.

Nitrogenous Fertilizer having urea as its base.

The unit can also produce several other formulas based on the clients' requests.

Production Start Date: December 2005



## UAN Unit

### Production performance:

UAN unit: 2400 ton / day

### Products:

Urea Ammonium Nitrate Solution 32% N2.

Production Start Date: August 2006



## Marine Facilities

The Marine line (8 Km immersed pipe under Abu Qir gulf) was established for exporting Ammonia liquid in April 1989. The first Ammonia vessel was exported in November 1990. The main capacity of the line is 100,000 t/year.



# Laboratories

Abu Qir Fertilizers Company is always keen on providing all quality requirements to ensure the sustainability of the products with the same efficiency through:

1. Updating the labs which belongs to the quality control department, with the most updated technologies and analytical tools.
2. Continuous competency level improvement of labs' personnel at all levels.
3. Continuous labs performance through setting and achieving quality objectives
4. Maintain ISO/IEC 17025 Accreditation and continually extend its accreditation scope to serve company objectives.
5. Expand in applying statistical methods and data management techniques to monitor labs activities and analysis outputs.
6. Follow digitizing labs results initiatives on an ongoing basis.

# Utilities

Each plant (AFC 1, AFC 2 and AFC 3) has a separate unit for both treatment & demineralization, in addition to steam generation unit and electrical power generation unit.

## **Keeping our performance efficient:**

In order to maintain sustainability of such huge complex facilities of AFC, the Preventive Maintenance and Electrical Maintenance departments work on maintaining the dynamic machines availability of the three factory units efficiently. They work on implementing the mechanical maintenance plans for the compressors, turbines, auxiliary equipment and the requirements to connect them with the general plan of the company.

Leave space between two paragraphs equipment and technical studies for the replacement and renovation operations within the three factories for the maintenance process and assist in the diagnosis of mechanical defects and the safe operation of the equipment. This is done by analyzing the vibrations within the production units in the three plants. The maintenance department carried out all planned and emergency work during the two years of the report.





## Third: Our Markets

### Our Marketing Vision:

We are aware of the competition in the Nitrogen Fertilizer Market locally and globally, so the company's strategy depends on:

- Maintaining product quality.
- Giving to local market customers.
- Securing customers loyalty.
- Selecting distinguished group of clients and international companies working in the field of fertilizer trade with great experience in the field of fertilizer trade globally.
- Appointing of international inspection companies to monitor the shipping process on vessels.
- The company's strategy in marketing depends on the diversity of its products from Specific Urea, Normal Urea, Ammonium Nitrate and UAN. One of the competitive advantages of Abu Qir Fertilizers company in Egypt is having this variety of products.





# New Markets:

## International Markets:

- Our company adopts the F.O.B policy, meaning that our customers are free to export their products to any of the international markets. This process is subject to balance of supply and demand in different markets and international laws. On the other hand, the global fertilizer trade is heavily subject to the values of marine shipping.
- We are distinguished by Egypt's unique central location in the world, so we have open channels to all fertilizer's markets worldwide in Europe, the Mediterranean region, Africa, North America, Latin America and Asia.

## International Agreements:

AFC benefits from the customs exemptions granted to the Egyptian products within the European and Turkish market, which is a relative advantage for Abu Qir within those markets.

## Our International Clients:

- AMEROPA AG
- TRAMMO AG
- CHS
- KOCH SUPPLY AND TRADING CO.
- NITRON GROUP LLC
- INDAGRO SA
- DREYMOOR
- GUBRETAS





## Fourth: Information Technology

Our huge facilities are connected through a complicated strong network of more than 30 km of cables extended over the company, connecting 65 buildings that needs high protection, follow-up and update. Thus in 2018, Abu Qir invested EGP 5 Million in a development project to develop the internal network and hardware and database management systems.

### a) Hardware

- (8) servers for database and applications
- (2) servers for surveillance cameras
- (1) server (disaster backup)
- (425) domain computer, (219) printer and (29) scanner





### b) Software

- 74 tailored software modules to manage the majority of the company workflow
- ERP system to manage preventive maintenance workflow
- An archiving software to archive company documents

### c) Official website (<http://www.abuqir.net>)

- Official Website developed, designed and managed by the company team
- The current version was published in 2015
- A new section was added in 2016 for handling all employees' services
- Newer version is expected to be published in 2019

### d) Surveillance Cameras

(50) camera resides on the company perimeter fence Storage capacity 22 TB Recorded data available for 14 days

(24) camera distributed inside the company boundary

- Storage capacity (50) TB
- Recorded data available for 30 days
- (7) cameras inside the administrative building
- Storage capacity (1) TB

### e) Archiving System

- About (308200) archived documents which contains approximately (5) million paper
- (50) users represent all sectors can directly access the archived documents

### f) Interactive Bulletin Boards

- (17) interactive screen distributed through buildings

The IT Department is working on automating all processes towards achieving a paperless approach in all internal communications and employees' affairs, in addition to creating a Decision Support System to help make the right decision at the right time. This is achieved through providing the right information at the right time. The information systems management provide the applications and programs that help the senior management make the right decisions.

In addition to using Oracle EAM R12 system that has had positive impacts on the maintenance system, which plays an important role in calculating the cost of maintenance automatically though networking the maintenance system of the warehouses and the procurement department, providing easy access to the exact required spare parts at no time, and having a good track of all maintenance processes.



## Fifth: Innovation

Research and Development (R&D) Department is one of the departments that contribute to the sustainability of the main activity of the company and follow-up the continuous development of products as well as international applications in the field of fertilizer industry. It is responsible for linking the production requirements with the research necessary to manage these requirements.

In 2017, due to the increase in ammonia loading and unloading rates in order to increase the demand for liquid ammonia and the need for companies to export the ammonia surplus available in factories through the sea line Ammonia liquid tank loading and unloading, the unit has been developed so that liquid ammonia is shipped in cold condition or after heating at the same time as well as increasing the capacity of the unit to accommodate two trucks at the same time.

## NPK Bulk Blend Plant

NPK bulk blend plant is a successful extension for AFC's various products had been implemented in 2005 to produce multi-nutrient fertilizers in a different formula by using mechanical blend technique which give nutrition balance for the cultivated soil and reclaimed land by its contents for the main nutrients N (nitrogen), P (phosphorus) and K (potassium).

Through this successful experiment, we found out that there are common types formula that cannot be achieved by using mechanical blend technique like formula NPK (15/15/15), NPK(17/17/17), NPK(19/19/19) and NPK (20/20/20) which are more useful for agriculture and cultivated plants and are widely used all over the world.

In accordance with this vision, Abu Qir fertilizers has been intended to make an extension and development for the existing plant by studying for producing CAN, MAP, DAP and NPK in a chemical blend technique. We have crossed good distance into achieving our new vision for this project.

In according to this vision, Abu Qir fertilizers is considering making an extension and development for the existing plant by studying for producing CAN, MAP, DAP and NPK in a chemical blend technique.



## Sixth: Future Projects

Integrating the current plants with the new projects provides a wide variety of products, which can be applied to the market based on the international and local markets' needs aiming at keeping up with agricultural reform programs. Production surplus is exported to the international markets which aids in balancing the balance of trade and supplying hard currency, which raises the value added from the company's current products and maximizes the company's profit margin.

Abu Qir Fertilizer Company will be able to produce ammonia, urea, ammonium nitrate, liquid fertilizers (UAN), Calcium Ammonium Nitrite (CAN), mono-ammonium phosphate (MAP) and di-ammonium phosphate (DAP), as well as several other new granulated NPK fertilizers. Such new products allow Abu Qir Fertilizers Company to horizontally integrate and grow through entering new world markets, which achieves the company's desired leadership in the Arab fertilizers industry and to compete in the international fertilizers markets.

### 1- Nitric acid & Ammonium Nitrate Plant Revamp

#### Project Purpose

- In light of the current challenges, it was necessary to study the optimal exploitation of the ammonia surplus in the company plants, where other than exporting it, the alternative was to reduce the daily operation capacity, which will lead to increasing the cost of the production operations. After studying the various alternatives, it was chosen to revamp the nitric acid and nitrate plants to increase their production capacity, as it is considered one of the best available alternatives in terms of economic feasibility and in terms of achieving the best efficient and effective exploitation of the ammonia surplus.

#### Project Components

- Nitric Acid production unit with a production capacity of 500 tons per day.
- Liquid Ammonium Nitrate production unit with a capacity of 600 tons daily.
- Medium Steam Boiler with a capacity of 100 tons / day.
- Cooling Tower with a capacity of 7500 m<sup>3</sup> / hour sufficient for the project, along with exploiting the surplus to cover the needs of the existing and future plants.
- Electric Generating Unit for producing 12 MW, along with exploiting the surplus to cover the needs of the company's future projects.
- Liquid Ammonium Nitrate Storage Unit with a capacity of 300 tons.
- All the Utilities and facilities required for the production process as well as the tie-ins with the existing units.



### Schedule

- The project is recently under study, and it is expected to take 28 months for establishing from the date of contracting other than 3 months for operational testing.

Moreover, this project will make a de-bottlenecking projects covering

- Steam balance
- Power generation
- Flexibility in tie-in system between plants.

## 2-Bulk Blend Mixed Fertilizer Plant Revamp

---

### Project Purpose

- The project aims at meeting the needs of the domestic market of high quality, water-soluble granulated fertilizers in addition to producing Calcium Ammonium Nitrite to contribute to the realization of the horizontal and vertical agricultural expansion and reform plans.
- The project also aims at opening up new international markets, especially in the European countries such as Germany and Ireland, by exporting the surplus of the Calcium Ammonium Nitrite to the world market as well as invading the African markets by several composite fertilizers.
- This is in addition to raising the production capacity of the current Nitrate Plant from 2400 to 2600 tons/day in parallel with the production of 1000 tons/day of NPK and the surplus is used for increasing the capacity of liquid fertilizer UAN.

### Project units

- Granulation Unit for producing Calcium Ammonium Nitrite (CAN), DAP/MAP or NPK fertilizer with a capacity of 1000 tons/day.
- Storage Units to store both finished products and raw materials.
- Bagging Unit with a capacity of 1100 tons/day.
- Required offsite & Utilities units.

### Project Products

- Calcium Ammonium Nitrite (CAN).
- Or Mono/ Di-Ammonium Phosphate (MAP/DAP).
- Or Mixed granulated NPK fertilizers with Different grades.

### Schedule

- 34 months from the date of contracting until the end of mechanical completion.



## 3-Methanol and Calcium Ammonium Nitrite (CAN) Plant

### Project Purpose

- Aiming at keeping up with the Egyptian economic reform program under the patronage of President Abd El-Fattah El-Sisi, Abu Qir Fertilizers Company has been keen to launch a new integrated complex for the production of Methanol and Calcium Ammonium Nitrite (CAN), which witness the establishment of the largest petrochemical complex where methanol is a primary raw material to several petrochemical industries, the project contributes to raising the value added of Egypt's natural gas resources, which is expected to achieve a surplus by 2021 instead of exporting it as a raw material.

### Project Goals

- The objective of the project is to support the economic reform strategies as well as to support the facilities and services relevant to the development of the Suez Canal from the gas shipping stations for ships and containers, The current global trend is to reduce the gas emissions causing the global warming (greenhouses gases), and since methanol doesn't produce any sulfur emissions sulfur, it thus expected that by 2020, all the various ships and containers will be using methanol.

### Project Units

- Ammonia production plant with a capacity of 400,000 tons / year.
- Nitric Acid production plant with a capacity of 600 thousand tons / year.
- Calcium Ammonium Nitrite (CAN) Plant with a capacity of one million tons / year.
- Methanol production plant with a capacity of 1 million tons / year.
- Utilities and facilities needed.

### Project Products

- Methanol.
- Calcium Ammonium Nitrate (CAN).
- Ammonia with a capacity of 69 thousand tons / year.

### Project Location

- It is planned to establish this industrial complex at various stages on an area of 100 acres, including the area needed for future expansions, in the industrial area of Suez or Ain Sokhna.

### Schedule

- 36 months after the tender settlement, where the project is expected to be put in operation by the end of 2022



## 4-Sea Water Desalination Project

### Project Purpose

"The new project aims to using sea water from the Mediterranean instead of using freshwater from Nile river to support Egypt in facing the challenge of water scarcity"

- To fulfill the company's operational and future water needs, in addition to supporting future expansion plans, Abu Qir studying the possibility of implementation of Desalination unit using the most advanced technology.

### Project units

- Sea Water Intake Unit.
- Pre-Treatment Unit for recharge water.
- Desalination Unit to separate the treated water from the salt water.
- Post Water Treatment Unit.

### Schedule

- Commissioning: 2022

### Project Location

- Inside industrial area

### Current Status

- Local project consultant (PMC) is being selected who will prepare the Invitation to Bid (ITB) and FEED Engineering.



# **Responsible Supply Chain**



Suppliers are strategic allies who support our success and ensure consistent provision of products to customers. We believe that the collaboration makes the difference. Our supplier relationships go beyond the purely commercial sphere and include a mutual understanding of what it takes to promote good practices and pursue responsible and sustainable development. The procurement function at head office and plan sites is responsible for management of procurement practices in line with Company Policies. The procurement policies are evaluated regularly and updated on need basis. During the year the evaluation of the procurement policy was carried out and as a result the dormant suppliers or supplier not meeting the procurement criteria were removed from the system.

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.

We procure most of our requirements from the locations in which our respective operating facilities are located as far as qualitatively compatible, technically feasible, and economically justifiable. This way, Abu Qir activities support the economic development of the surrounding areas. Abu Qir is not particularly dependent on any of its suppliers except the supplier for natural gas which is basic raw material for fertilizer manufacturing.

Our suppliers include local suppliers and foreign suppliers. The major raw material and other components which can be easily purchased from Egypt are procured locally while the materials and components which are not available in Egypt are purchased from abroad.

We are well aware that today's complex business environment and management of impacts are beyond organizational boundaries and require leading supply chain management methods. Incorporation of sustainability criteria in selection and working with suppliers to upgrade working conditions help to limit exposure to unexpected events, negative environmental and social impacts and supply disruption, while building long-term core competence and effective management of supply chain.

Because the conditions of the fertilizer industry require full scrutiny of all the requirements of the production process, we have sustainability criteria to select and manage our suppliers, outsourcing partners, and service providers. The selection criteria take into account conditions relating to sustainability factors such as, environmental management, working conditions, complaint management, safety standards and financial credit worthiness.

The evaluation of the procurement selection criteria was carried out during the year. Based on the evaluation results, the upgrading of the criteria is under consideration to include more comprehensive criteria by including other factors relating to labor management practices, child labor and society related practices. We plan in future to educate our supply chain partners on the criteria through inclusion of the relevant suppliers in Abu Qir supplier assessment process.

# Scoring Criteria for Suppliers:

Abu Qir has a pre-qualification phase before selection that make sure that suppliers, who have interest in applying for bidding, have the minimum technical and compliance qualifications that matches AFC's international standards and criteria. For potential suppliers who successfully make it through the strict pre-qualification phase are then requested to submit their technical and financial proposals to be evaluated by the procurement department.

Selection from qualified candidates is not based on the least price, but based an advanced formula merging both technical and financial aspect for the best selection.

Among the pre-selection criteria that AFC relies on to qualify/ disqualify suppliers applying for the bidding are:

- 1 - An excellent profile in Labor Health and Safety.
- 2 - Complying with International Environmental Standards.
- 3 - Promoting Human Rights.
- 4 - Preventing Child or Compulsory Labor.
- 5 - A sustainable supply chain.

## Best Practice: Plastic Plant (Heavy Duty Sacks)

In 2015 Abu-Qir fertilizer and chemicals company intended to establish its own project for producing its requirements from heavy duty sacks or bags to bagging our different solid fertilizers products.

### The factory operates up-to-date technologies including:

- Three blown film machines (three layers' technique)
- Two printer's machines
- Three cutters and sealing machines

**40 Million**  
Heavy Duty Sacks Produced  
Annually

### Motivation:

Although AFC does not depend on a sole supplier, any sort of manipulation with prices or unavailability of supply has to be avoided. Such a step stemmed from the risk identification and assessment of (ISO 28001), where some external threats which inhabit scarce of bagging materials or problems with suppliers of bagging materials especially the continuous variation of price, were identified. These threats led us to produce our plastic heavy sacks. This would lead to:

- Cover our requirements from heavy duty bags which reach up to forty million bags per year.
- Reduce production cost.



### **Results:**

- 1- Higher quality and best mechanical properties for bagging material
- 2 - Saved cost from purchasing bagging material.
- 3 - Securing our supply for bagging units.
- 4 - Production of 120,000/ day of bagging materials
- 5 - Selling the excess in production to other fertilizers companies in the local market to achieve increased financial resources, waste disposal and recycling.



**This project introduces a sustainable model through achieving the three pillars of sustainability: the economic, the environmental, and the social.**

#### **The Economic Dimension:**

Saving of the cost of purchasing from suppliers, saving the waiting time for delivery, and increasing financial resources by selling the excess in production to other fertilizers companies.

#### **The Environmental Dimension:**

Respecting the environment is part of our identity. We follow the implementation of best practices to having a sustainable process. We recycle all production scrap by sending all scrap from our plastic production line to another company to be washed from ink and chemicals, then receive it back in pellets shape after processing to be used as raw material in production. So, there is almost zero solid waste from this factory.



### The Social Dimension:

Introducing job opportunities for working in this new factory and providing capacity building to engineers and technicians, in addition to supporting our competitors in the fertilizers industry by selling them very high-quality plastic bags at relatively lower prices because of being a local supplier with a nearer location.





The collage consists of four distinct images: 1) A close-up of a person's legs wearing dark trousers with high-visibility yellow reflective stripes. 2) Three firefighters in full protective gear (dark uniforms with yellow stripes, red helmets) standing next to a red fire truck. 3) The front view of a red fire truck with a megaphone mounted on its roof. 4) A person in a bright orange high-visibility jacket and black pants holding a black hard hat.

# Our Safety DNA



## **Our Approach towards Safety: Safety is in the DNA of Our Company**

As we believe that every accident is preventable, and we strive for zero injuries and fatalities, this ambition is clearly anchored in our Health, Environment, Safety and Quality Policies. Safety is always a top priority, and we continue to set challenging KPI targets for occupational safety in addition to our focus on actions that will further develop the safety culture in Abu Qir with the aim of reduce exposure to hazards through Safety Leadership and Responsibility



In the information technology era, we understand how the fertilizers and chemical industries are favorable to cyberattacks and how this could directly and indirectly affect the safety of our employees and the surrounding environment, thus the scope of safety is extended in our company to securing information and reputation by understanding security risks and implement necessary mitigating measures through continuously improving processes in a preventive and proactive approach.

year	Fatalities	Injuries No
2016	0	6
2017	0	2
2018	0	1



# Responsibilities

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, compliance with national legislation, and adherence to the Abu Qir high technical and operational requirements.

## **Health and Safety Department responsibilities to maintain safety:**

- Risk assessment for all major activities
- Eliminate the most hazardous material from the working area.
- Substitution of the most hazardous substance with safer ones.
- Finding an engineering solution to eliminate hazards.
- Securing maintenance activities.
- Raising safety culture by providing safety lectures for labor.
- Providing safety induction for all visitors and contractors.
- Providing TBT (Tool Box Talk) before any critical activity.
- Do safety inspection tours for most production sites, all warehouses, and administration buildings.
- Observing machines behavior during inspection tours.
- Investigate all accidents and report the root cause analysis for the corrective action.
- Investigate all near miss, report for corrective action, and follow the action plan.
- Monitoring gas leakage from all valves all over the 3 plants.
- Doing periodic drills for all employees to ensure the readiness for any emergency case.
- Doing periodic drills for the firefighting team, ensuring complying with local authorities (Civil Defense Force, Government Safety Office, and the Egyptian Environmental Affairs)





\* Raising safety culture internally and externally;



Year	No. of internal trainees (from AFC)	No of external trainees (from other companies)
2016	350	100
2017	545	116
2018	660	123





# Future Projects

Upgrading our safety management system; as we are working on our safety management system to comply with ISO 45001 requirements.

## Our participation at the IFA Global Safety Summit in Jordan, April 2017

- SGS ran a workshop and delivered a presentation on the benefits of the Protect and Sustain standard to the International Fertilizers Association's Global Safety Summit, held in Jordan.
- The Safety Summit attracted 120 executives from more than 20 countries and delegates from more than 30 countries to learn about the latest health, safety and environment (HSE) developments in the global fertilizers industry.
- Abu Qir Fertilizers was one of three companies received certificates from SGS recognizing their successful audits against the Protect and Sustain standard.
- Protect and Sustain is a tool developed by the IFA since 2010 to help its members to satisfy the health, safety, quality and security aspects of their business and increase profits.



Staff from Abu Qir receive their Protect & Sustain certification



# Sustainable Economic Growth



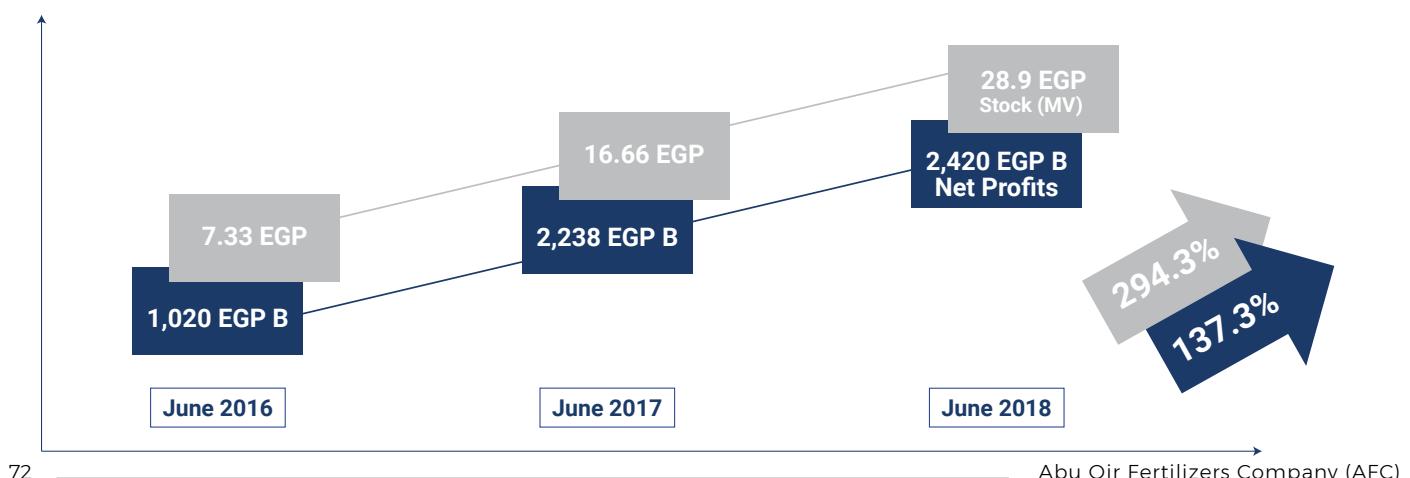
**Our Economic management approach** is based on profitable and sustainable growth, which is material to our long-term success as a listed company. We believe that by offering a positive value proposition to our customers over time, we can deliver attractive returns to our shareholders while at the same time creating value for society – creating shared value, responding to global challenges corresponds closely with Abu Qir core business, with our operations and offerings, and our business strategy. By leveraging our industrial expertise, we have developed new technologies and upgraded our production processes, thereby greatly reducing greenhouse gas (GHG) and other emissions to air.



\* As part of the local quota system, Abu Qir sells fertilizers to the ministry of agriculture at a discount in comparison to international prices. Such sales were sold at an aggregate discount of EGP 1.5bn in (ADD YEAR) in comparison to sales at international prices.

#### **Major Functions for our financial department:**

- Preparing Financial Statements.
- Preparing Budgets and feasibility Studies.
- Preparing Reports for decision making.
- Fixed Assets Control.
- Monitoring Inventory.
- Applying Investment Plans.
- Monitoring Banks Accounts.
- Reviewing Contracts with Clients and Suppliers.



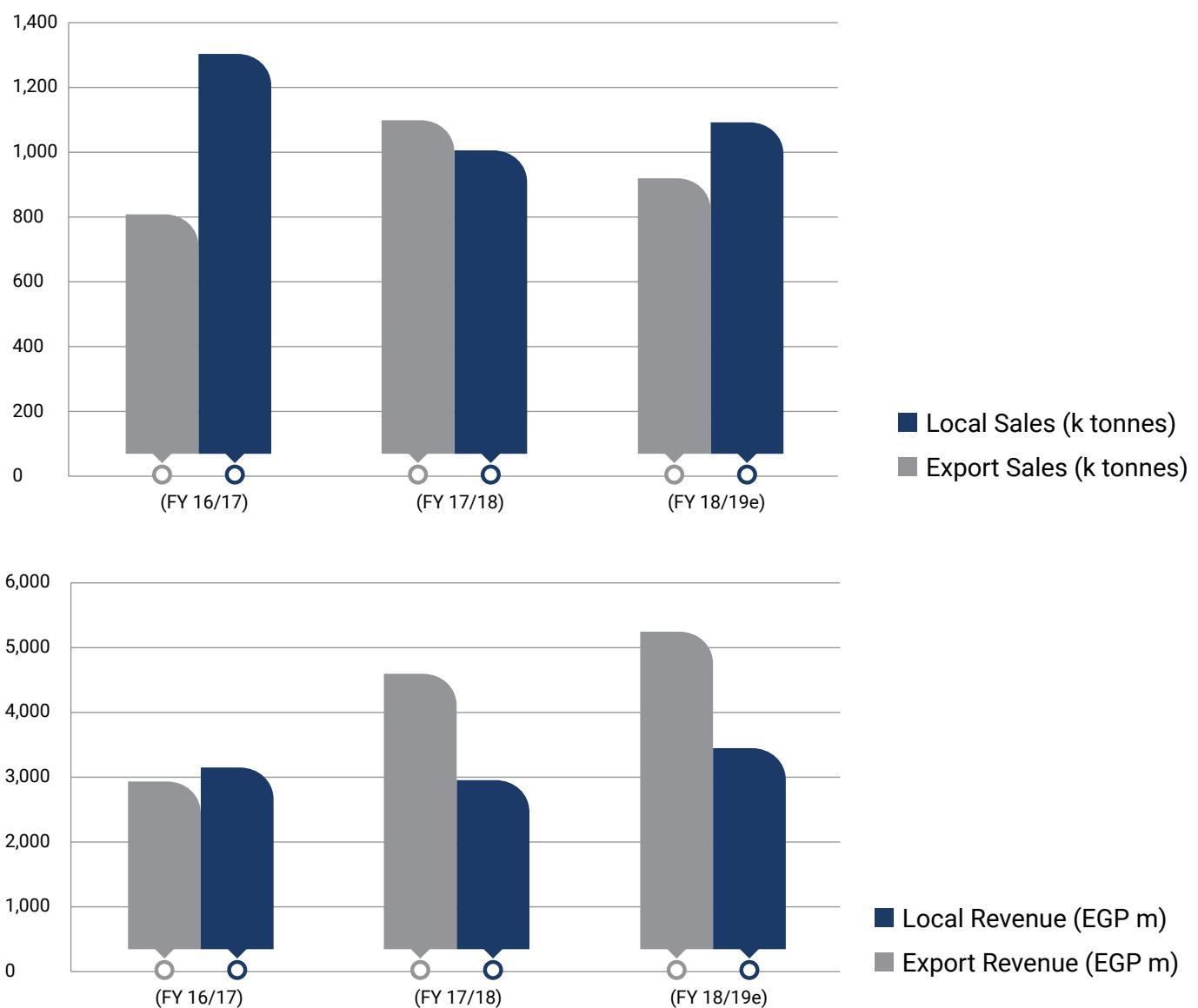


## a) Ownership

<b>National Investment Bank</b>	<b>24.88%</b>
<b>Egyptian General Petroleum Corporation</b>	<b>19.11%</b>
<b>Industrial Development Authority</b>	<b>12.67%</b>
<b>Al-Ahly Capital Holding Company</b>	<b>8.11%</b>
<b>Chemical Industries Holding Company</b>	<b>6.51%</b>
<b>Nasser Social Bank</b>	<b>5.9%</b>
<b>Misr Insurance Company</b>	<b>5.44%</b>
<b>Misr Life Insurances Company</b>	<b>4.76%</b>
<b>Shareholders Employees Union</b>	<b>3.97%</b>
<b>Chemical Industries Company (Kima)</b>	<b>2.7%</b>
<b>Mutual Funds and Individual Investors</b>	<b>5.96%</b>



## b) Our Markets



In the context of pushing macroeconomic policies towards encouraging exports to increase the supply of foreign currency, the company has tended to increase its sales to foreign markets during the year 2016/2017, while in the next year the company returned to provide the needs of domestic market at the expense of declining exports again.



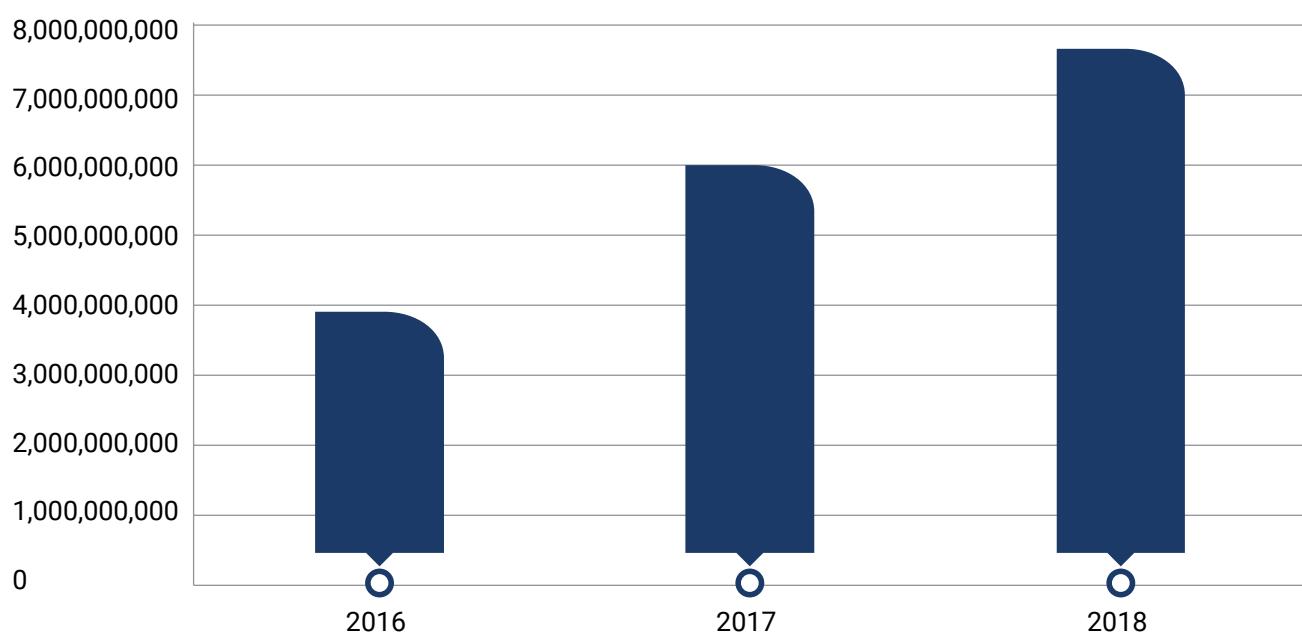
## c) Financial Highlights & Ratios for (2016/2017) & (2017/2018)

---

### 1) Revenues

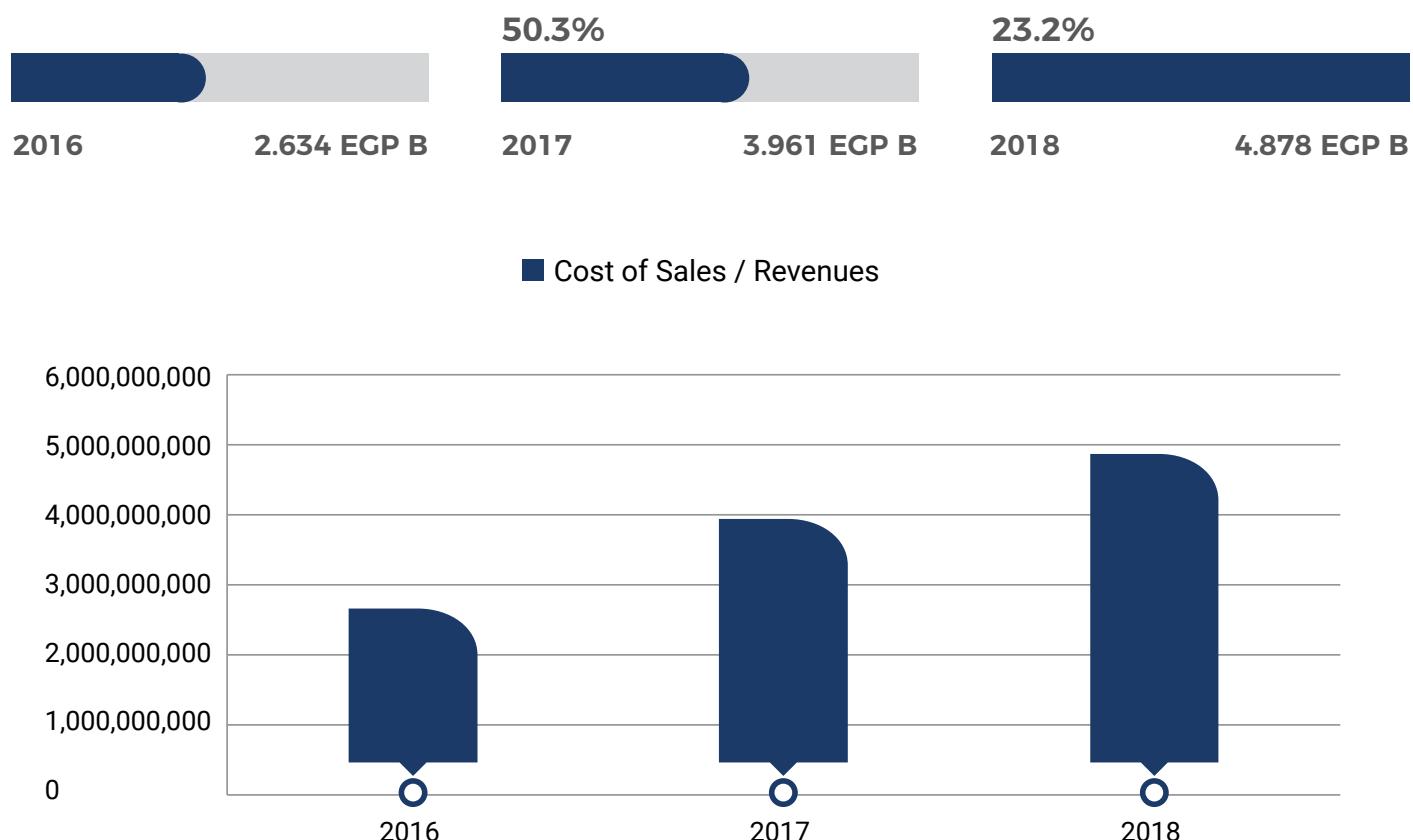


■ Revenues (EGP Billion)





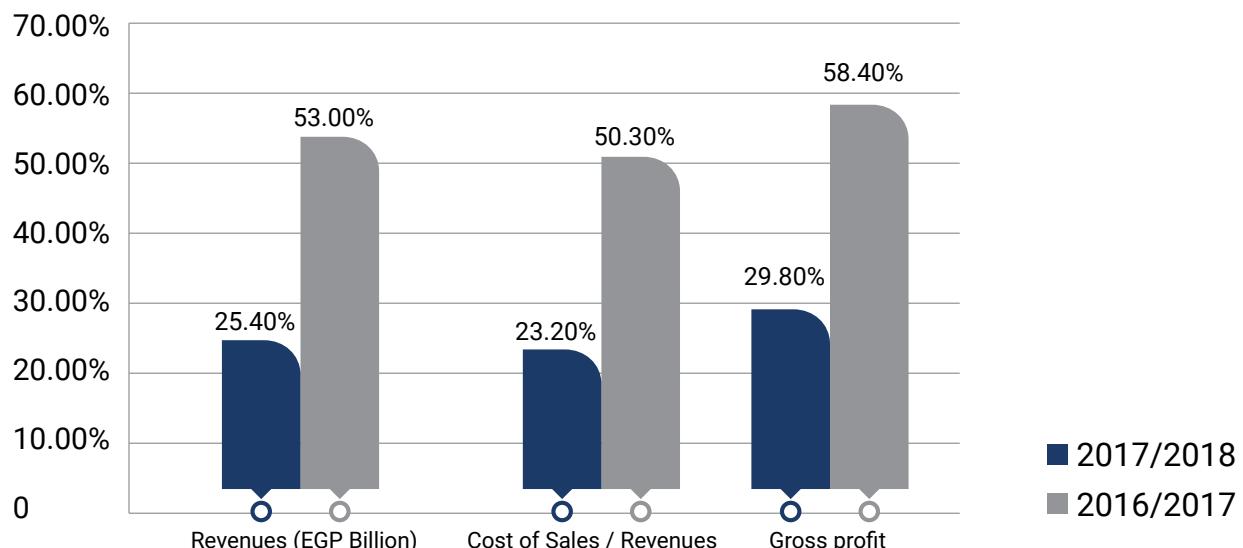
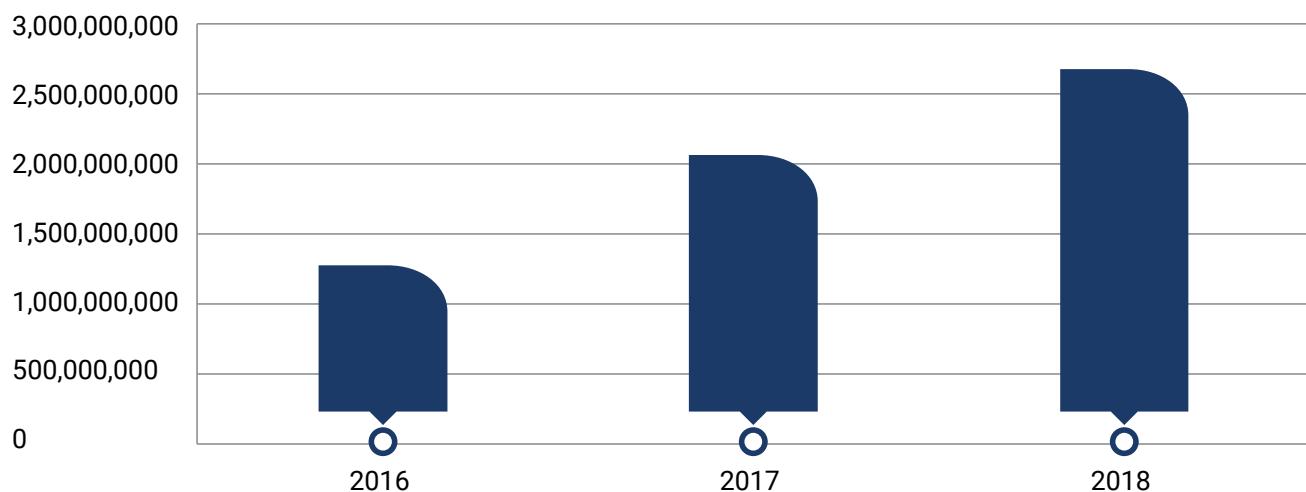
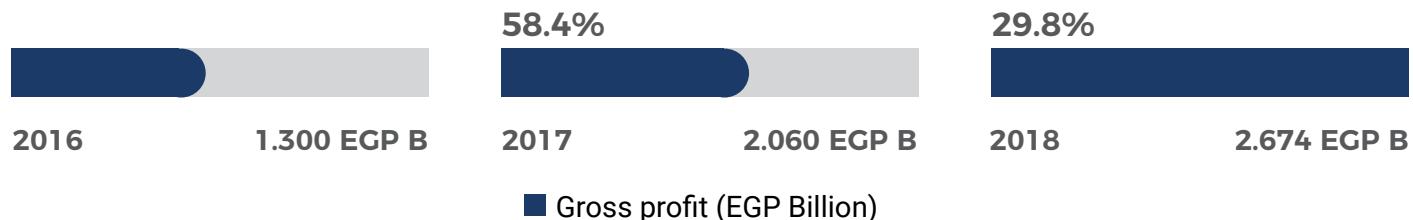
## 2) Cost of Goods



- During the fiscal year 2017 Abu Qir revenues increased by 53% compared with the previous year, this is due to the increase of the company's production capacity and its exports to the foreign markets.
- Revenue increased at this exceptional ratio supported with the rise in foreign exchange rate, and consequently the increase in the value of exports revenues
- Revenues during the year 2018 increased by a lower rate of 25.4%. Of course, this decline is due to the relative stability of the exchange rate, in addition to the re-increase of domestic sales at the expense of exports.



### 3) Gross profit



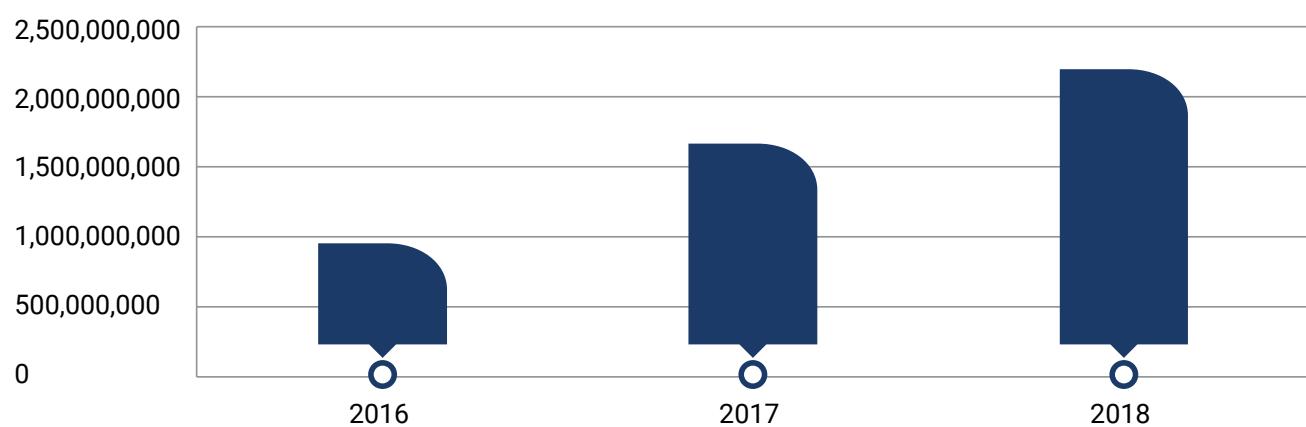
- During the last two years, costs of sales have increased at declining rates compared with higher revenues, this is reflecting the company's success in managing and reducing this type of costs.
- As a result, gross profit for the years 2017 & 2018 increased at rates higher than the rates of increase in operating income.



## 4) Operating profit



■ Operating profit (EGP Billion)

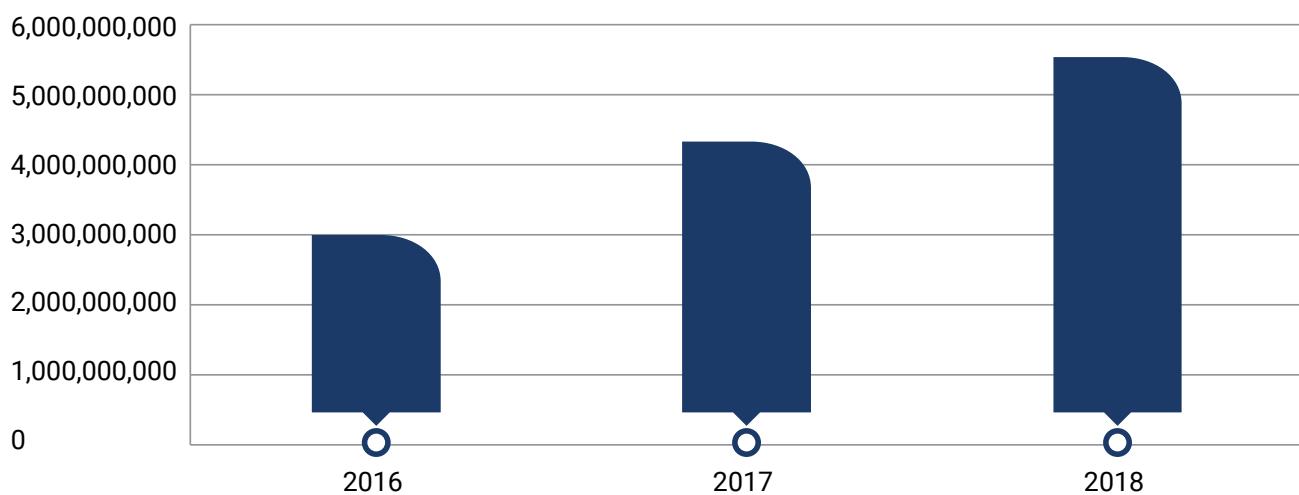




## 5) Operating Costs



■ Operating Costs (EGP Billion)



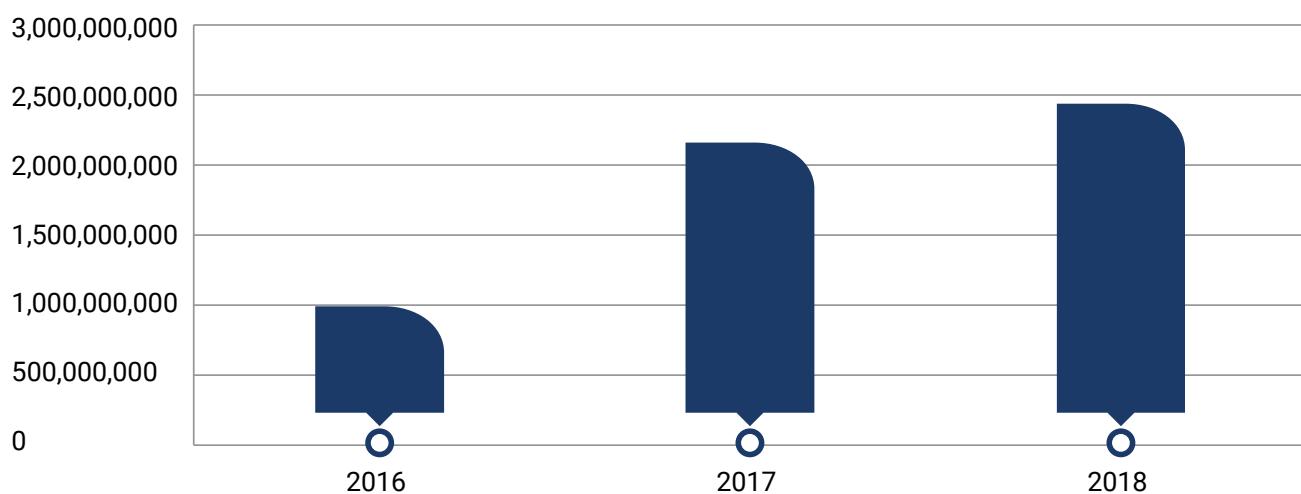
- The company achieved a good operational performance in the management of its assets. Where the operating profit increased during the FY 2016/2017 compared to the previous year by 74.3% while operating costs increased by 46.2% during the same year.



## 6) Net Profit

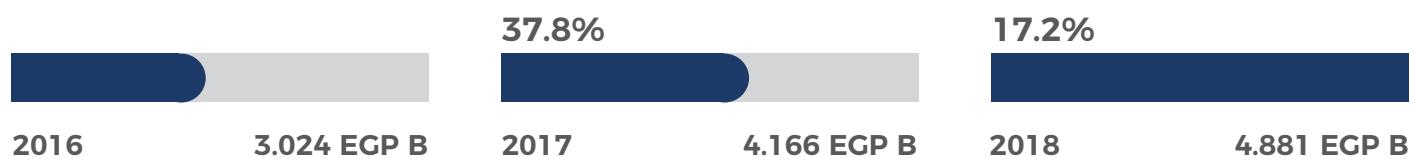


■ Net Profit (EGP Billion)

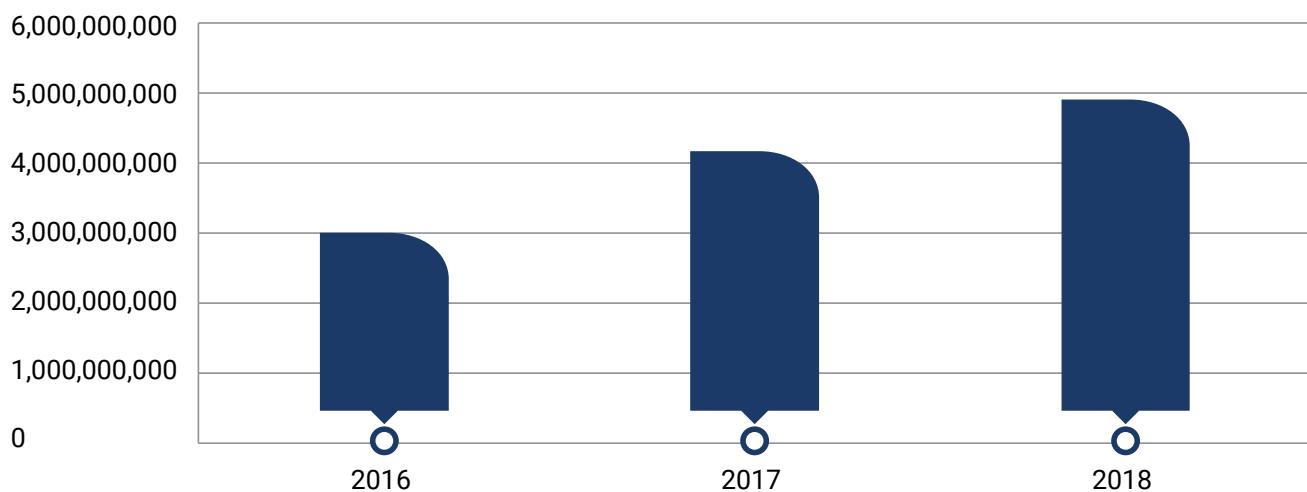




## 7) Equities



■ Total Shareholder's Equity (EGP Billion)



- During the last two years, Abu Qir has achieved a good financial performance, particularly at the level of profitability. The net profits have doubled during the fiscal year 2016/2017 and increased by 119.4% compared to the previous year.
- The rise in net profit at this rate during the fiscal year 2016/2017 was for exceptional reasons. First the currency gains which has increased during this year with 770%.
- In addition, the company received credit interest in the same year, an increase of 224% over the previous year. Also, the company received another capital gain this year, an increase of 56.3% compared to the previous year.
- The financial performance that achieved by the company during the FY 2016/2017 was reflected in the increase in total shareholder's equity by 1.14 EGP Billion compared to the previous year with approximately percentage 37.8%



## d) Financial Highlights and Ratios

### Gross Profit Margin

2016	2017	2018
33.05%	34.22%	35.41%



### Cost of Goods / Total Revenue

2016	2017	2018
66.95%	65.78%	64.59%



### Operational Costs / Total Revenue

2016	2017	2018
75.91%	72.55%	71.05%



### Operating Profit / Net Profit

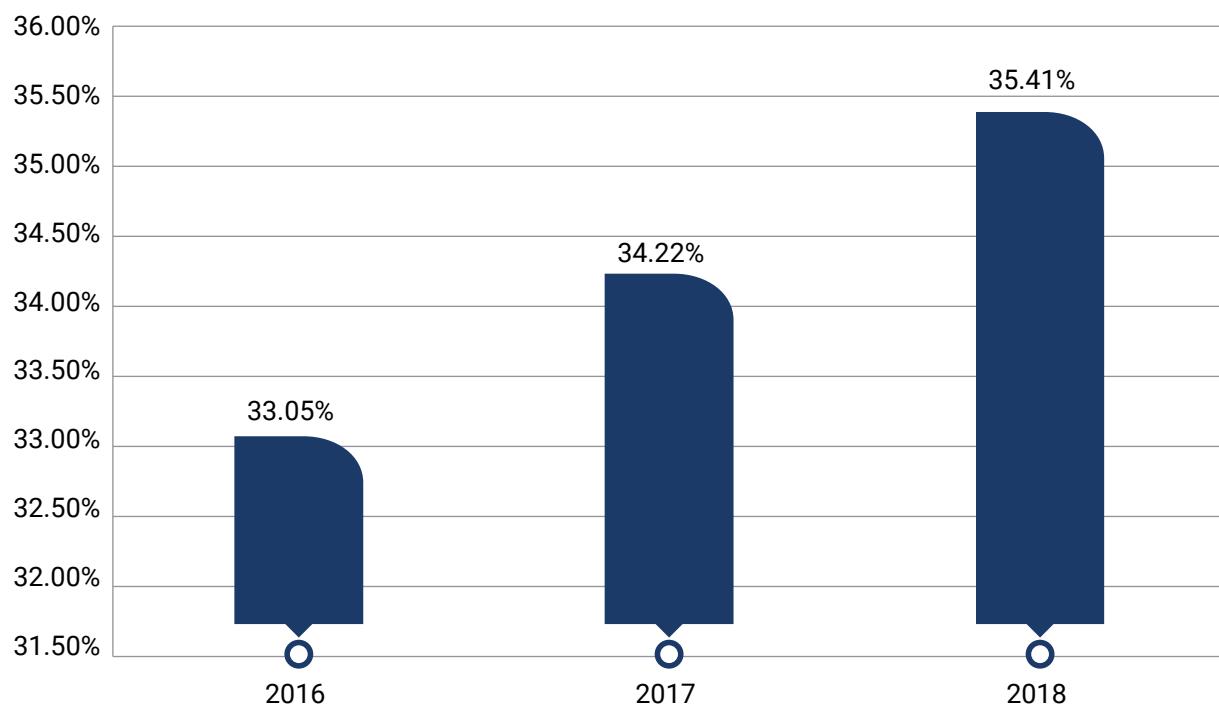
2016	2017	2018
92.96%	73.84%	90.34%



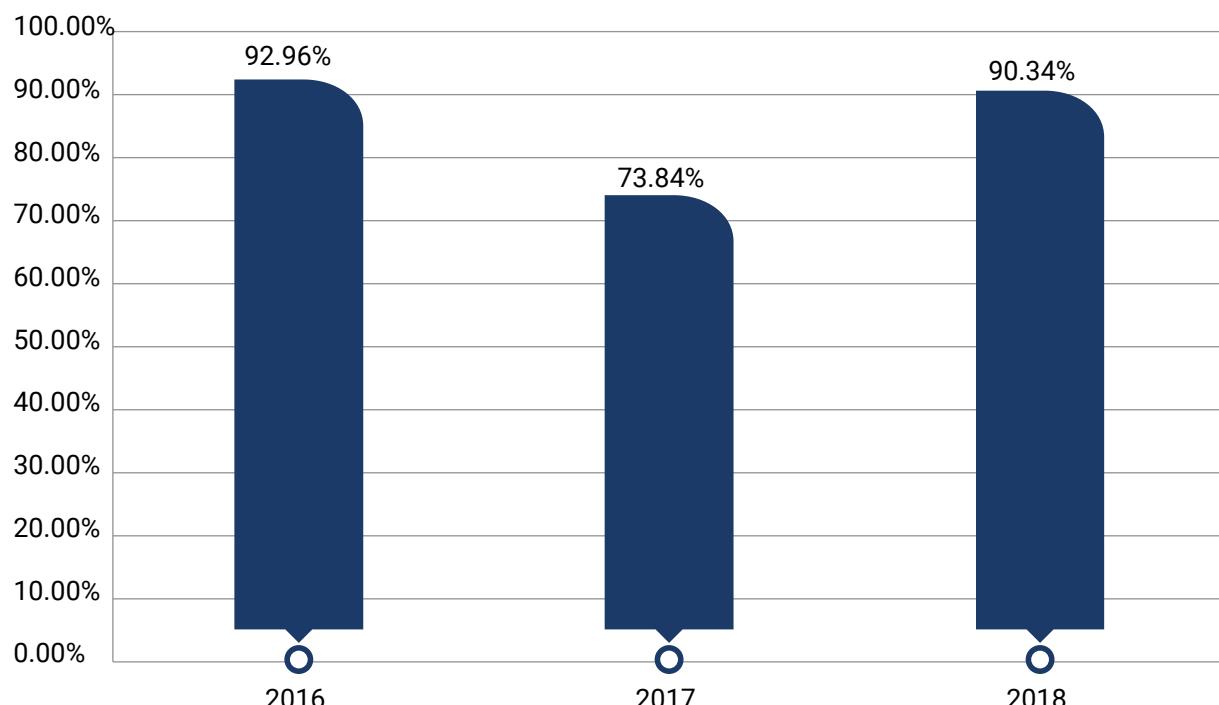
- Over the last two years, the company has succeeded in improving operational performance and managing sales costs. This is reflected in the accelerated increase in the ratio of gross profit to total revenues during 2017: 2018.
- In addition to a decrease in the ratio of sales costs to total revenues in a decreasing manner during the same two years.
- At the level of operating costs as a ratio to total revenue, has performed well over the last two years, gradually decreasing from about 75% to 71%
- During the financial year 2017, the ratio of operating profit to the net profit has declined compared with the previous year.
- This is due to the fact that the company achieved exceptional profits during this year, while this ratio has risen to over 90% in the following year (2018)



■ Gross Profit Margin



■ Operating profit / Net Profit



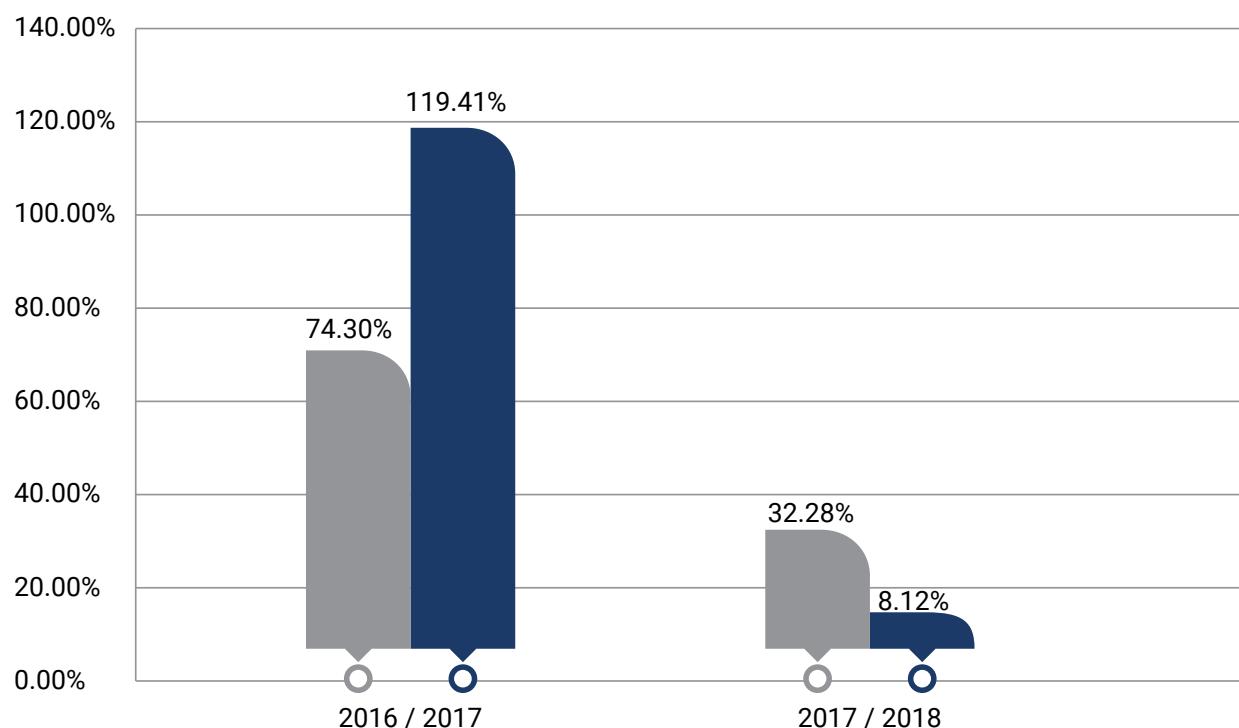


### Growth in Operating profit vs. Net Profit

	2016 / 2017	2017 / 2018
<b>Net Profit</b>	<b>119.41%</b>	<b>8.12%</b>
<b>Operating profit</b>	<b>74.30%</b>	<b>32.28%</b>



■ Net Profit      ■ Operating Profit



- Excluding the extraordinary profits that company achieved by during the year 2017, the operating profits achieved a good performance during the last two years, reflecting the ability of the company to rely on its activity to a large extent to achieve its target profits.

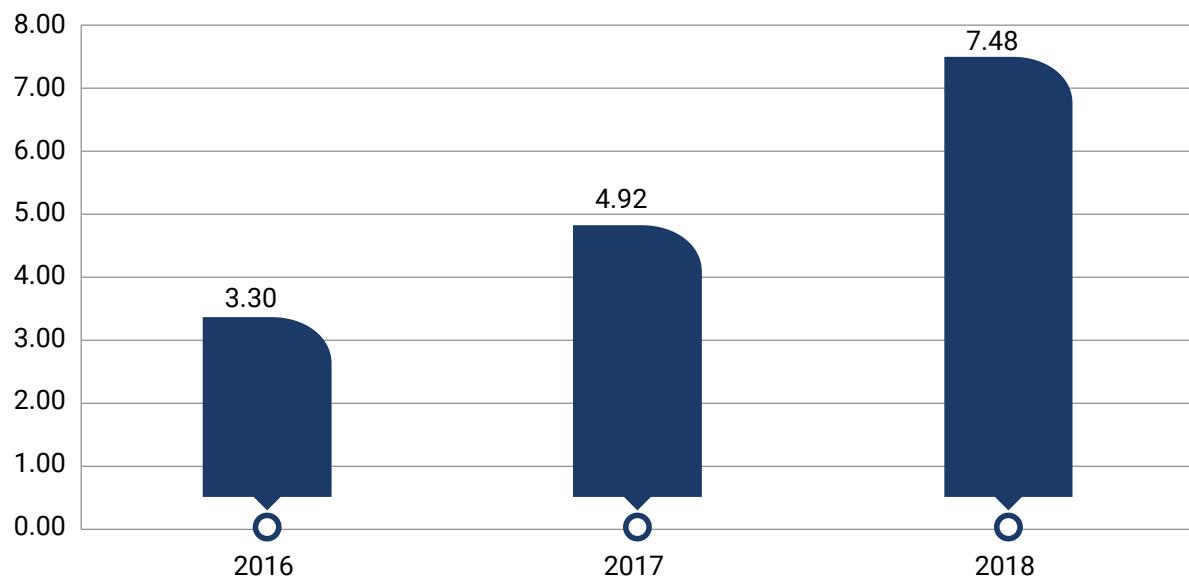


#### P / B Ratio - Price to Book Value (P/BV)

2016	2017	2018
<b>3.30</b>	<b>4.92</b>	<b>7.48</b>



■ P / B Ratio



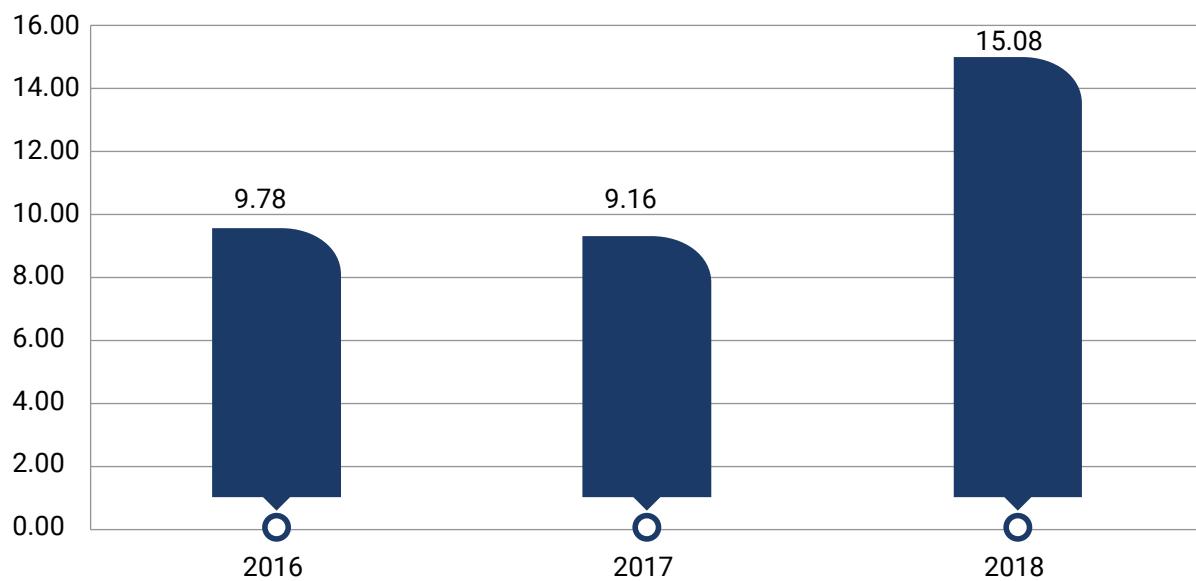


#### P / E Ratio - Price-to-Earnings Ratio

2016	2017	2018
9.78	9.16	15.08



■ P / E Ratio



- Trend of the book value multiplier and profitability multiplier reflects the strength of the stock performance at the stock exchange performance.



## e) Abu Qir Financial Portfolio

- Abu Qir has a strong financial portfolio that contributes to the company profits as well as the profits from activity. These financial investments include, shares in other companies, banks deposits, investments in government debt instruments, and other securities.
- The long-term portfolio constituted a percentage equal to about 38% of the total fixed assets, while short-term financial investments represented a percentage about 64% of the total current assets (according to the last year 2018).

## Abu Qir Contribution in Other Companies:

Company Name	2017/2016	2018/2017
Alexandria Fertilizers Company	15%	15%
Helwan Fertilizers Company	17%	17%
International Petrochemical Investment Company	3%	3%
Al - Wadi Co. for Phosphate Fertilizers	10%	10%



## f) Economic Impacts:

- Macroeconomic Policies & Multiple Risks





Year	FX. Rate	Interest rates	VAT	Subsidies		Foreign Exchange Gain	Credit
2016	<b>8.87</b>	<b>%11.75</b>	-			<b>89.44 EGP M</b>	<b>26.97 EGP M</b>
2017	<b>18.11</b>	<b>%18.75</b>	<b>%14</b>			<b>777.66 EGP M</b>	<b>87.31 EGP M</b>
2018	<b>17.88</b>	<b>%16.75</b>	-			<b>16.39 EGP M</b>	<b>109.104 EGP M</b>

- Abu Qir achieved exceptional profits during the year 2016/2017 as a result of liberalization of the foreign exchange rate in the Egyptian economy. The profits of foreign exchange gain during this year reached 777.7 EGP M, compared to 89.4 EGP M at the previous year, i.e. approximately 770%
- On the other hand, high interest rates (as a result of the Egyptian Central Bank's use of a deflationary monetary policy) helped the company to achieve a credit interest during 2016/2017 amounting to 87.3 EGP M compared to 26.9 EGP M in the previous year, i.e. approximately 224%.
- The financial and economic performance of the company is affected by many influences both at the global and domestic market level. According to the analysis of economic factors globally and locally, there is a positive outlook for the company during the coming years, specifically regarding the following factors.

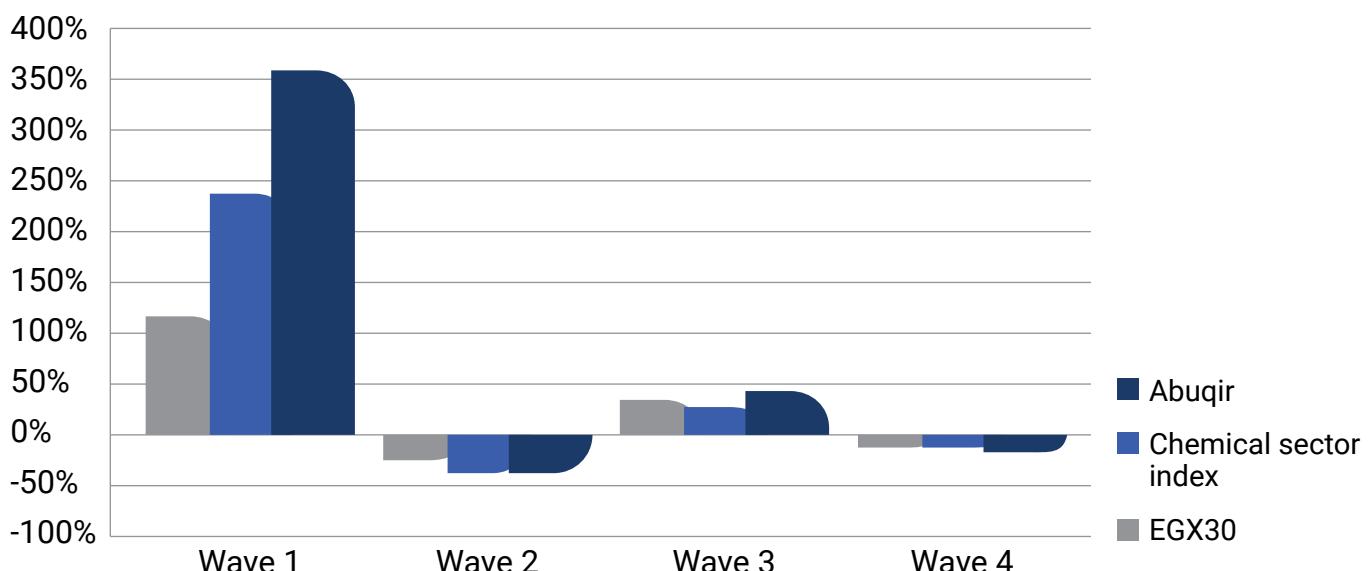
- |   |  |
|---|--|
| 1 | <ul style="list-style-type: none"> <li>• Production of big exporters of urea declined</li> <li>• This improves the export requirements of Abu Qir</li> </ul> |
| 2 | <ul style="list-style-type: none"> <li>• Expectations of increased domestic demand</li> <li>• As a result to increase the land restoration</li> </ul>        |
| 3 | <ul style="list-style-type: none"> <li>• Expansion of the company's production capacity and selling capacity</li> </ul>                                      |



## g) Stock Performance

	Abu Qir	(%)	Chemical sector index	(%)	Egx30	(%)
Nov-16	7.58		658		844776	
Feb-18	34.7	358%	2225	238%		
Apr-18					1830446	117%
Dec-18					1299689	-29%
Jan-19	22.6	-35%	1453	-35%		
Mar-19	28.6	27%	1647	13%		
Apr-18	26.7	-7%	1544	-6%	1513547	16%
May-19					1412221	-7%

- Over the past two years, Abu Qir stock rose from 7.33 EGP on June 2016 to about 28.9 EGP on June 2018, realizing a capital profit of about 294.3% during the period. the stock performed better than the chemical sector index and the market index EGX30 During the uptrends periods witnessed by the Egyptian stock exchange over the previous two years.



**Our People  
Our Main Asset**





ABU QIR FERTILIZERS CO.

## 2750 Employees

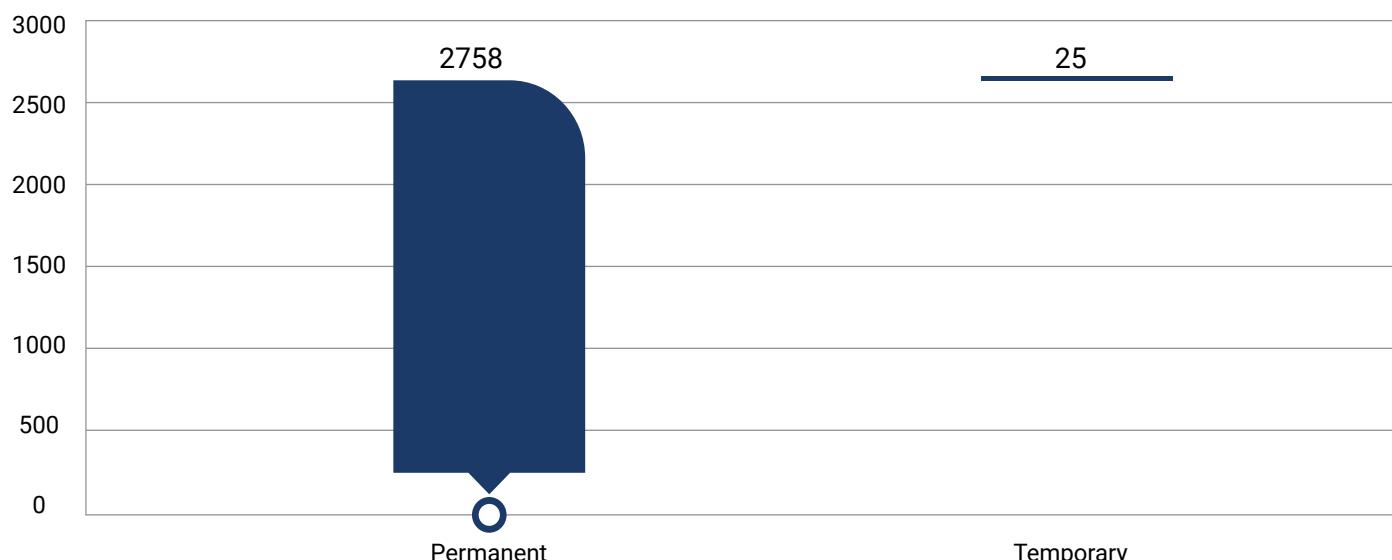
AFC is among the main employers in Alexandria, Egypt. We are committed to our policy of hiring and retaining high quality workforce of diverse nature, develop them through training, and cultivate a culture of belonging by encouragement, support and reward.

We are committed to abide by all human rights laws, regulations, and voluntary commitments for better human capital management. Provision of competitive wages and benefits, decent and productive place to work, and trainings, will remain our priority to ensure continuous commitment towards effective management of this valuable asset.

### 1) Analysis of Human Resources at AFC:

#### Permanent and Temporary:

Total Employees	Permanent	Temporary	99 %
2783	2758	25	Permanent Employment

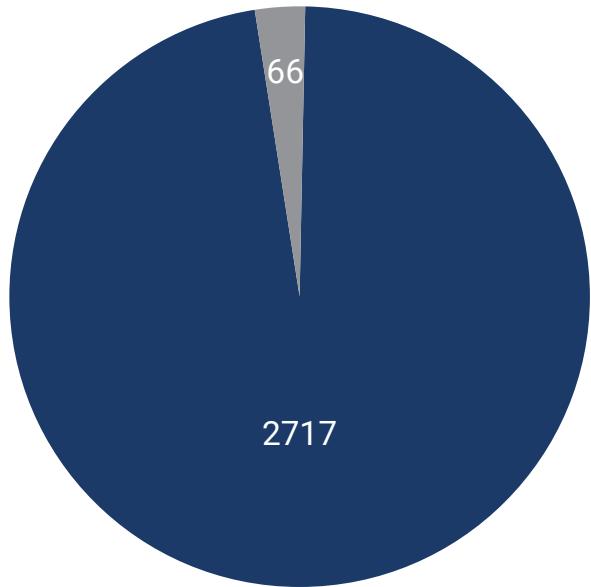


# شركة أبو قير للأسمدة والصناعات الكيماوية

## Gender Analysis:

Male	Female
2717	66

**99 %**  
male/total



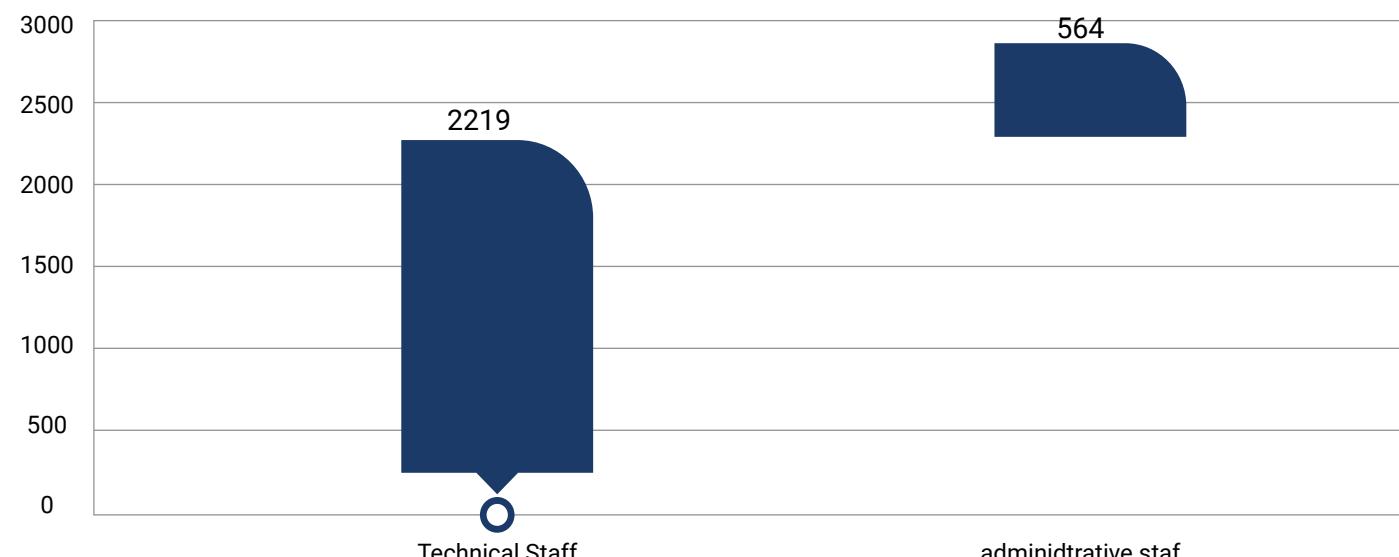
Abu Qir Fertilizers Company is pushing forward to increase the percentage of women working at the company. Female employees are represented at most of the company departments; holding technical, administrative and senior positions, in addition to the representation at AFC's Labors Union.

- Male
- Female

## Technical and Administrative Staff:

Total employee	Technical staff	Administrative staff
2783	2219	564

**79.7 %**  
Technical positions/total



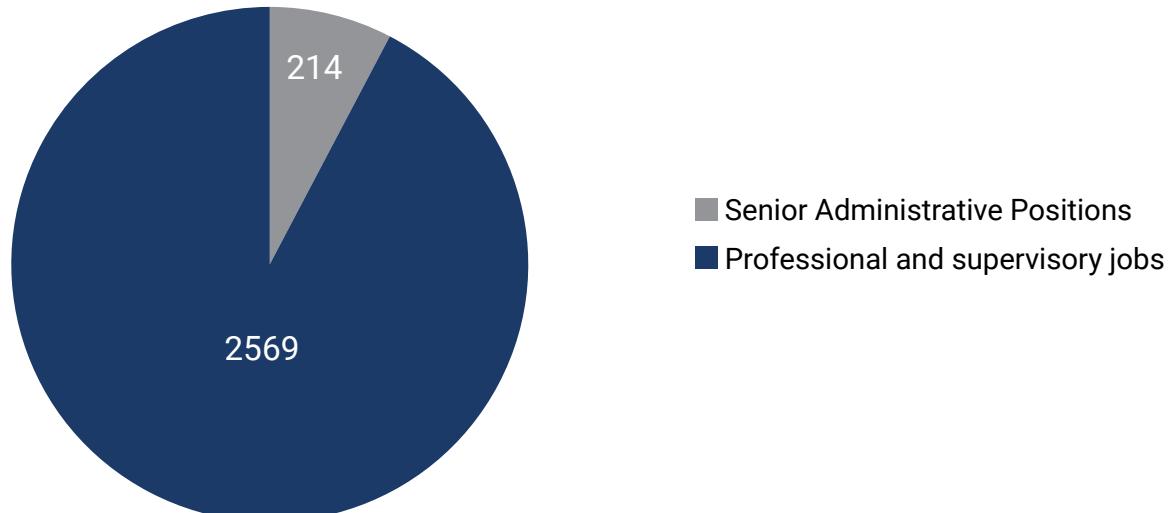


# ABU QIR FERTILIZERS CO.

## Positions Distribution:

Total employee	Senior Administrative Positions	Professional and supervisory jobs
2783	214	2569

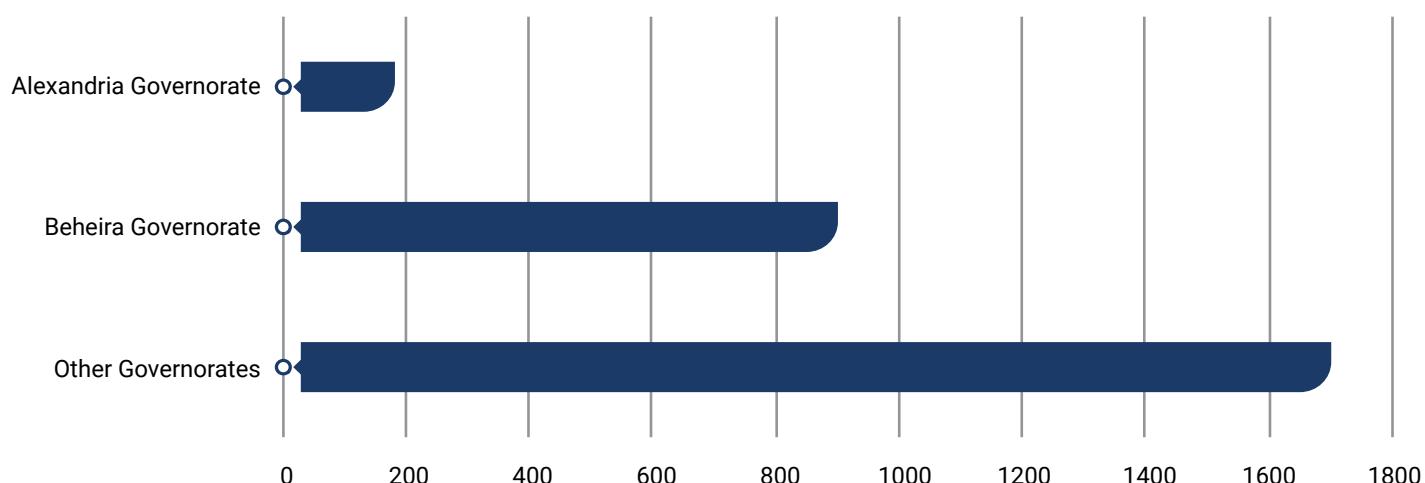
**7.7 %**  
Senior Admin/total



## Geographical Composition of our employees:

Alexandria Governorate	Beheira Governorate	Other Governorates
1700	900	183
%61.1	%32.3	%6.6

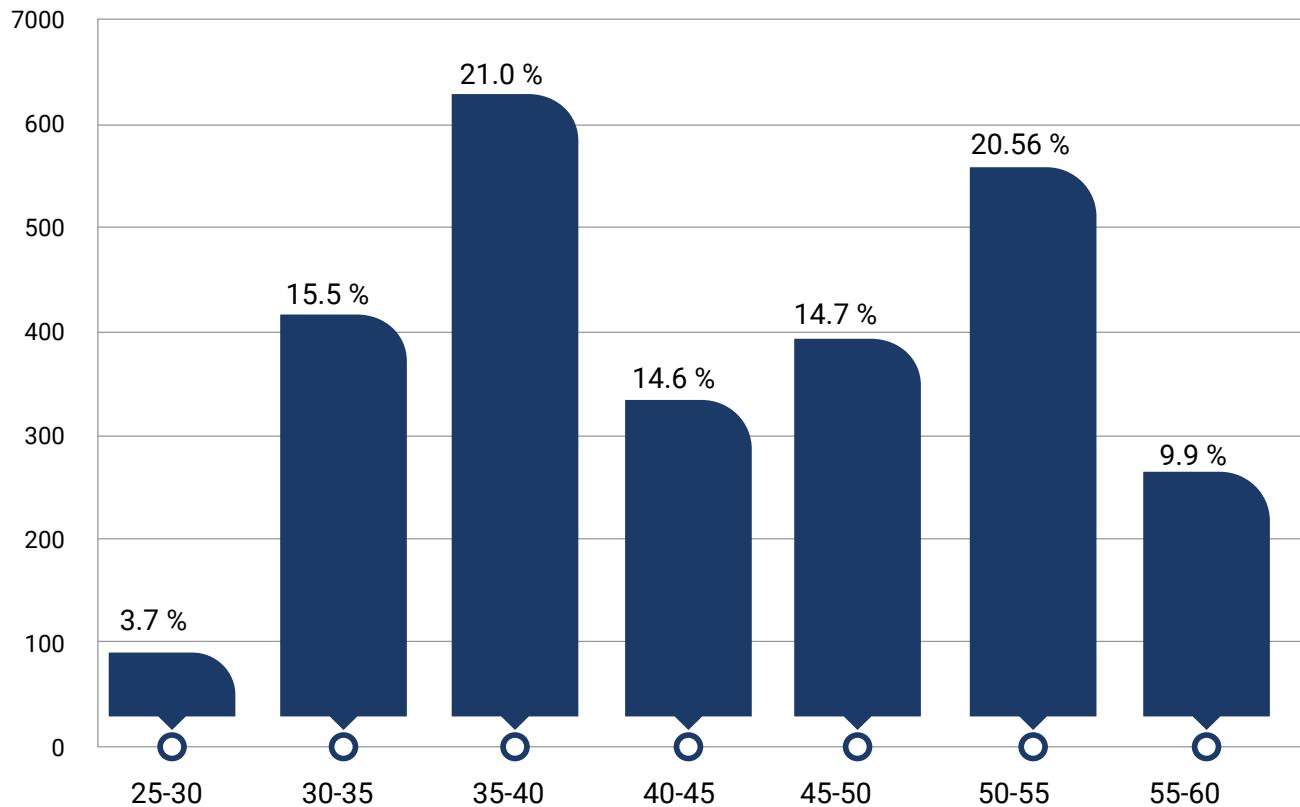
**79.7 %**  
Technical positions/total



# شركة أبو قير للأسمدة والصناعات الكيماوية

## Age Categories:

Age Categories	Number of employees	Percentage to Total Employees
30-25	103	3.7
35-30	432	15.5
40-35	641	21.0
45-40	349	14.6
50-45	408	14.7
55-50	572	20.56
60-55	278	9.9
Total	2783	100



We believe in the power of youth and their innovation capabilities as the main engine of sustainability and continuity, thus young people of the age group of (25-50) years represent about 69% of the total employees of our company. Meaning that we have a high level of stability in the age pyramid of our staff, knowing that the age of referral to legal retirement in Egypt is 60 years old.



## 2) Building Capacities:

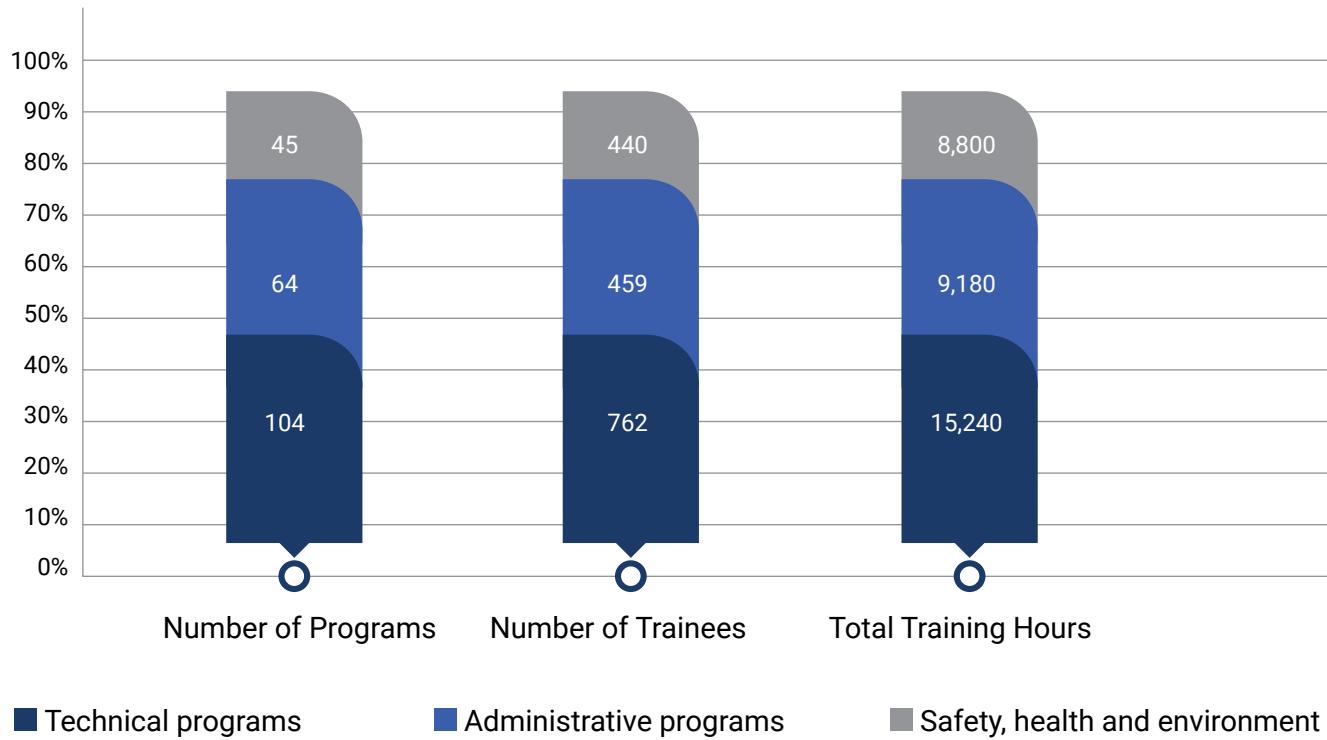
Within this concept and framework of maintaining the level of staff efficiency, representing our main asset, the company is always keen to provide excellent training programs to always communicate with the best production systems and modern management in the field of specialization, both locally and globally.

### 33,200 Hours of Training

#### Training Programs for AFC Employees in Egypt:

Type of program	Number of Programs	Number of Trainees	Total Training Hours
Technical programs	104	762	15,240
Administrative programs	64	459	9,180
Safety, health and environment	45	440	8,800

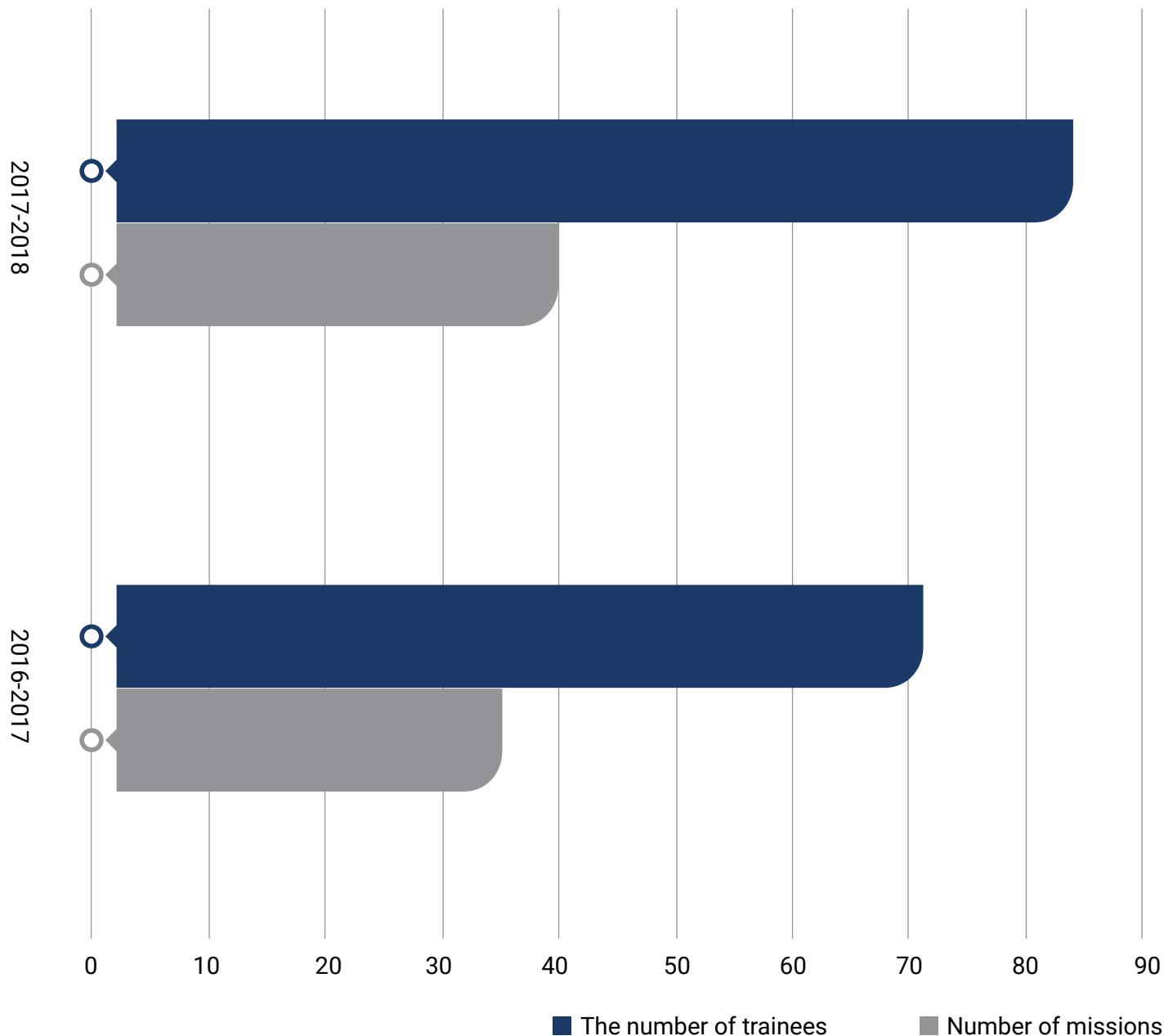






#### Training Programs for AFC Employees Abroad:

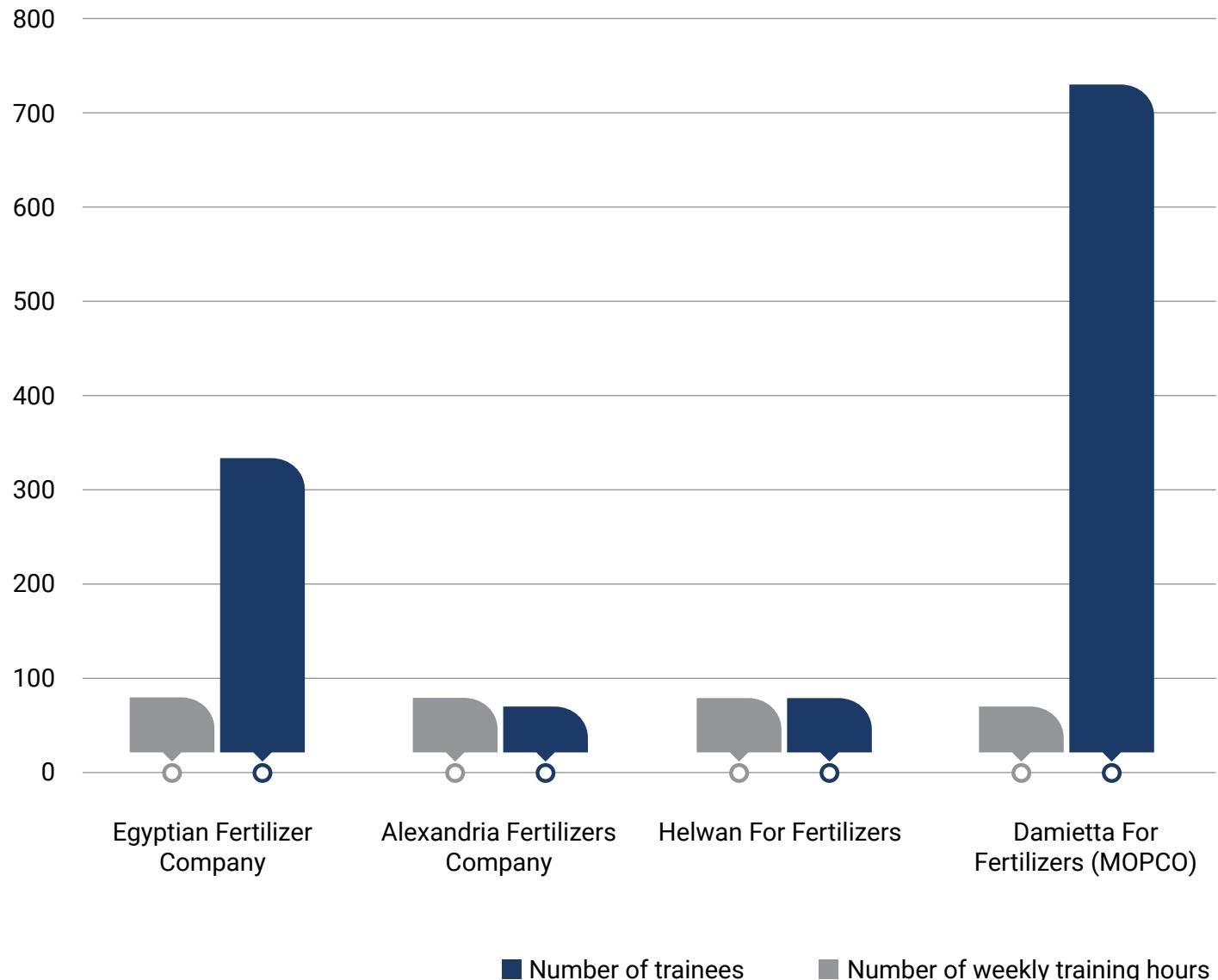
Training Year	2017/2016	2018/2017
Number of missions	35	40
The number of trainees	71	84





### Capacity Building Programs Conducted by AFC to Other Companies:

Name of the company	Number of trainees	Number of weekly training hours
Egyptian Fertilizer Company	82	328
Alexandria Fertilizers Company	82	76
Helwan For Fertilizers	82	84
Damietta For Fertilizers (MOPCO)	75	721





### 3) Serving our Employees:

• Besides capacity building programs and technical assistance to all our employees, Abu Qir Fertilizers Company provides many social services to its employees to help achieve sustainable development by investing in its main asset; the employees. This helps in maintaining its growth and fulfills the feeling which all the employees feel towards AFC: "Home". Such a variety of services come in different forms such as:

- High average monthly income that increases gradually, as part of our employees benefit packages.
- Full medical coverage for employees and their families, even after retirement.
- Pension plans.
- Different kinds of loans at zero interests like car loans, housing loans...etc.
- Adequate housing for non-residents.
- Recreational trips, sports and social club services.
- Contributing to religious trips "Hajj"

**14,000**

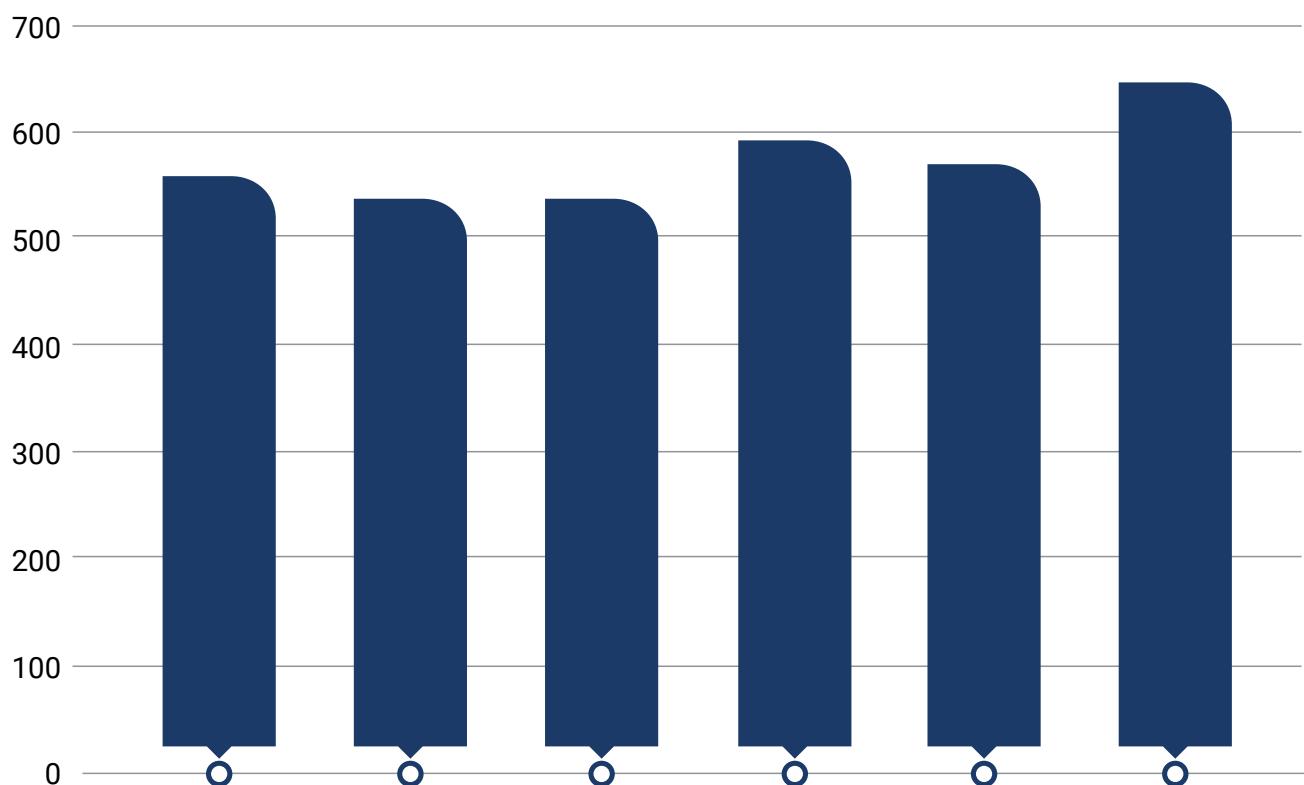
employees and their family members are benefiting from social and medical services

#### Decent Wages:

AFC is always keen on providing the working environment suitable for all employees because of the vital role of employees in maintaining the efficiency of our company, from this concept. AFC's salary mechanism treats both male and female employees as equal, difference in payment comes only depending on experience and position.

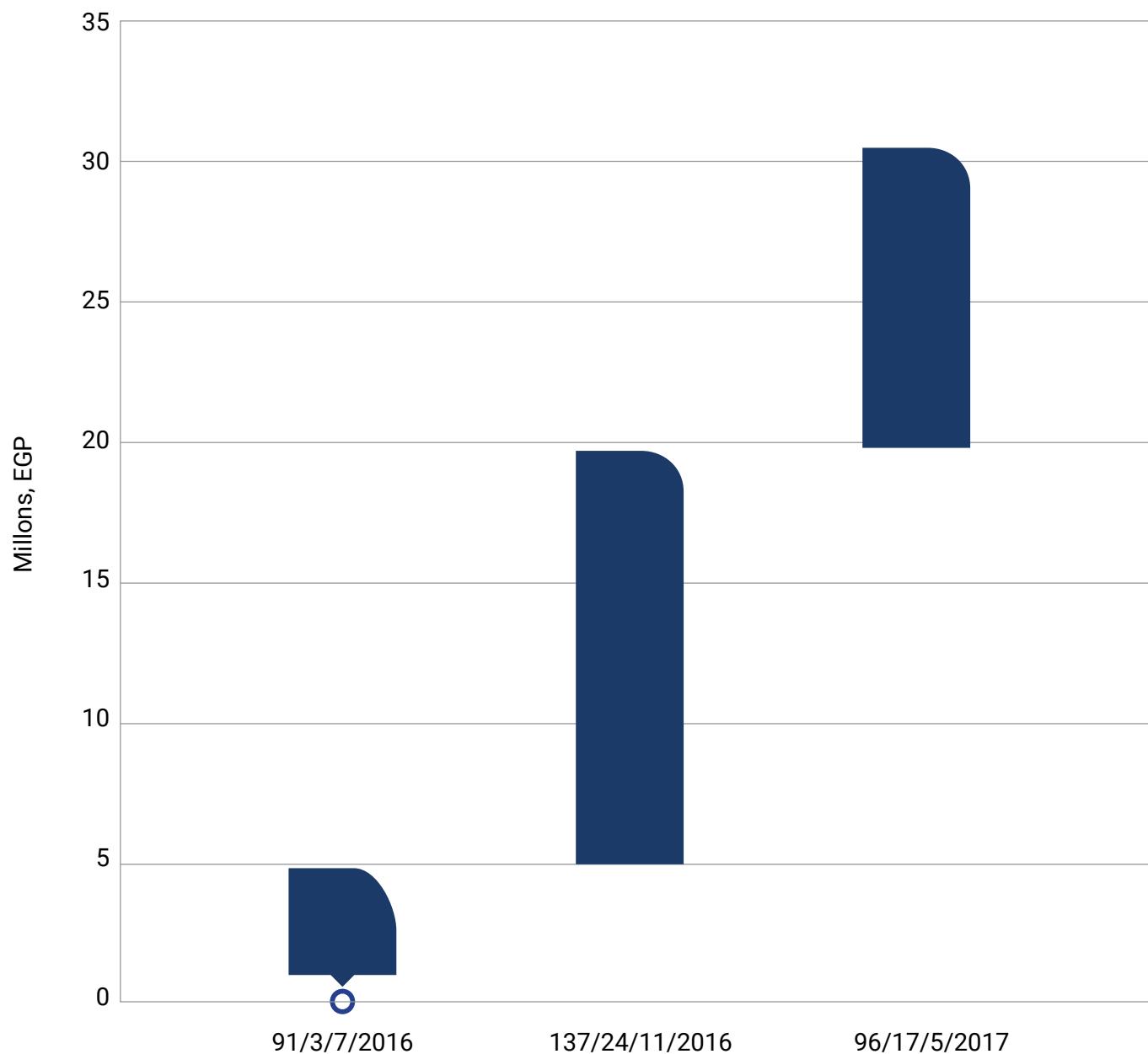
The following table shows the evolution of the total annual income of employees:

Year	2013	2014	2015	2016	2017	2018
<b>Total Income (Thousand pounds)</b>	572	552	537	607	584	661



Egypt has been implementing an economic reform program since 2016. Devaluation of the Egyptian pound has affected the value of salaries paid to our employees, so based on AFC's policy to link wages, bonuses and production incentives with the best at the market, to achieve social justice among employees, three administrative decisions in two years have been taken to give an increase in salaries. During that period, the wages and incentives of employees have increased as follows:

Administrative decision number	Percentage increase	Total cost of increase in wages (in Millions EGP)
91/3/7/2016	7%	4.76
173/24/11/2016	21%	14.91



The Human resources department facilitate the communication between employees and the high board, especially for discussing the deserved remunerations for employees, in addition to the role played by the labor's union inside the company for defending labors' rights including remuneration.



### **Medical Care:**

On the other hand, AFC provides medical services through the medical clinic, which is an independent building that provides all the forms of both normal and emergency cares, a hospital-like clinic that is fully equipped with radiology scanning devices, ECG devices...etc. Such a clinic provides frequent medical check-ups to all operations staff to forecast at early stages any medical issues that worker may have.

In addition, we provide a full medical coverage to all employees and their families that cover all types of injuries or illnesses, the medical care extends to after the retirement of our employee as a part of our thank-you message we send to our employees for their years of work at Abu Qir Fertilizers Company.

We also send medical convoys from AFC to provide medical service to the surrounding villages as well as donation of medicines to charitable societies.





### Social Services:

- Subsidized meals from canteen with support from AFC worth EGP 7,460,000 annually.
- Allowances for the cost of living worth of EGP 5,400,000 annually.
- Grants and loans for purchasing new house, new car, marriage...etc.
- Subsidized trips: to various touristic places and shores for all employees and their families, AFC covers 70% of the total trip cost and the rest of 30% are paid on equal installments over months.



- Prizes and awards, with a value of EGP 93,000 were given to successful students, employees' sons and daughters, in a celebration day during 2018.
- Transportation fleet covering Alexandria and El Beheira governorates to serve AFC employees.

### Housing:

One of the objectives of sustainable development is the access of all to adequate and safe housing and basic services at affordable prices.

In 1979, Abu Qir Fertilizers Company has built a full residential city for workers that consists of 14 residential building, 504 apartments to preserve the aesthetic appearance and provide a clean environment for the workers who live there. All units are rented to employees and their families at very low rate compared to the fair rental price in the neighborhood. The residential city has all the necessary facilities and services such as a post office, central hospital, nursery, school...etc. The units are currently being renovated to start to host extra 50 workers and their families, giving a priority for young people and newlyweds.



### AFC Sports Club:

Abu Qir Fertilizers Company employees benefit from all the services of the club as a sports and social club.



The club is a professional club that has:

#### a) First Team; participating in the Egyptian League-B Section:

Number of teams: (1)

Number of Athletes: (40)

#### b) Youth and Buds:

Number of teams: (13)

Number of athletes (466)



### c) Company Teams:

Number of teams: (8)

Number of athletes: (104)





### **Fully Digitized; a Sustainable Project**

An online portal, to maintain the welfare of our employees, has been created as part of the full digitization program, so that employees can use to apply for trips, loans, housing unit in the company's residential city, registering and approving vacations, exploring wages information, ordering meals from the company's restaurant, improving interactivity and communication between employees.

Besides the social aspect, such a portal has helped economically to minimize the time wasted in writing applications and waiting in queue to finish all the paperwork, and environmentally through the decline in the use of papers.

The IT department is in the process of creating a mobile application to provide more services for employees to enhancing data availability and simplifying all services utilization.

### **Labor Union:**

Abu Qir Fertilizers has a labor union that represents the interests of workers through its collective strength to improve compensation, benefits, and working conditions through bargaining; to bring fairness to the workplace through the provision of due process mechanisms. The labor union's members are elected through a transparent voting process and are represented in all committees.

As part of our women empowerment approach, one of the union's members is a female employee that was elected with high voting percentage, representing the union in the loans committee.

### **Complaining Mechanism:**

AFC has a dedicated system on intranet to further facilitate the process of complaining or reporting of breaches of the code of conduct, it gives employees the opportunity to ask questions anonymously via an intranet portal. Those questions will then be answered by the concerned officers responsible within a reasonable period of time.



# Respecting the Environment





Our perception on the environment comes from a deep understanding of sustainability dimensions and how most of our challenges worldwide are evolving from the very limited resources in our world today. Accordingly, we have been working hard on saving the environment on all aspects like energy efficiency, water treatment, transforming to paperless working environment and building partnerships.

Moreover, our fight against the most critical challenge nowadays is climate change, that has started before Paris Agreement. In this context, we have taken serious steps towards mitigating our greenhouse gas emissions by establishing the first and biggest Clean Development Mechanism (CDM) project in 2006, according to Kyoto Protocol, saving more than 1,200,000 tons of CO<sub>2</sub>eq annually.

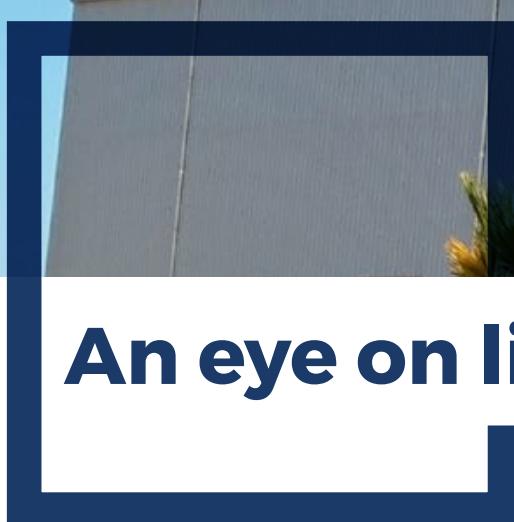
Nevertheless, we comply with all emissions and effluents limits set by the Egyptian environmental laws and regulations for continuous monitoring under the umbrella of Law 4 of 1994, amended by Law No. 9 of 2009, and other relevant environmental regulations.

Environmental management as well as health and safety management are the two departments responsible for the environmental policy of the company, with regular coordination with the Egyptian Environmental Affairs Agency (EEAA) on any environmental risks.

## General efforts exerted:

---

- 1- Maintenance of roads surrounding the company (**EGP 4,000,000**)
- 2- Supporting and installation of dust stack monitoring devices (**EGP 1,000,000**)
- 3-Supporting and installation of smokestack monitoring (**1,000,000**)
- 4- Environmental cleaning around the company (**EGP 1,000,000**)
- 5- Planting trees on roads in the surrounding environment (**EGP 500,000**)
- 6- Developing environmental projects in Alexandria (**EGP 600,000**)



## An eye on life below water:

We overlook the Mediterranean Sea, and on the other hand there are many waterways in the area surrounding the company, so we are in continuous development to all the industrial drainage systems. Any excess we may have in wastewater that need to be disposed into the sea, is treated first by our ZLD unit then disposed of using the indicator of the "average marine acidity (pH)" indicator measured at agreed suite of representative sampling stations. This is in addition to our continuous cleaning of all the canals and banks surrounding the company.

## An eye on life on land:

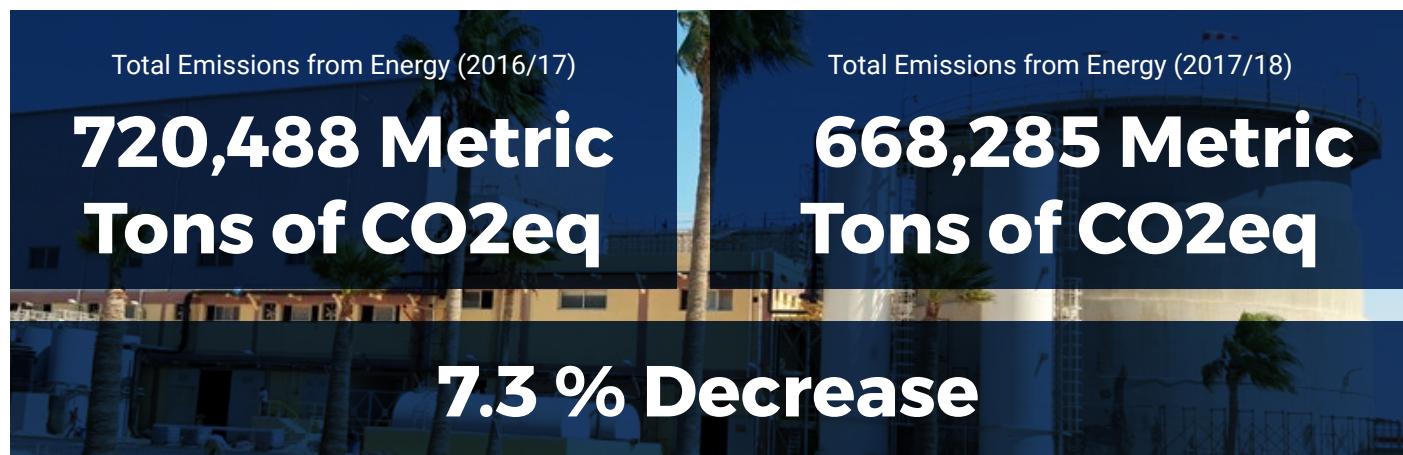
Believing in the role of the company in the conservation of ecosystems and natural reserves, we contributed to provide with the needed materials to the Egyptian government while hosting the World Conference on Biological Diversity (CBD COP 14) that was held in Sharm El Sheikh, Egypt in 2018. On the other hand, we always provide a range of medical convoys and humanitarian assistance to the local population within the protected areas around.



# Energy:

Energy is one of the most important elements of production in our company, the company is always keen to optimize the use of available energy sources and try to rationalize consumption, maintenance and periodic follow-up.

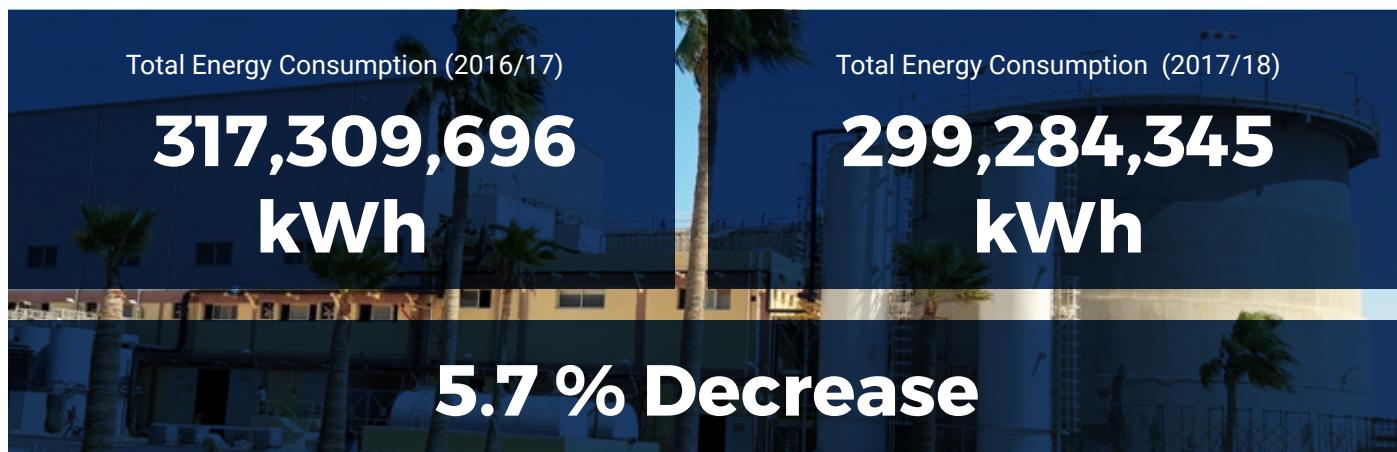
Energy Abu Qir is focusing on energy efficiency in their production processes and how optimum fertilizer application can support sustainability and green growth. In mineral fertilizers production, its focus is on optimizing the use of natural gas. Almost 90% of Abu Qir energy consumption takes place in ammonia production. In recent years, most of Abu Qir's 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 Association (IFA).



Year/Unit (kWh)	AFC1	AFC 2	AFC 3	Administrative Buildings	Total (kWh)
2017/2016	82,515,200	115,533,278	115,777,831	3,483,387	317,309,696
2018/2017	76,034,113	112,770,000	106,259,491	4,220,741	299,284,345



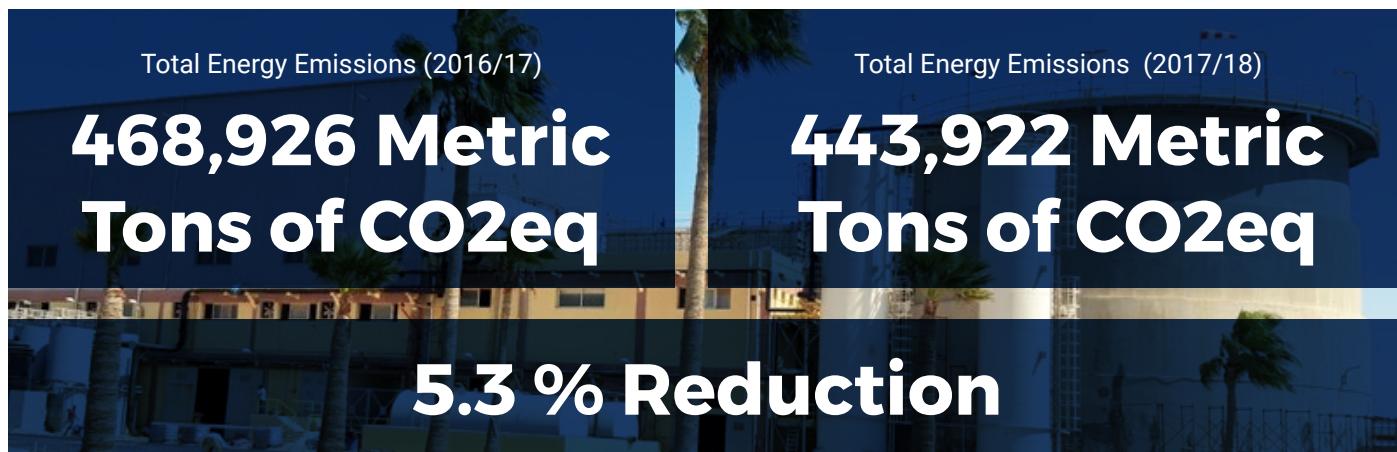
## Energy Consumption breakdown:



During the reporting period, the total consumption of energy decreased by 4.3% for two reasons:

- Energy efficiency technologies and techniques.
- Slight decrease in the volume of our total production in 2016/2018 compared to 2017/2018.

## Emissions breakdown:





To be able to make good progress with our targets set for reducing energy consumption through energy efficiency techniques and reducing GHG emissions accordingly, the Electrical Department has set a set of KPIs to be achieved while applying the Energy Management System (EMS), some of those KPIs are;

- Energy consumption.
- Energy intensity
- Reduction of energy consumption.
- Reductions in energy requirements of products.

## Our recent energy efficiency efforts are as follows;

Name of Project	Launch Date	short description
AFC 1 Main Generator Revamp	2017	Revamp for old gen by new one its peripherals with increased power to the future demand
Factory street, offices, control room lighting revamp	2018	Replacing factory street, offices, control room lighting from sodium and fluorescent lighting to LED and white sodium type

## Our planned energy efficiency projects;

Name of Project	Launch Date	short description	objective
AFC2 Main Generator Revamp	2019	Revamp for old gen by new one with its peripherals with increased power to the future demand	Studying the drawings and the manufacturing process of the new generator system and revamp schedule preparation
Installation Of new solar energy set	2021	Exploitation of large areas for the installation of solar energy units on roofs of buildings and in places with large areas	clean energy generation



# Best Practice for an Energy Management System:

## Implemented on AFC 3:

In 2017, after 20 years of smooth operation, Abu Qir Fertilizers Company decided to establish, document, implement, and improve an Energy Management System per 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 a boundaries for implementation of Energy management system, built energy map based on overall energy balance model to follow up major energy flows and energy conversions to understand energy consumption within the process, established an energy baseline using the information in the initial energy review considering a data period of one fiscal year (2016-2017), developed a starting point for measuring the energy performance and comparing the change in energy consumption from one month to another, with Day to day operations and monitoring of performance to reduce energy costs, reduce waste and emissions, reduce total cost of production, identify opportunities for improvement to maximize profit and ensure that it is sustained.

- Such a successful case study for achieving energy efficiency and increasing production was shared through the participation in **the 2nd International Conference on New Trends in Sustainable Energy, NOVEMBER 5, 2018.**



# Water Management

Egypt is keen on rationalizing the use of water, especially in light of the decline in the average per capita water to the level of the water poverty line, the company 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 level.

Total Consumption	17/2016	18/2017
Water (m³)	19,272,000	18,691,200
Wastewater (m³)	5,694,000	5,560,000

## 1st Project: Demineralization Unit

### Project Purpose

- The project was launched and a new tank for the demineralized water was erected aiming at having a new Demineralization unit to meet the needs of the production plants due to the company's expansions that involved establishing new plants and increasing the production capacity of the existing plants.

### Unit Capacity

- The design capacity of the unit is about 675 m³ /hr, through 3 production lines, the capacity of each is 225 m³ /hr, where 2 operating lines are running and the third is a reserve one.

### Investment Cost

- 4.5 million Euros and 5.5 million Egyptian Pounds.

### Contractor

- Metito Company

## 2nd Project: Zero-Liquid Discharge (ZLD) Unit

### **Project Purpose**

- Reuse of industrial waste water through establishing an integrated Zero-Liquid Discharge (ZLD) Unit in Abu Qir Company with a design capacity of 650 m<sup>3</sup>/ hr, where the water recovered after treatment is 550 m<sup>3</sup>/hr. (85% are recycled)
- Complying with the environmental laws.
- Producing 70 Tons Ammonium Nitrate as a by-product.

### **Project units**

- Calcium and Magnesium Salts and Suspended Materials Discharging Unit.
- Ammonia Removal Unit, which consists of 6 lines, each having 2 discharging units and a scrubber unit to convert ammonia to ammonium sulphate.
- Neutralization Unit to adjust the acidity.
- Denitrification Unit for discharging nitrates.
- Ultra-Filtration (UF) Unit.
- Reverse Osmosis (RO) Unit to adjust the soluble salts.
- Water Discharge from the Sludge Desalination Unit.

### **Investment Cost**

- 7.8 million Euros and 88 million Egyptian pounds.

### **Main Contractor**

- Bamag and Samcrete.



## Conferences:

---

We organize annually the International Water Treatment Technology Conference (IWTTCC), where participants from different industrial companies, international experts and academic professors discussing new technologies in different types of treatment and possible solutions for different water treatment problems in companies and communities.



## Paper Consumption

- AFC is keen on transforming all administrative and financial systems from paper transactions to electronic transactions at all levels of administrative, technical and financial, the IT department establish 74 tailored software modules to manage the majority of the company workflow, ERP system to manage preventive maintenance workflow and archiving software to archive company documents.
- In 2017, Abu Qir Fertilizers management systems has become fully integrated and digitized, meaning less paper work and higher acceleration and better facilitation for communication among departments and better enhancement of document control.

## The Automation (Paperless) Project:

The management of information systems plays an essential role in rationalizing the consumption of paper by automating the various documentary courses and transforming them into integrated and interrelated applications. Such a transformation towards a paperless company has helped AFC a lot to increase the speed of business performance, reduce cost by reducing paper consumption, and reduce greenhouse gas emissions.

More than **EGP 5,000,000**  
was spent on the Automation  
Project



# Projects Elements are:

---

## a) Financial dues for employees:

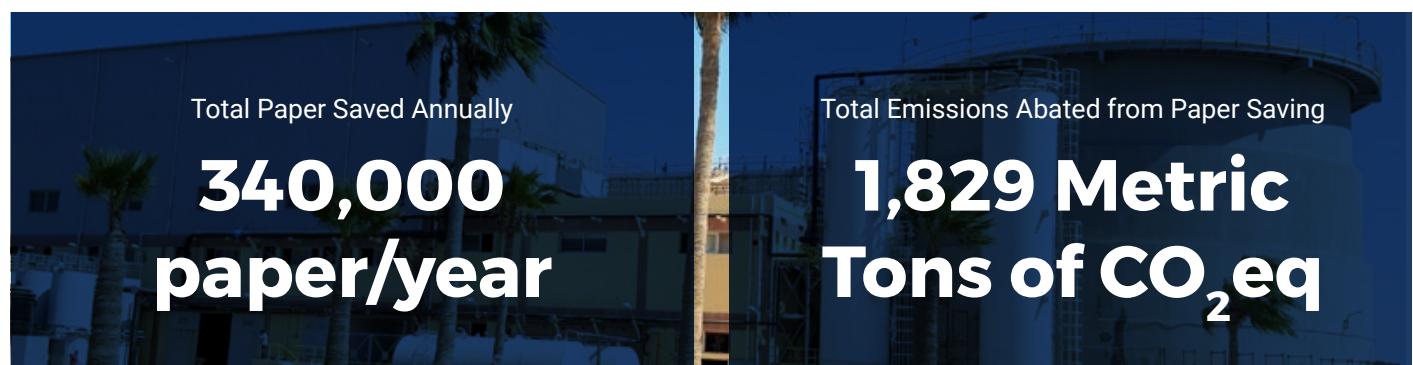
IT Department has created a special account for each employee on the official website of the company and also through the application of personnel services, which provides all information about the financial dues, which allowed us to get rid of all letters of paper wages, which were up to 100,000 paper letters annually and also provide a higher degree of data confidentiality.

## b) Store Transactions:

The paper transactions have been replaced by a computerized system, which allows accurate, instantaneous and complete information about the stock balance. It also contributes to simplifying the documentary cycle and reducing the use of paper, which represents 90% of the documentary cycle, equivalent to 90,000 paper documents per year.

## c) Employees Services:

Employees can apply for a variety of services such as vacation, loan, trip and meal requests from the company's restaurant, etc., through an application available on all computers within the company, helping to streamline operations, And the final disposal of the use of paper, representing about 150,000 paper annually.





## Waste Management

### Safe disposal of solid waste:

- **Garbage:** disposed of in cooperation with a specialized company in Al-Montazah district.
- **Scrap:** sorted and stored in stores then sold to a specialized company in recycling for reclassification and manufacturing.
- **Factories Waste:** sorted and sold to other factories for the industrial use.
- **Medical waste:** transported through Nahdet Misr Co., company specialized in the transportation and disposal of medical waste.
- **Hazardous waste:** Auxiliary agent (Copper Oxide - Iron Oxide - Nickel Oxide - fluorescent lamps - thermocouples – inks and batteries etc.). Waste is stored in the hazardous waste store of the company and then safely disposed through a specialized and licensed companies for dealing with hazardous waste.
- **Industrial used-oil:** Used oil is stored and sealed in special drums then sold to Al-Seham Oil company for recycling.

### Hazardous and Non-hazardous Waste:

Year	2016/2017	2017/2018
<b>Hazardous Waste for Disposal</b>	305 Metric Tons /year	320 Metric Tons /year
<b>Spent Catalyst (nickel oxide&amp; copper oxide &amp; Iron oxide and ceramic balls)</b>	338 Metric Tons /year	338 Metric Tons/year
<b>Non- hazardous waste for Disposal</b>	1440 Metric Tons /year	1550 Metric Tons /year



## Best practices:

### Project (1):

#### **Objective:**

Improving the properties of industrial effluents and reducing Ammonia and organic load as well as potassium carbonate in condensate water

#### **Description:**

- The Ammonia extraction project for water condensation at the carbon dioxide removal unit (unit 54) was carried out at Ammonia Abu Qir (1)
- The notion of the project depends on the installation of the Stripper unit to dispose ammonia and methanol with the condensate at Unit (54), this helps improve the properties of industrial drainage, reducing Ammonia and organic load as well as Potassium carbonate in condensate water, this project was in cooperation with EPAP 1 (Egyptian Pollution Abatement Project).



## Project (2):

### **Objective:**

Reduce the loss of industrial wastewater and Ammonia in wastewater.

### **Description:**

The ZLD project was constructed for treating 650m<sup>3</sup>/h and about 85% of the treated water will be returned to 550 m<sup>3</sup> /h as a compensatory water for cooling tower, this project was in cooperation with EPAP 2 (Egyptian Pollution Abatement Project).

### **Certifications:**

- ISO 14001

### **Awards:**

- The Protect and sustain Award from IFA
- The Community Service Award from the Environmental Compliance Office of the Federation of Industries
- The Environmental Management Award (Clean Development Mechanism Project) from the General Directory for Meteorology and Environmental Protection in Saudi Arabia

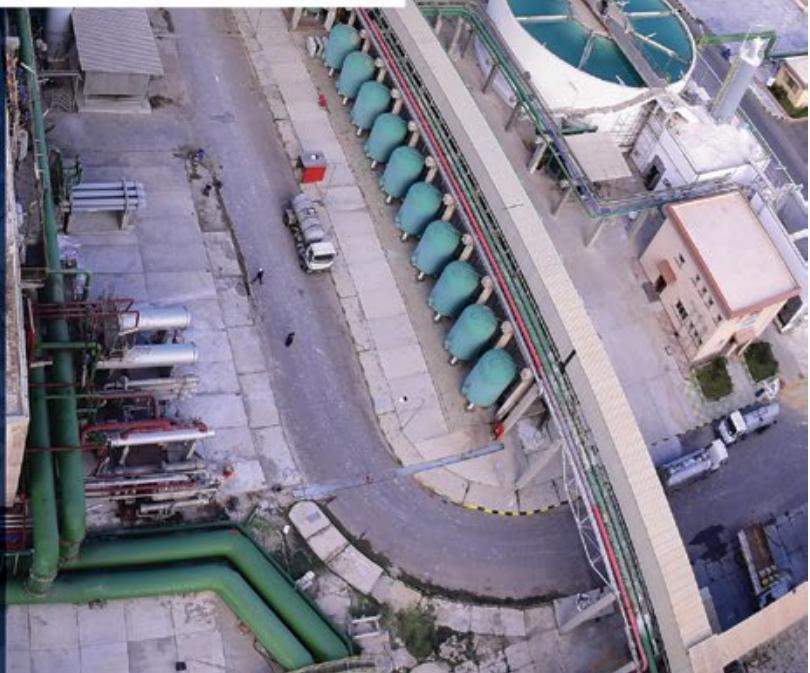
### **Partnerships:**

- Partnership with the International Fertilizers Association
- Partnership with Arab Fertilizers Association.
- Partnership with the Faculty of Science and Engineering University of Alexandria in various environmental projects
- Partnering with research centers, universities and institutes specializing in the field of environment.

### **Our Cooperation with EEAA:**

AFC cooperates with the Egyptian Environmental Affairs Agency (EEAA) as a regulatory and inspection authority to determine the company's compliance with the environmental laws and regulations and to comply with the emission and drainage limits set by the environmental laws and regulations stated in law 4/1994.

# Global Changemaker in Fighting Climate Change





# N<sub>2</sub>O Abatement Project: Clean Development Mechanism (CDM)

## Abu Qir II

Is the cleanest nitric acid plant worldwide

First CDM Project  
in Africa, Middle East  
and Egypt

On top 1%  
Worldwide

in total amount of CO<sub>2</sub>eq reductions annually,  
out of 7,807 registered CDM projects

16,000,000 Euros

Total Cost of the Project

17,135,391 CO<sub>2</sub> eq

Largest CDM project in Africa in Cumulative  
Reductions

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.



## Introduction:

---

The CDM project is part of the plant complex and underlies all audit and third-party certifications, which contributes to the health, safety and sustainable development of the CDM project.

As for environmental responsibility, AFC achieved compliance with global environmental standards, continuous improvement of the environmental situation and of pollution control. Considering the environmental standards and requirements e.g. AFC intensified the cooperation with environmental relevant agencies and coordinates between them.

AFC's commitment towards the environment is reflected by being certified of ISO 14001 by IFA. Furthermore, we are aware of our responsibility as one of Egypt's leading companies. We established several environmental protection projects such as the CDM project in AFC plant II, Zero Liquid Discharge project and Surveillance Stations. In future, AFC will continuously contribute to the environmental enhancing activities towards achieving sustainable development in Alexandria province and whole Egypt.



## a) CDM Project & Scenario prior the implementation the CDM project:

Nitric acid plants are, in the vast majority of cases, part of a chemical complex and are built and operated to supply acid for consumption in downstream process units. The most common use for nitric acid is for fertilizers, with smaller quantities going into the manufacture of organic compounds and mining explosives. Nitrous Oxide (N<sub>2</sub>O) is an unwanted, invisible and previously neglected by-product of the manufacture of nitric acid. It is formed alongside the main, desired product Nitric Oxide (NO) during the catalytic oxidation of ammonia in air over noble metal gauzes. When leaving the ammonia oxidation reactor, there is no relevant loss of N<sub>2</sub>O in the tail gas section unless a N<sub>2</sub>O destruction facility is installed. N<sub>2</sub>O that leaves the ammonia oxidation reactor is thus discharged to atmosphere in the tail gas, and has no economic value.



The scenario existing prior to the start of the implementation of the project activity is that the N<sub>2</sub>O is emitted to the atmosphere with no N<sub>2</sub>O abatement measure being implemented.



## b) Start date & Crediting Periods:

---

Start date of the CDM project	15/09/2006
1st Crediting Period	15/09/2006 – 14/09/2013
2nd Crediting Period	15/09/2013 – 14/09/2020
3rd Crediting Period	OPEN

## c) Project Participants:

---

Parties involved	Project participants
Arab Republic of Egypt (Host)	CARBON Egypt Ltd.
Republic of Austria	CARBON Climate Protection GmbH
Federal Republic Germany	RWE Power AG



## d) Project contribution to sustainable development:

The project developer and the project operator agreed on spending a share of the total income from selling of the CERs for a Social Fund for the area of Abu Qir. This fund contributes to the social benefit of the people living in the area of the CDM project activity by financing sustainable projects like projects in schools, hospitals and infrastructure.

As described in the Project Designed Document (PDD) a Social Fund was established by the project developer and the project operator. This fund contributes to the social and environmental benefit of the people living in the area of the project activity by financing projects. The contribution to the Social Fund and the activities are monitored and reported on an annual basis. The contribution to the Social Fund since the start of operation of the CDM project activity was:





## e) Produced CERs:

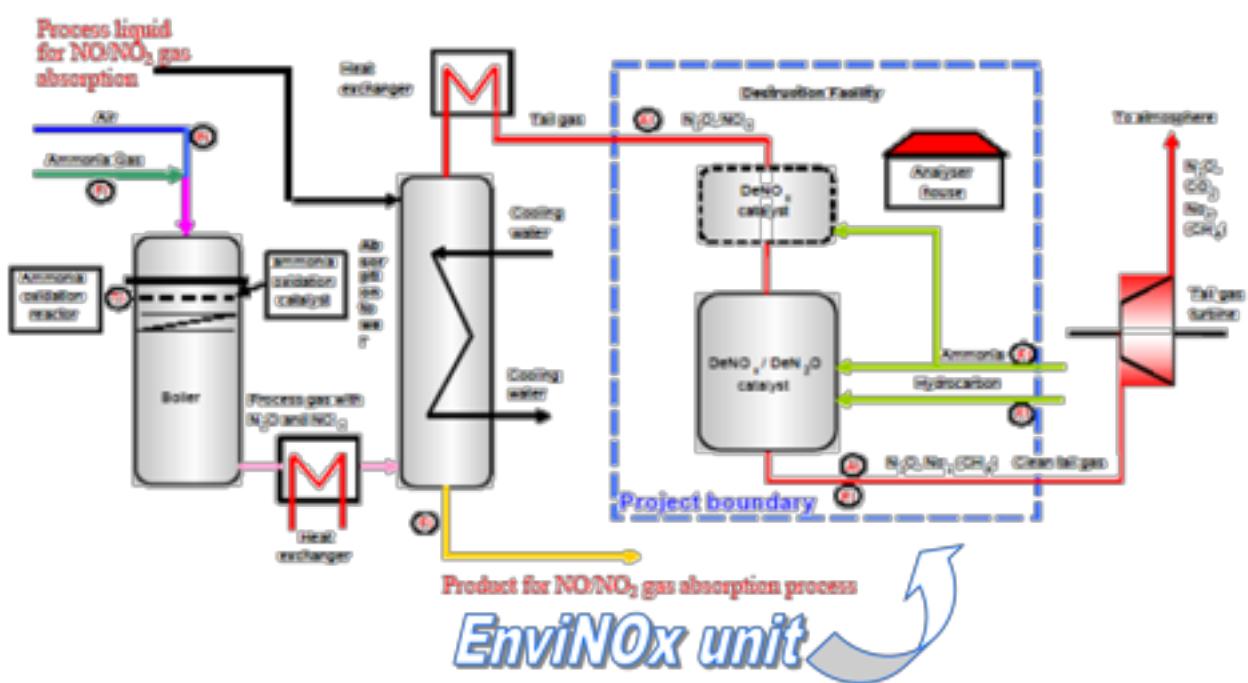
---

2006 <b>416,187</b> tCERs	2007 <b>1,557,870</b> tCERs	2008 <b>1,567,295</b> tCERs	2009 <b>1,570,730</b> tCERs
2010 <b>1,404,180</b> tCERs	2011 <b>1,469,444</b> tCERs	2012 <b>1,364,490</b> tCERs	2013 <b>1,361,177</b> tCERs
2014 <b>1,393,439</b> tCERs	2015 <b>1,190,328</b> tCERs	2016 <b>1,194,576</b> tCERs	
2017 <b>1,318,737</b> tCERs		2018 <b>1,326,938</b> tCERs	
<b>TOTAL</b>		<b>17,135,391</b>	tCERs



## Process:

### EnviNOx unit in process flow



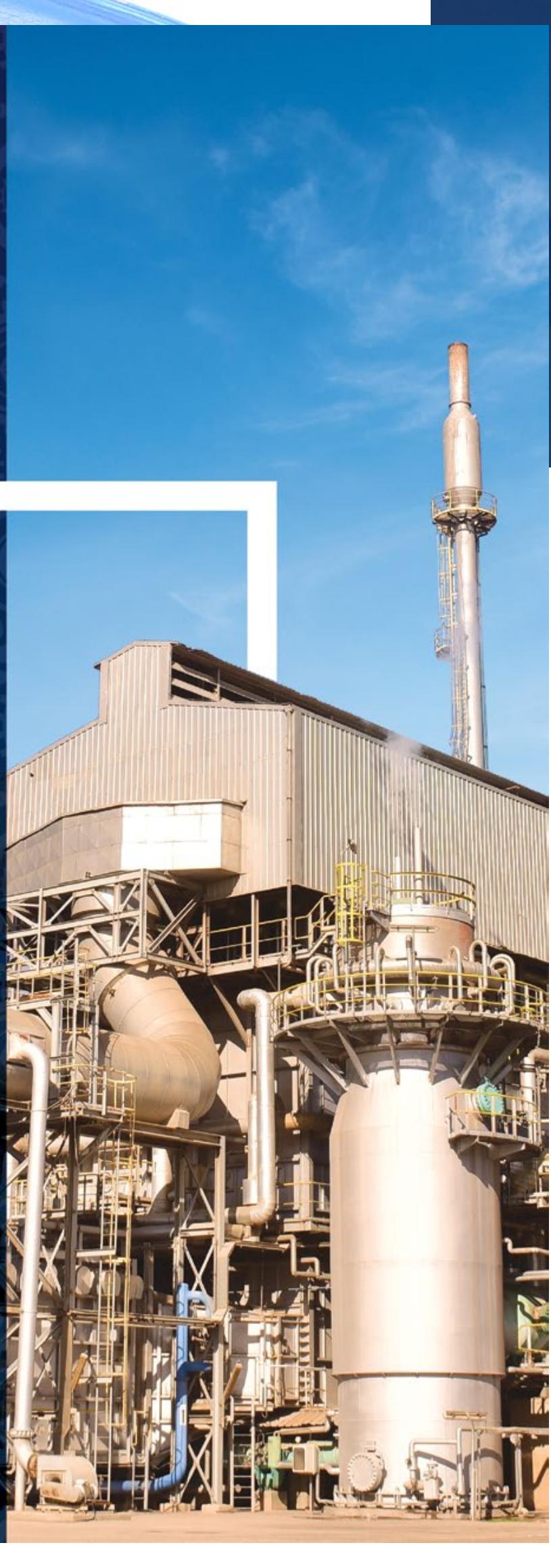
"Catalytic N<sub>2</sub>O destruction in the tail gas of Nitric Acid Plants"

The catalytic reduction of NO<sub>x</sub> and N<sub>2</sub>O takes place into two stages, the NO<sub>x</sub> is with ammonia and the N<sub>2</sub>O is with hydrocarbon (natural gas). The reactions take place over two iron zeolite catalyst beds arranged in series in the reactor





# Our Social Legacy





## Our Social Legacy

In industry nowadays, operating your social license has become a challenge. Yet, our deep and old engagement to our community represents an authentic philosophy in our work. Since the establishment of Abu Qir Fertilizers Company in 1976, holding the name of the city of Abu Qir where it was established, it has built a synergy with nearby villages making us integrated into the province of Abu Qir in Alexandria as part of the city, not a company operating an industry there.

With the name of Abu Qir Fertilizers Co. that holds the identity of the Abu Qir province, which has always been linked in people's mindsets over time as part of home, and the employees who were hired from the local community has built bridges of trust and respect.

We recognize that developing our community endorses our success as a global company that is socially responsible which understands the needs of the communities in which we operate and invest our financial and human resources to participate in the effective development of these communities, as part of our adoption and support of the global efforts made by the United Nations in its 2030 Sustainable Development Agenda and Egypt's Vision 2030.

Our company has a big interest in the development of the local community and it directs a big part of its expenditure towards the development of its infrastructure. During 2017 and 2018, the company implemented projects for various community development.

**32,500,000 EGP**

Total CSR Spending



## Community Development:

---

The State has been providing social protection systems to many of the poor in Egypt in accordance with Vision 2030. In this regard, the State has established decent housing projects and according to the indicators of the achievement of the number target one (percentage of population living in households with access to basic services). Abu Qir Company has contributed with;

- **EGP 3,000,000** to the establishment of a project of (BASHAYER ELKHER), as part of Egypt's national projects to eliminate the phenomenon of slums.
- **EGP 5,000,000** the establishment of an integrated city in (GHET ELANAB) area in Alexandria
- **EGP 5,000,000** to the urban development of (GHET ELANAB) area in Alexandria.
- **EGP 4,000,000** for maintaining and rehabilitating roads are like: Al Mamorah Rachid Road, Ali Maher Road, Khurshid Road, Al Mamoura Road to Al Islah Area.

## Education:

---

### • Abu Qir Schools Complex:

A complex of schools outside the residential city has been built. It includes primary, preparatory and secondary schools with 73 classrooms distributed over the three stages. The complex plays a vital role for serving the people of the areas surrounding the company and residents of the city.

**"The complex was given to the Ministry of Education in Egypt as a grant from Abu Qir Fertilizers Company and annual assistance is provided to meet the most important needs."**

- **EGP 1,000,000**, worth of scholarship, for school students who are unable to pay tuition fees.
- **EGP 700,000** for school development projects.



## Medical Services:

- **EGP 2,000,000** for supporting the full detection and medication of patients of Hepatitis C for free.
- **EGP 700,000** for the population Medical care for surrounding area
- **EGP 3,000,000** the efficiency raising of the unit of marine veterinary at AL Raas Al Sawdaa in Alexandria.

## Environment:

- **EGP 4,000,000** for the establishment of a recycling factory in Al Behaira Governorate.
- **EGP 1,000,000** for environmental cleaning around the company
- **EGP 500,000** for planting trees on roads in the surrounding environment
- **EGP 600,000** for developing environmental projects in Alexandria
- **EGP 2,000,000** for supporting & installing of dust stack monitoring devices

## Youth Empowerment:

Cooperating with civil society organizations in Alexandria in providing simple job opportunities from the local population.

**300 students** are trained annually at AFC from Egyptian universities (Faculty of Engineering / Faculty of Science / Faculty of Commerce) on three groups (100) students per group for two weeks



## **Names of some charities that AFC deals with in the province of Alexandria and AL Behaira:**

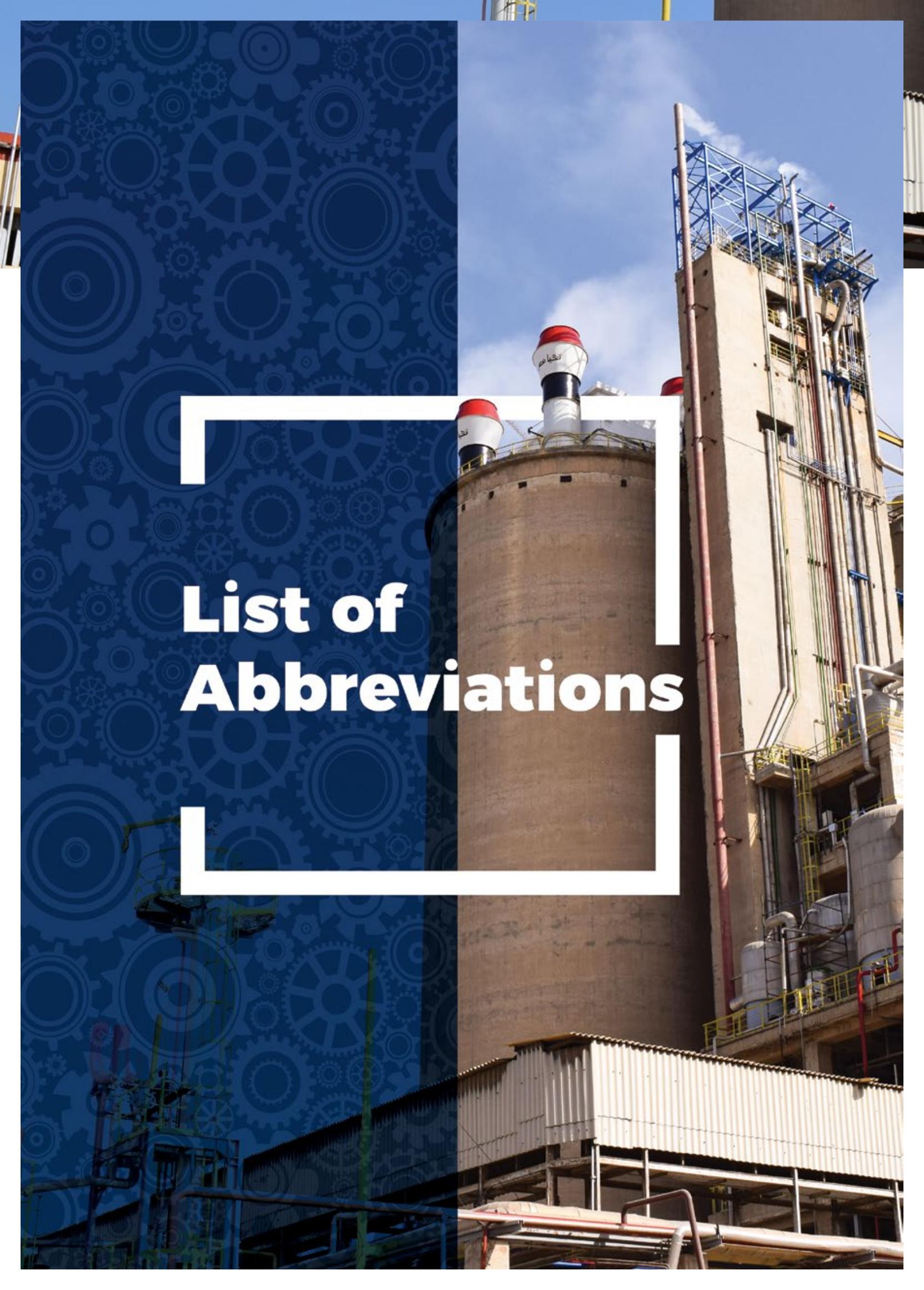
---

- Al Amal Charity Association in Ezbet Al Haj Mohamed
- Society Development Association in the basin 9
- Tabiah Charity Association
- Al Reda Charity for Community Development
- Organization of the reconstruction of Mu'adiyah
- Charity of community development in Arbaa Ezab

## **Partnerships:**

---

Partnership with Montazah district presidency for eradicating illiteracy



# List of Abbreviations



<b>AFA</b>	Arab Fertilizers Association
<b>AFC</b>	Abu Qir Fertilizers Company
<b>BoD</b>	Board of Directors
<b>CDM</b>	Clean Development Mechanism
<b>CER</b>	Certified Emissions Reduction
<b>CO2eq</b>	Carbon Dioxide Equivalent
<b>CSR</b>	Corporate Social Responsibility
<b>ECHA</b>	European Chemicals Agency
<b>EEAA</b>	Egyptian Environmental Affairs Agency
<b>EGAC</b>	Egyptian Accreditation Council
<b>EGP</b>	Egyptian Pound
<b>EGX</b>	Egyptian Exchange
<b>EMS</b>	Energy Management System
<b>EPAP</b>	Egyptian Pollution Abatement Project
<b>FOB</b>	Free on Board
<b>FX. Rate</b>	Exchange Rate
<b>IFA</b>	International Fertilizers Association
<b>ISO</b>	International Standards Organization
<b>IT</b>	Information Technology
<b>IWTTC</b>	International Water Treatment Technology Conference
<b>KPIs</b>	Key Performance Indicators
<b>kWh</b>	Kilo-Watt hour
<b>LTI</b>	Lost Time Injury
<b>MMBTU</b>	Million British Thermal Unit
<b>MT</b>	Metric Ton
<b>MW</b>	Megawatt
<b>N2O</b>	Nitrous Oxide
<b>NGO</b>	Non-Governmental Organization
<b>NPK</b>	Nitrogen-Phosphorus-Potassium
<b>OHSAS</b>	Occupational Health and Safety Assessment Series



<b>P/B</b>	Price to Book
<b>P/E</b>	Price to Earnings
<b>PDCA</b>	Plan-Do-Check-Act
<b>PDD</b>	Project Designed Document
<b>QC</b>	Quality Control
<b>QHSE</b>	Quality, Health, Safety and Environment
<b>R&amp;D</b>	Research & Development
<b>REACH</b>	Registration, Evaluation, Authorization and Restriction of Chemicals
<b>TB</b>	Terabyte
<b>UAN</b>	Urea Ammonium Nitrate
<b>UNFCCC</b>	United Nations Framework on Climate Change
<b>USD</b>	United States Dollar
<b>VAT</b>	Value Added Tax
<b>ZLD</b>	Zero Liquid Discharge



# GRI Standards Content Index



GRI Standards	Disclosure	Page Number and/or URL
<b>General Disclosures</b>		
102-1	Name of the organization	7
102-2	Activities, brands, products, and services	11, 14 & (44-47)
102-3	Location of headquarters	11, 14, 15
102-4	Location of operations	11, 14, 15
102-5	Ownership and legal form	18
102-6	Markets served	14, 56, 57
102-7	Scale of the organization	14
102-8	Information on employees and other workers	106-117
102-9-9	Supply chain	67-72
102-10	Significant changes to the organization and its supply chain	There have been no significant changes to the organization size, structure, ownership and its supply chain in the reporting period.
102-11	Precautionary Principle or approach	33-36
102-12	External initiatives	14, 15
102-13	Membership of associations	14, 15
102-14	Statement from senior decision-maker	8
102-15	Key impacts, risks, and opportunities	33-36
102-16	Values, principles, standards, and norms of behavior	17
17-102	Mechanisms for advice and concerns about ethics	Code of Ethics that includes company values are taken into implementation by the HR Department. HR hold direct meeting with the employee him/herself in case of there is an ethical concern or unlawful behavior took place to be investigated and further steps are taken. In addition to the online portal for directly contacting the HR for any ethical or complaining issue.
18-102	Governance structure	18, 19, 20, 21
19-102	Delegating authority	7



102-20	Executive-level responsibility for economic, environmental, and social topics	7
102-21	Consulting stakeholders on economic, environmental, and social topics	20, 21
102-22	Composition of the highest governance body and its committees	18, 19
102-23	Chair of the highest governance body	19
102-24	Nominating and selecting the highest governance body	18, 19
102-25	Conflicts of interest	17, 125
102-26	Role of highest governance body in setting purpose, values, and strategy	19
102-27	Collective knowledge of highest governance body	18
102-28	Evaluating the highest governance body's performance	We do not have such a framework for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics, yet the overall sustainability performance is reviewed and discussed among shareholders
102-29	Identifying and managing economic, environmental, and social impacts	21, (33-36)
102-30	Effectiveness of risk management processes	The QHSE and CSR departments, in addition to safety and environment committees, frequently review and monitor all activities and compared the level of alignment/ deviation from the strategic plan of the company
102-31	Review of economic, environmental, and social topics	Quarter and annual meetings are held to review economic, environmental, and social topics and their impacts, risks, and opportunities, in addition to sudden meetings in case of emergency
102-32	Highest governance body's role in sustainability reporting	The Chairman of Abu Qir Fertilizers Co. approves the report, after being finished and reviewed by concerned sustainability departments; QHSE & CSR



102-33	Communicating critical concerns	107
102-34	Nature and total number of critical concerns	No critical concerns were communicated to the highest governance body in the reporting year.
102-35	Remuneration policies	100, 101
102-36	Process for determining remuneration	100, 101
102-37	Stakeholders' involvement in remuneration	103
102-38	Annual total compensation ratio	100
102-39	Percentage increase in annual total compensation ratio	100
102-40	List of stakeholder groups	39
102-41	Collective bargaining agreements	107
102-42	Identifying and selecting stakeholders	39
102-43	Approach to stakeholder engagement	39
102-44	Key topics and concerns raised	39
102-45	Entities included in the consolidated financial statements	5
102-46	Defining report content and topic Boundaries	41
102-47	List of material topics	41
102-48	Restatements of information	5
102-49	Changes in reporting	5
102-50	Reporting period	5
102-51	Date of most recent report	5
102-52	Reporting cycle	5
102-53	Contact point for questions regarding the report	5
102-54	Claims of reporting in accordance with the GRI Standards	5
102-55	GRI content index	139
102-56	External assurance	5,147



## Economic

GRI Standards	Disclosure	Page Number and/or URL
201-1	Direct economic value generated and distributed	75-81
201-2	Financial implications and other risks and opportunities due to climate change	128
201-3	Defined benefit plan obligations and other retirement plans	100, 101
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	No differences at all in salaries or wages based on gender. Equal rights are reserved at AFC.
202-2	Proportion of senior management hired from the local community	94
203-1	Infrastructure investments and services supported	132, 133, 134
203-2	Significant indirect economic impacts	9, 72
204-1	Proportion of spending on local suppliers	63, 64, 65



<b>Environmental</b>		
<b>GRI Standards</b>	<b>Disclosure</b>	<b>Page Number and/or URL</b>
301-1	Materials used by weight or volume	115, 118, 119
301-2	Recycled input materials used	116
301-3	Reclaimed products and their packaging materials	63, 64
302-1	Energy consumption within the organization	111, 112
302-2	Energy consumption outside of the organization	111, 112
302-3	Energy intensity	111, 112
302-4	Reduction of energy consumption	112
302-5	Reductions in energy requirements of products and services	113, 114
303-1	Water withdrawal by source	115
303-2	Water sources significantly affected by withdrawal of water	115
303-3	Water recycled and reused	116
305-1	Direct (Scope 1) GHG emissions	111, 112
305-2	Energy indirect (Scope 2) GHG emissions	111, 112
305-3	Other indirect (Scope 3) GHG emissions	119, 120, 121
305-4	GHG emissions intensity	112
305-5	Reduction of GHG emissions	112, 113, 114, 119
306-1	Water discharge by quality and destination	115, 116
306-2	Waste by type and disposal method	120, 121, 122
306-4	Transport of hazardous waste	120
308-1	New suppliers that were screened using environmental criteria	63



## Social

GRI Standards	Disclosure	Page Number and/or URL
401-1	New employee hires and employee turnover	92, 93, 94
403-1	Workers representation in formal joint management-worker health and safety committees	24, 107
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	67, 69
403-4	Health and safety topics covered in formal agreements with trade unions	70
404-1	Average hours of training per year per employee	69, 96, 97, 98, 99
404-2	Programs for upgrading employee skills and transition assistance programs	96
404-3	Percentage of employees receiving regular performance and career development reviews	96
405-1	Diversity of governance bodies and employees	24, 93, 94
405-2	Ratio of basic salary and remuneration of women to men	100, 101, 102
413-1	Operations with local community engagement, impact assessments, and development programs	133, 134, 135



# **Assurance Statement**

## External Assurance Letter

*To the Chairman & Managing Director of Abu Qir Fertilizers & Chemical Industries Co (AFC)*

### Introduction

We, the Dcarbon team, have been engaged by the HSE and CSR Sectors at Abu Qir to perform an independent limited assurance engagement on Abu Qir first Sustainability Report for the years 2016-2018.

### About us

Dcarbon is an Egyptian consultation firm registered under the 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 main focus is to assist organizations, public and private, in understanding and addressing their economic, environmental, and social impact. Our team of experts provides consultations and training on sustainable development and climate change issues throughout the MENA region.

### Scope

The scope of assurance has included data and information for the period between June 30, 2016 to June 30, 2018. Selected information was assured throughout the report. Reasonable assurance was obtained with regard to sections covering the communication and engagement activities, and community outreach programs. Limited assurance was obtained on disclosures included in the remaining sections as indicated in the GRI Content Index section of the report.

### Activities

- Reviewing internal policy, procedures, and strategy documents as provided by Abu Qir.
- Auditing stakeholder interviews and other engagement activities including data collection processes.
- Real-time evaluation of the processes for determining, processing, and monitoring of data collection for disclosures.

### Responsibilities

Abu Qir retains full responsibility for the preparation and presentation of this report including the choice of material issues and their respective quantitative and qualitative disclosures.

Dcarbon is responsible for assuring that the reporting process followed the GRI reporting principles including stakeholder inclusiveness, sustainability context, materiality, balance, comparability, and reliability.

We do not accept or assume responsibility to anyone other than Abu Qir for our work or for our conclusion.

### Conclusion

Based on the activities performed and the evidence received, in our opinion, Abu Qir has complied, in all material respects, with the GRI Standards sustainability reporting criteria.

*Ehab Shalaby, Phd.*  
Chief Executive Officer













## Alexandria Office

**Address:** 95 - 26 July Road - Selsela's Tower  
**Phone :** (203) 487-9911  
**Fax:** (203) 484-7229

## Cairo Office

**Address:** 5 Sherif El-Soghayar St  
**Phone :** (202) 393-4176  
**Fax:** (202) 393-4176

