

CORPORATE CITIZENSHIP
REPORT



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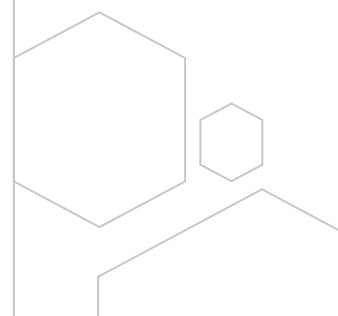
- 17 trees,
- 3.3 cubic yards of landfill space,
- 4,000 kWh of energy,
- 7,000 gallons of water.

(Source: U.S. Environmental Protection Agency)

This report focuses specifically on achievements and performance of the 2010 calendar year, but also includes key historical events in addition to looking ahead to our future activities.

CONTENTS

4	STATEMENT FROM THE CHIEF EXECUTIVE OFFICER	73	SOCIETY
6	ABOUT THIS REPORT	82	HUMAN RIGHTS
10	ABOUT THE COMPANY	84	PRODUCTS RESPONSIBILITY
19	MANAGING SUSTAINABILITY	88	GRI COMPLIANCE VERIFICATION INDEX
26	GOVERNANCE	90	IPIECA COMPLIANCE VERIFICATION INDEX
29	COMMITMENTS AND ENGAGEMENTS	91	GLOSSARY OF TERMS
32	ECONOMICS		
35	RISK MANAGEMENT AND PROCESS SAFETY		
37	ENVIRONMENT		
59	PEOPLE		



STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

For Qatargas, our determination and commitment for excellence has enabled us to become pioneers in the global Liquefied Natural Gas industry, creating

steady growth, advancing operational excellence and establishing the highest levels of safety and environmental performance.

These attributes have contributed towards Qatargas

becoming, the largest LNG producing company in the world, playing a significant contribution, under the guidance of the Minister of Energy & Industry for the State of Qatar, and our Chairman, His Excellency Dr Mohammed Bin Saleh Al-Sada, towards the State achieving the defining milestone, a combined production capacity of 77 million tonnes of LNG per annum and securing customers from all corners of the world.

Whilst proudly acknowledging the strides we have made, one thing that we at Qatargas place at the very heart of our priorities is our corporate citizenship responsibility.

Ingrained deeply into the foundation of our success, is a consciousness that places corporate citizenship on par with our commitment for innovation, operating excellence, environmental responsibility and our people, moving us closer on our journey to becoming the premier LNG company by 2015 and essentially aligning us with the State of Qatar's National Vision 2030.

We strongly believe, that as a global leader, in the global energy industry, we do not operate in isolation. On the contrary, we believe Qatargas

is intrinsically linked with the communities and environments in which we operate, wherever they may be around the world. We remain keenly aware, that this link brings us opportunities as well as responsibilities, not only in terms of business success but also in terms of environmental, social and ethical aspects of our business.

As Chief Executive Officer, Qatargas, I am privileged to introduce our first Corporate Citizenship Report.

This Report truly captures, in all areas of our business, the significant commitment we have made towards operating in ways that reflect our values, where we look to create partnerships, based on trust, ingenuity, innovation and collaboration that promote the long-term economic, environmental and social value of the communities and environments in which we operate.

At Qatargas we uphold the highest standard of energy use, responsible energy management and energy conservation combined with an unwavering commitment to safety and the care and protection of the environment.

Through this Report we demonstrate how we have developed our people and fostered a culture of learning, innovation and excellence, making a positive contribution towards community development, whilst ensuring that everyone involved in the lifecycle of Qatargas plays their part in making a positive and lasting contribution towards community development, enhancement and growth for the next generations to come.

Thank you



Khalid Bin Khalifa Al-Thani
Chief Executive Officer

Khalid Bin Khalifa Al-Thani,
Qatargas Chief
Executive Officer





“At Qatargas we uphold the highest standard of energy use, responsible energy management and energy conservation combined with an unwavering commitment to safety and the care and protection of the environment.”

— KHALID BIN KHALIFA AL-THANI CHIEF EXECUTIVE OFFICER

ABOUT THIS REPORT

Welcome to Qatargas first annual Corporate Citizenship Report, covering our activities in the State of Qatar. This report focuses specifically on achievements and performance of the 2010 calendar year, but also includes key historical events in addition to looking ahead to our future activities.

The content of this report is based on the Global Reporting Initiative (GRI) 3rd Generation (G3) Sustainability Reporting Guidelines 2006 and the International Petroleum Industry Environmental Conservation Association/American Petroleum Institute (IPIECA/API) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting 2010. GRI G3 is a globally recognised framework for reporting on an organisation's economic, social, and environmental performance whereas IPIECA/API guidance is considered as a reference in the oil and gas industry. A GRI and IPIECA content index is included at the end of this report.

This report intends to cover all core and additional indicators of these two guidelines. However, only sustainability topics that are material for our activities and deemed critical by our stakeholders are thoroughly addressed

in the report. Non-material issues are mentioned, but not addressed in detail. A materiality check has been performed in order to prioritise topics within the report.

This report covers all our operations in Qatar - Qatargas 1 (QG1); Qatargas 2 (QG2); Qatargas 3 (QG3); and Qatargas4 (QG4) - offshore platforms and onshore LNG Trains 1 to 7; the Laffan Refinery, Ras Laffan Terminal Operations (RLTO - the storage and loading facilities located at Ras Laffan port) -, as well as offices and transportation activities from and to Qatar by our LNG ships. Qatargas activities and facilities outside Qatar are excluded from the scope of this report.

The following limitations apply with regard to the scope of this report:

- contractors, suppliers and clients' data are not included in this report unless otherwise mentioned;
- environmental data disclosed in this report covers production facilities which have been in operation more than six months in 2010, namely Qatargas 1, Qatargas 2, and the Laffan Refinery and RLTO. Non-production facilities (headquarters and offices) are excluded as their environmental impact is negligible compared to production facilities. Production facilities which have been in operation less than six months in 2010 (Qatargas 3 and Qatargas 4) are excluded from this report but will be included from 2011 onwards;
- labour practices data cover all Qatargas' employees based in Qatar as registered in the payroll.



Quantitative data disclosed in this report originate from various sources:

- economic data (e.g., revenues, sales, procurement budget, environmental expenditures) are extracted from our finance IT system;
- production data originate from our production database;
- labour practices data are extracted from our human resources IT tools (e.g., payroll, training software, etc.);

Environmental data is determined through:

- direct measurement (e.g., water/energy consumption or wastewater discharge from meter readings);
- calculation on the basis of specific or standard conversion factors (e.g., for air emissions); and
- estimates (e.g., for fugitive air emissions)

Environmental data is currently consolidated and processed manually from a number of source systems, and Excel/Word spreadsheets are used to support calculations and reporting. We are however envisioning the implementation of a secure centralised environmental data management system (EDMS) with data feeds from existing systems and highly visual and intuitive interfaces, such as dashboards and Geographic Information Systems (GIS).

The content of this report has been audited by the HSE Regulations and Enforcement Directorate (DG) of our major shareholder Qatar Petroleum (QP).

This first Qatargas Corporate Citizenship Report has not been subject to external verification by a third party auditor leading to a formal assurance report. Obtaining external assurance on the report content is one of our mid-term goals for subsequent Corporate Citizenship Reports.

Based on our own assessment of this report content against the GRI criteria, we have self-declared our first Corporate Citizenship Report as Application Level 'A'.



We welcome your feedback on this Corporate Citizenship Report. Please direct any questions or comments regarding the report to: infos@qatargas.com.qa.

“Through this Report we demonstrate how we have developed our people and fostered a culture of learning, innovation and excellence, making a positive contribution towards community development.”

— Khalid Bin Khalifa Al-Thani
Chief Executive Officer

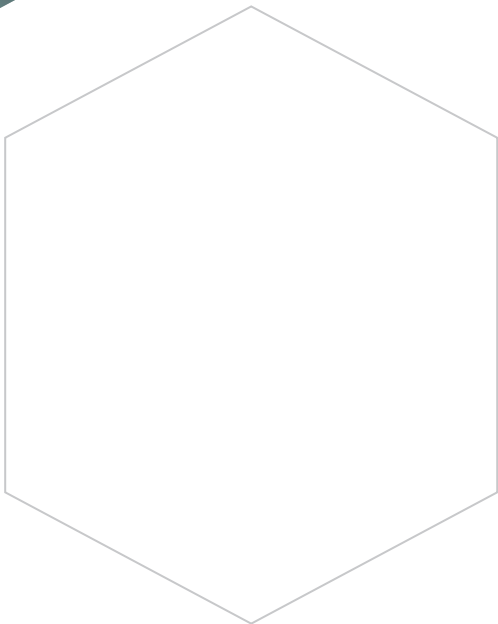


قطر للغاز
QATARGAS

THE LARGEST
LNG PRODUCER
IN THE WORLD



1



QATARGAS PIONEERED THE LIQUEFIED NATURAL GAS (LNG) INDUSTRY IN QATAR AND IS TODAY THE LARGEST LNG PRODUCING COMPANY IN THE WORLD, REALISING ITS VISION TO DELIVER LNG TO CUSTOMERS AROUND THE GLOBE FROM ITS WORLD-CLASS FACILITIES IN QATAR.

ABOUT QATARGAS

- About the Company*..... 10
- Managing Sustainability*..... 19
- Governance* 26
- Commitments and Engagements*..... 29
- Economics* 32
- Risk Management and Process Safety*..... 35

ABOUT THE COMPANY

Established in 1984, Qatargas Operating Company Limited (Qatargas) pioneered the Liquefied Natural Gas (LNG) industry in Qatar. Today, Qatargas is the largest LNG producing company in the world, realising its vision to deliver LNG to customers around the globe from its world-class facilities in Qatar. Qatargas' headquarters are located in Doha and all our production operations (offshore platforms, onshore LNG Trains, refinery) are located in Qatar. Liaison offices are located in the United States, Japan and China.

Our LNG Facilities

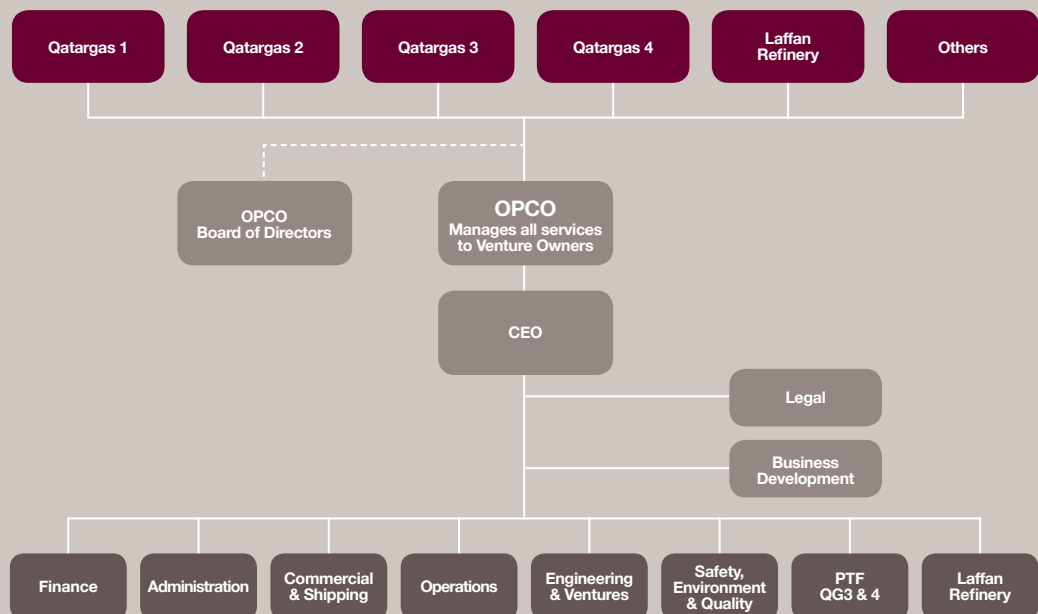
Qatargas 1 (QG1)

- QG1 consists of three onshore LNG Trains, each 300 metres in length. The total combined capacity of the Trains is ten million tonnes per annum (MTA). This current capacity was achieved after completing a successful debottlenecking project in 2005, at which point the original nameplate capacity of the Trains was two MTA each.

- QG1 has 22 production wells supplying 1,600 million standard cubic feet (45 million cubic metres) of raw natural gas per day from the field's reservoir, underneath the seabed.
- The processed gas is transferred ashore with the associated condensate via a single 32-inch sub-sea pipeline, providing feedstock for the onshore LNG plant. This plant occupies a site within Ras Laffan Industrial City (RLIC) on a 3.7 square kilometres plot.

The operational structure of Qatargas and the ownership of each Qatargas company are summarised to the right.

Qatargas Operational Structure



Ownership of Qatargas' Companies

Shareholders' Identity	Percentage of Ownership						
	QG1 Downstream	QG1 Upstream	QG2 Train 4	QG2 Train 5	QG3 Train 6	QG4 Train 7	Laffan Refinery
Qatar Petroleum	65%	65%	70%	65%	68.5%	70%	51%
ExxonMobil	10%	10%	30%	18.3%	-	-	10%
Total	10%	20%	-	16.7%	-	-	10%
Mitsui	7.5%	2.5%	-	-	1.5%	-	4.5%
Marubeni	7.5%	-	-	-	-	-	4.5%
MQL International	-	2.5%	-	-	-	-	-
ConocoPhillips	-	-	-	-	30%	-	-
Royal Dutch Shell	-	-	-	-	-	30%	-
Idemitsu	-	-	-	-	-	-	10%
Cosmo	-	-	-	-	-	-	10%

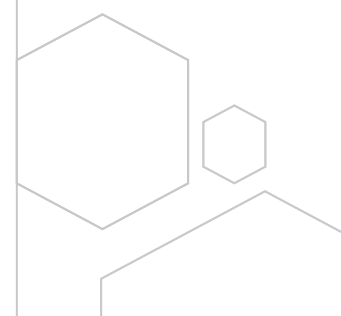
Qatargas 2 (QG2)

- QG2 is the world's first fully integrated value chain LNG venture. It includes:
 - two world class LNG mega-Trains, each with a capacity of 7.8 MTA of LNG and 0.85 MTA of Liquefied Petroleum Gas (LPG);
 - a condensate production of 90,000 barrels per stream day (bpsd);
 - a fleet of 14 ships; and
 - a receiving terminal.
- QG2 was inaugurated in a special ceremony in April 2009 by His Highness the Emir, Sheikh Hamad Bin Khalifa Al Thani in the presence of His Royal Highness the Duke of York, Prince Andrew. The Terminal in the UK was inaugurated weeks later in May 2009, hosted by His Highness the Emir, Sheikh Hamad Bin Khalifa Al Thani in the presence of Her Majesty The Queen.
- QG2 includes 30 offshore wells and three new platforms in Qatar's North Field. The offshore platforms are unmanned and produce 2.9 billion cubic feet of gas per day. Total production is piped to shore via two wet-gas pipelines.
- The LNG is processed using Air Product's proprietary (APX) process technology. The use of this technology has allowed Qatargas to achieve a fundamental milestone for the LNG industry by increasing the size of the Trains to a record new level of 7.8 MTA for each Train.

- As part of the total expansion of Ras Laffan capacity, the QG2 project also led the construction of facilities for expanded LNG storage and loading, including five 145,000 cubic metre tanks and three LNG berths, a 12,000 tonne/day common sulphur system serving all Ras Laffan ventures and an export pipeline and mooring buoy for loading condensate ships some 55 kilometres offshore.

Qatargas 3 (QG3)

- The QG3 project involved the construction of a new LNG mega-Train with a capacity of 7.8 MTA.
- The upstream platforms and infrastructure consists of three unmanned platforms, up to 33 wells and two subsea pipelines, all of which are shared with QG4.
- QG3 produces 1.4 billion standard cubic feet of gas per day, delivering LNG and substantial volumes of condensate and LPG.
- QG3 (and QG4) utilises the same Air Products proprietary APX process technology as QG2, helping to achieve economies of scale and integration which puts Qatargas ahead of its competitors.
- The QG3 and QG4 projects were developed and executed by a Joint Asset Development Team to capture synergies and efficiencies between the two projects.



Qatargas currently operates seven LNG trains with a total production capacity of 42 MTA.

Qatargas 4 (QG4)

- QG 4 is the latest of the LNG projects, with the foundation stone being laid in April 2006 and the first LNG produced in February 2011.
- Like QG3, QG4 involved the construction of a new LNG mega-Train with a production capacity of 7.8 MTA. It is Qatargas' seventh train and the last of the planned developments at this stage.

- QG4 produces 1.4 billion standard cubic feet of gas per day, delivering LNG and substantial volumes of condensate and Liquefied Petroleum Gas (LPG).
- LNG is being transported to market via a fleet of nine ships each with a capacity of approximately 210,000 – 266,000 cubic metres that are constructed in Korean shipyards. The first LNG cargo was delivered in February 2011.

(*) This is the largest ever fully integrated LNG project utilising the largest ever (**) LNG Trains.

Qatargas LNG Facilities – Fast Facts

Parameter	Qatargas 1	Qatargas 2*	Qatargas 3**	Qatargas 4**
Number of LNG trains	3	2	1	1
Capacity of each train	3.3 MTA	7.8 MTA	7.8 MTA	7.8 MTA
Number of ships	12	14	10	8
Capacity of each ship	about 137,500 m ³	210,000 – 266,000 m ³	210,000 – 266,000 m ³	210,000 – 266,000 m ³
Number of offshore platforms	3	3	3	
Number of pipelines	1 (at 32")	2 (at 34")	2 (at 38")	
Date of first cargo shipped	1996	2009	2010	2011
Main markets	Japan, Spain	UK, Europe, Asia	USA, Europe, Asia	USA, Asia, Europe

Qatargas 2, the world's first fully integrated value chain LNG venture, involved the development of two world class LNG trains, three storage tanks, power utilities and water injection systems, a fleet of 14 ships and a receiving terminal.



Other Key Information

Company Information	Unit	Value 2010
Number of employees as of 31/12/2010	#	2,758
Net Revenues	USD MM	20,000
Production	-	-
LNG (QG1 + QG2 + QG3)	'000 tonnes	24,000
Plant condensate (QG1)	'000 bbls	2,500
Plant condensate (QG2 + QG3)	MT	340,000
Field condensate (QG1 + QG2 + QG3)	'000 bbls	55,000
Sulphur	MT	483,000
Helium	MMscf	220
Propane	MT	915,000
Butane	MT	615,000
Naptha	'000 bbls	24,000
Kerojet	'000 bbls	18,000
Gasoil	'000 bbls	9,000
LPG	MT	296,000
Total Asset Value	USD MM	36,500

Other key company information is provided in the table to the left

Laffan Refinery

Laffan Refinery is Qatar's first condensate refinery and started production in September 2009. The refinery has a processing capacity of 146,000 bpsd and utilises the field condensate produced from the Qatargas and RasGas facilities. It is designed to be one of the largest condensate refineries in the world.

The Laffan Refinery helps to capture synergies and opportunities from the development of the North Field, Qatargas, RasGas and other Ras Laffan City ventures. It consists of process units including utility systems, distillation units, naphtha and kerosene hydrotreaters, a hydrogen unit and a saturated gas plant producing naphtha, kerojet, gasoil and LPG. The refinery's production capacity is 61,000 bpsd of naphtha, 52,000 bpsd of kerojet, 24,000 bpsd of gasoil, and 9,000 bpsd of LPG.

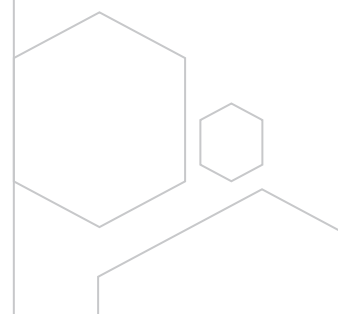
Qatargas Fleet

QG1 has a fleet of 12 purpose-built ships, each with a capacity of 137,500 cubic metres (4.85 million cubic feet) currently in operation for the transportation

of LNG from Qatargas to its Japanese buyers. Qatargas pioneered the development of two new classes of LNG ships. Referred to as Q-Flex and Q-Max, each ship has a cargo capacity of between 210,000 and 266,000 cubic metres and is 80% larger than the standard Q-Fleet ships. By the end of 2010, Qatargas had 19 Q-Flex and 13 Q-Max ships in operation for QG2, QG3 and QG4 to deliver LNG to its customers in all corners of the world.

LNG receiving Terminals are the point of arrival of the LNG ships in our customer markets where the LNG is unloaded, stored in its liquid state, re-gasified and fed to the customer countries respective natural gas pipeline system as needed.

**By the end of 2010,
Qatargas had a fleet of
44 purpose-built ships for
the transportation of LNG
to its customers**



WHAT WE DO

We produce, liquefy, market, and ship LNG and other gas derived products (LPG, condensate, propane, butane, sulphur, helium, naphtha, kerojet, gasoil) to our global customers in a timely manner.

Our Production Process

Raw extracted gas is transferred from the offshore platform to the onshore facilities via gas pipelines. The first step on the onshore facilities is the separation of condensate (remaining hydrocarbons) from gas. The separated condensate is stabilised and sent to storage to await export. The gas then flows to the liquefaction Trains for processing into LNG. During the first phase of this process, sulphur compounds, carbon dioxide and water are removed in stages. The gas is then chilled using propane and mixed refrigeration process. The heavy hydrocarbons are separated out and fractionated into liquefied processed gas and plant condensate. The cryogenic main heat exchanger in each Train then cools the gas to about minus 150 degrees Celsius through a mixed refrigerant system, liquefying it in the process.

Finally, as the pressure is reduced to almost zero, temperature decreases to minus 162

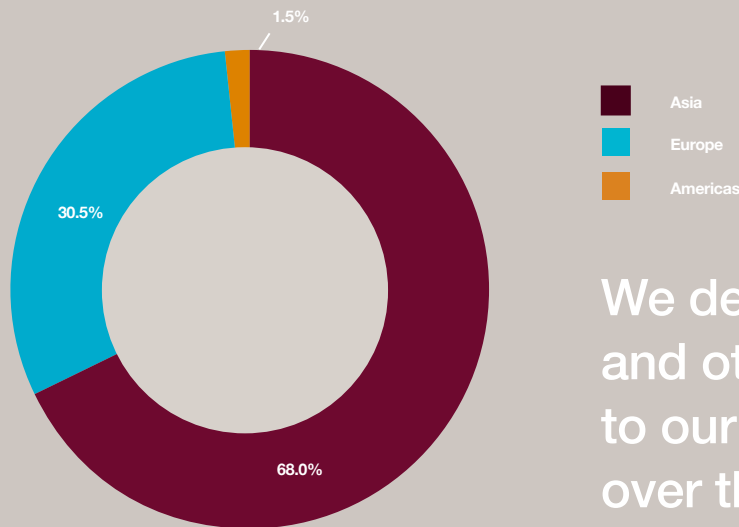
degrees Celsius, nitrogen is removed, and LNG is then piped to one of nine storage tanks, prior to being loaded into the LNG ships.

Other non – LNG production includes:

- **Liquefied Petroleum Gas (LPG):** A mixture of hydrocarbon gases - propane and butane;
- **Sulphur:** The gas from the North Field is known as “sour” gas because it contains hydrogen sulphide (H₂S). Qatargas processes the H₂S to remove the sulphur, producing elemental sulphur that is exported into the global market;
- **Helium:** The North Field gas contains trace amounts of helium gas that Qatargas extracts and processes into liquid helium;
- **Naphta:** Separated condensate is mainly naphta, which is used primarily as feedstock for producing a high octane gasoline component (via the catalytic reforming process). It is also used in the petrochemical industry for producing olefins in steam crackers and in the chemical industry for solvent (cleaning) applications.

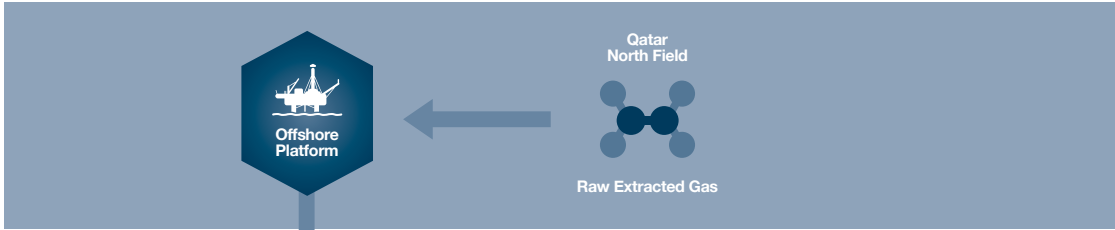
The graph to the right provides the geographic breakdown of markets served in 2010

Geographic Breakdown of Markets Served

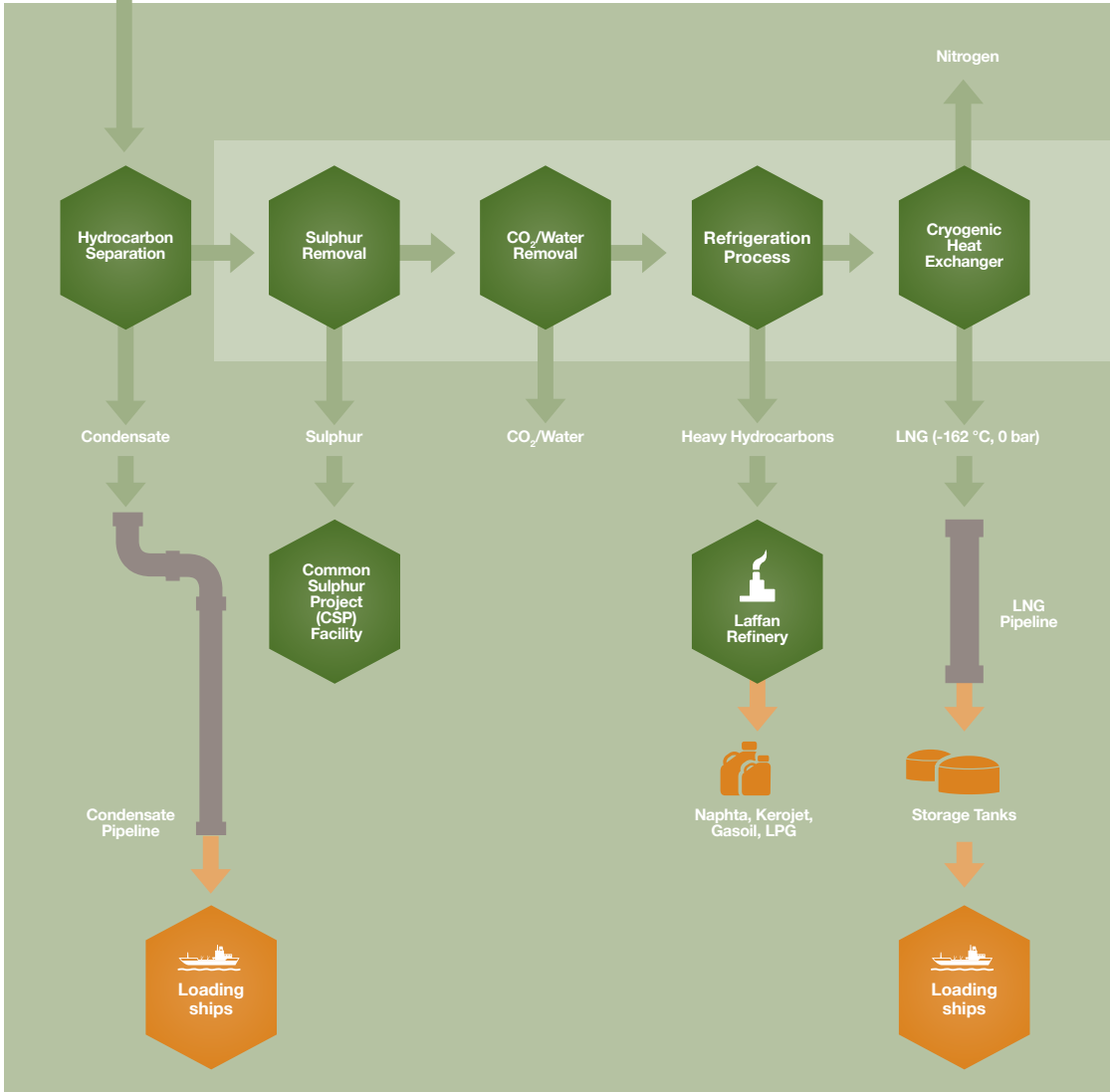


We deliver LNG and other products to our customers all over the world.

Qatargas Production Process



Offshore Facility



Onshore Facility

Liquefaction Train

SIGNIFICANT CHANGES IN 2010

Qatargas maintained a high level of excellence and continued to grow its operations in the past year.

Significant changes in 2010 included:

- the start-up of Qatargas 3 (see Case Study below) and the first cargo delivered from the facility;
- the delivery of several of the world's largest and most advanced Q-Flex and Q-Max LNG ships throughout the year;
- the start-up of the Common Sulphur Project (CSP), which is capable of processing 12,000 tonnes per day of molten sulphur from the various gas processing plants operating in Ras Laffan Industrial City (RLIC);
- the award of the Plateau Maintenance Project, that will enable Qatargas 1 to maintain its current production level of 10 MTA;
- the award of the Jetty Boil-Off Gas Project, which will enable recovery of gas currently flared during LNG ship loading at Ras Laffan Port (see case study in the 'Environment' section);
- Qatargas' significant contribution to the LNG production capacity of the State of Qatar.

Other firsts for Qatargas in 2010 include:

- the first LNG delivery to Dubai in November 2010;
- the delivery of the 100th LNG cargo to the UK in November 2010, within a record span of only twenty months, from commissioning its first cargo from Qatar back in March 2009;

- delivery of the first Q-Max cargo of LNG to Japan in July 2010;
- the inauguration of Las Raffan refinery on 6 April 2010;
- Ras Laffan Terminal Operations (RLTO) celebrated the loading of its 1000th cargo in April 2010, a milestone achieved without any lost time accident or hydrocarbon spillage in four years of RLTO's operation of the Terminal;
- delivery of the first LNG cargo at the Fujian terminal in China in February 2010.

With the start-up of Train 7 (belonging to the Qatargas 4 (QG4) project) Qatargas achieved in April 2011 a historic milestone, reaching its full production capacity of 42 MTA from a total of its seven Trains. With this, Qatargas is now the largest LNG producing company in the world and fully contributing its significant share to the State of Qatar's vision of producing 77 MTA by the end of 2010, thereby making the State of Qatar the largest LNG producer in the world. This accomplishment is also supporting the vision of His Highness the Emir, Sheikh Hamad Bin Khalifa Al-Thani, that Qatar's energy resources would fuel the country's long-term development in line with the Qatar National Vision 2030.

The start-up of Train 6 and the inauguration of Laffan Refinery were among the major milestones accomplished by Qatargas in 2010.



Case Study: Qatargas' Train 6 Produces first LNG

Qatargas announced on 13 November 2010 that Train 6 belonging to its Qatargas 3 project (QG3) started producing LNG, taking the State of Qatar one more step closer to realising His Highness the Emir's vision of achieving 77 MTA of LNG production capacity by the end of 2010.

Announcing this, Mr. Khalid Bin Khalifa Al Thani, Chief Executive Officer, Qatargas, said: "After a world class uninterrupted start-up, QG3 safely produced its first LNG rundown from Train 6 on 1 November 2010. We are proud of this historic

achievement as the State of Qatar is set to celebrate a combined LNG production capacity of 77 MTA by mid-December 2010. We have entered a new phase in our journey towards becoming the world's premier LNG Company. Our task now is to ensure that the new Train operates flawlessly and that we meet our customers' expectations with regard to a secure and reliable supply of LNG for the long term, as we have been doing with Qatargas 1 and Qatargas 2 for many years."

AWARDS AND CONFERENCES

Qatargas won a prestigious award in recognition of its efforts in “Supporting Qatarisation” at the 10th Annual Award Ceremony on the sidelines of the Qatarisation Review in May 2010.

His Excellency Abdulla Bin Hamad Al-Attiyah, Deputy Prime Minister, Chief of Emiri Diwan and former Minister of Energy & Industry, presented the Qatarisation Crystal Award to Mr. Ghanim Al Kuwari, Chief Operating Officer – Administration, Qatargas.

In early 2011, Qatargas received the ‘first ever’ Certificate of Recognition from the Green Award

Foundation for its fleet of LNG ships at the GASTECH energy industry conference 2011 (see case study in the ‘Environment’ section).

In 2010, Qatargas participated in several national and international conferences and exhibitions as summarised in the table below.

Participation in Conferences and Exhibitions in 2010

Event	Dates	Location	Key Outcomes
25th European Autumn Gas Conference	9-10 Nov.	Berlin, Germany	Participation in the “Leadership Panel”
Council Meetings of International Gas Union (IGU)	19-21 Oct.	Doha, Qatar	Facilitation of discussions on ongoing IGU business, networking on various activities and exchange of knowledge and expertise among the industry experts
9th annual POWER-GEN Middle East	4-6 Oct.	Doha, Qatar	Presentation of a paper titled “Addressing the Power Generation Needs of a Growing GCC Economy”
Summer Davos	13-15 Sept.	Tianjin, China	Meetings with a number of key company CEOs and senior executives of QG Chinese buyers
21st World Energy Congress	12-16 Sept.	Montreal, Canada	Showcase the company’s achievements as the premier Liquefied Natural Gas (LNG) producer in the world. Qatargas’ participation was part of the Qatar Petroleum (QP) delegation.
International Gas Union (IGU) 2010 Conference	30 Aug.- 1 Sept.	Rotterdam, Netherlands	Participation in three study groups focusing on the LNG industry’s terminal compatibility, market penetration and enhancing efficiency in the LNG Value Chain
Qatar Petroleum Environment Fair (see case study)	24-26 Apr.	Doha, Qatar	Showcase the company’s green initiatives that highlight energy use and the importance of responsible energy management & conservation
16th International Conference and Exhibition on Liquefied Natural Gas	19-21 Apr.	Oran, Algeria	Presentation of a paper titled “Moving Forward After a Year of Historic Achievements in the LNG Industry”
Sour Oil & Gas Advanced Technology (SOGAT) conference and exhibition	28 Mar. – 1 Apr.	Abu Dhabi, UAE	Presentation of a paper titled “Lessons Learned during commissioning and start-up in Acid Gas Removal (AGR) and Sulphur Recovery Unit (SRU) in Qatargas 2 Trains 4 and 5”
Career Fair 2010	14-18 Mar.	Doha, Qatar	Showcase the outstanding employment and career development opportunities offered by Qatargas, under the banner “A Shining Career with Qatargas”
26th GCC Traffic Week	10-20 Mar.	Doha, Qatar	Pavilion featuring a roll-over simulator and a seat-belt convincer to explain to the public the benefits of adherence to safety measures while driving
Europe’s premier gas conference, FLAME 2010	March	Amsterdam, Netherlands	Presentation of a paper titled “Qatargas 2 – First Full LNG Value Chain Project”

Qatargas' presence at the QP Environmental fair showcased the company's green initiatives that highlight energy use and the importance of responsible energy management and conservation.



Case Study: Qatargas at QP Environmental Fair 2010

Qatargas showcased its green initiatives that highlighted energy use and the importance of responsible energy management and conservation, at the 2010 Qatar Petroleum Environment Fair. This was held at the Doha International Exhibition Centre from 24 to 26 April 2010. The central message of the event was "Environmental protection is everyone's responsibility".

To support this concept we presented a number of energy generation and measurement activities at our stand, which were designed to demonstrate to the public the importance of using energy responsibly and conserving it.

As an example, we installed bicycles with dynamos which were connected to ordinary light bulbs similar to the ones found at everyone's home. The rider could feel the effort required powering the light, thus understanding that energy is not free and should not be wasted.

In addition to this displayed on a large touch screen in front of the rider was a carbon counter used to help visitors appreciate the CO₂ footprint of their lifestyle, by calculating the carbon emissions associated with flights, different car models, housing energy use.

MANAGING SUSTAINABILITY

Qatargas' commitment to sustainability is embedded in the Company's Direction Statement. Qatargas' focus continues to spotlight responsible development as a major opportunity, while concentrating on producing wealth for the State of Qatar and the company's shareholders. This is helping to meet the world's growing energy needs in an economically, environmentally and socially responsible manner.

High Calibre and Diverse Workforce

Qatargas has implemented a competence assessment system for all our employees. Complementing this, our employees have continued to improve their skill sets by participating in over 50,000 hours of training in 2010, a number that highlights our emphasis on a knowledgeable, high calibre workforce.

Qatargas is particularly dedicated to the training and development of the Qatari workforce. Every year, Qatargas welcomes new Qatari graduates and develops them in order to become skilled professionals.

Qatargas also focuses on its employees' satisfaction and well-being. Each year, Qatargas' senior management organises town hall meetings, during which our employees can freely address issues of concern or interest. Additionally, every two years Qatargas organises employee surveys in order to gauge the level of staff satisfaction with the company. In doing so, the surveys highlight areas for potential improvement and development. Qatargas management is responsive to this feedback and published both the survey results and the associated actions agreed to address survey responses.

In 2010 Qatargas continued to commit itself to its Direction Statement to become the premier Liquefied Natural Gas producing company in the world by 2015.

Case Study: Our Direction Statement

Qatargas' **Vision** 2015 is to be the world's premier Liquefied Natural Gas (LNG) company, known for our people, innovation, operating excellence and corporate citizenship. We will set the standard for safety, health and environmental performance, customer satisfaction, a high calibre and diverse workforce, efficient and reliable operations and financial performance.

Our **Mission** is to safely, efficiently and reliably manage and operate all of our resources, including people, reserves, facilities and the environment. To achieve this we will maintain the highest safety, health, quality and environmental standards. We will efficiently produce and deliver LNG and gas-derived products to our customers around the world, and flawlessly execute projects and capture synergies by effectively integrating new projects into existing operations. We will positively contribute to community development continuously improve business, governance and operating performance. In addition, we will attract, retain, develop and motivate a high calibre and diverse workforce, leveraging the knowledge and expertise of our workforce and shareholders, and maximising value and creating opportunities for our shareholders.

Our **Covenants** are to value our people and their families, our shareholders, customers, suppliers, communities and the environment. To support this we will conduct our business with integrity and in an ethical manner, create incident and injury free workplaces, demonstrate the highest standards of social and environmental practice, use our diversity as a source of strength, develop our people and foster a culture of learning, innovation and excellence. As a company we trust and empower each other, encourage initiative and assume responsibility. We recognise, acknowledge and reward accomplishments, work in and promote a spirit of active mutual support, and responsibly communicate and share information across the company.

Safety, Health and Environment

Health and safety of our employees and neighbouring communities are core values, embedded in everything we do. Qatargas strives to maintain an incident and injury free culture and has sponsored multiple events throughout 2010 that highlight the priority placed on safety and health matters.

Qatargas also continues to address improvement and innovation in respect to environmental performance. Please see the Environment section of this report which provides additional detail on environmental performance.

Efficient and Reliable Operations

Qatargas continues to focus on reliable operations in order to minimise flaring and increase efficiency. The Plateau Maintenance Project (PMP), awarded in 2010 and planned to be operational by 2013, will maintain production of LNG and associated liquids of Qatargas 1 (QG1) at current levels.

Recognising the value in continually assessing performance across our company we continue to expand our benchmarking initiatives. Each year, we analyse our operations in order to participate

in a study comparing multiple companies that produce LNG and other gas derived products.

This study allows Qatargas to compare its activity in mass balance, manpower, costs, asset management, environment, safety and health to that of its competitors, thus enabling us to better understand which areas of our business can be further optimised. The enhanced knowledge of our operations, as well as our performance compared to our competitors, enables us to maintain our position as a world class LNG producer.



Customer Satisfaction

Qatargas continues to strive to flawlessly serve its customers and continues to maintain a high standard of reliability by delivering all cargoes on time in 2010.

Financial Performance

Qatargas consistently provides above budget revenues to the State of Qatar and Qatargas shareholders. The added value generated by Qatargas is contributing to the achievement of Qatar National Vision 2030.

Risks Arising from Sustainability Trends

Qatargas recognises sustainability as a source of opportunity. However, we also analyse and address risks arising from sustainability trends.

As the largest LNG producing company, Qatargas' reputation as one of the most reliable LNG exporters is constantly scrutinised. Any operational accident that could have an impact on our ability to deliver could affect this position as well as confidence in our industry. We recognise this responsibility and strive to ensure that the sustainability of our supply process is secure and proactively manages risks.

Qatargas, while focusing on minimising its greenhouse gas (GHG) footprint, is exposed to local and international environmental legislation and requirements regarding GHG emissions management. Any change in the environmental legislation could lead to an increase of the operational costs. In recognition of the potential risks and opportunities presented by the issue of GHG emissions management Qatargas is developing a GHG management strategy to responsibly manage the issue.

Further detail on this strategy is provided in the Economics and Environment sections of this report.

Qatargas continues to strive to flawlessly serve its customers and continues to maintain a high standard of reliability by delivering all cargoes on time in 2010.

OUR ORGANISATION AND MECHANISMS TO MANAGE SUSTAINABILITY

Quality and sustainability at Qatargas are managed as part of an integrated management system, through the Qatargas Management System for Continuous Improvement or QMSI which is directly linked to our Direction Statement. Our QMSI is a tool which helps to coordinate business plans for the whole company and to align objectives across the organisation.

The introduction of benchmarking, best practices, optimum utilisation of resources and knowledge, the availability and use of policies and procedures, and open communication are examples of a few initiatives that have been undertaken at Qatargas through the QMSI. The Quality Section is responsible for ensuring the consistent understanding and application of the QMSI principles and to maintain its objectives. Audits are conducted every year on all aspects of the company to ensure consistent and effective use of the various systems and standards. The Quality Section is instrumental in implementing and maintaining a number of International Standards.

Qatargas 1 and Qatargas 2 are currently certified to:

- ISO 9001:2008 – Quality Management System;
- ISO 14001:2004 – Environmental Management System – Qatargas was the first company in Qatar to get certified in 2000;
- OHSAS 18001:2007– Occupational Health and Safety Management System.

Qatargas 3 and Qatargas 4 are on their way to tri-certification. Moreover we are currently implementing the ISO 17025 – Laboratory Management System and investigating the implementation of a number of other international standards in various areas across Qatargas.

The Qatargas Management System has been widely accepted in the region as leading best practice and has enabled a positive environment for continual improvement to develop.



Qatargas 1 and Qatargas 2 are currently certified to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

Corporate Citizenship Initiative

For Qatargas, Corporate Citizenship (CC) is about our way of doing business. We want to continue to be a profitable company, while at the same time a company conducting our business in an ethical way and responsible manner, caring for our people, their families, the environment and the communities around us.

The Corporate Citizenship Initiative Team (CCIT) was established in January 2009 under mandate from Qatargas' Chief Executive Officer with the objectives to review, assist and guide the CC framework development and implementation at Qatargas.

Qatargas' Chief Operating Officer of Administration was appointed as CCIT Leader, and in turn appointed a supporting team to provide stewardship and guidance on building of CC performance at Qatargas. CCIT members are from a range of departments and functions throughout the company, including Administration, Safety, Environment and Quality (SEQ), Internal Audit, Corporate Planning, Human Resources, Public Relations and Legal departments.

“Corporate Social Responsibility (or Corporate Citizenship) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.” – World Business Council for Sustainable Development (WBCSD), 1998.

CCIT responsibilities include:

- to define CC at Qatargas so that it is understood by all employees
- to help define and agree on CC Key Performance Indicators (KPIs);
- to set the foundation for CC in Qatargas and articulate the scope of Qatargas CC commitments in the areas of environment, health, safety, social practices, stakeholder engagement, ethical conduct and integrity, and fiscal responsibility;
- to clearly define and establish priority areas of CC performance;
- to support CC capacity building and implementation plan initiatives within each group and department;
- to oversee the effective implementation of the initiatives and assist in the performance evaluation, assessment and reporting on CC;

- to review, assist and guide the CC efforts in Qatargas.

The CCIT based its work on a benchmarking exercise undertaken in 2007-2008 and focused on 48 identified CC performance elements distributed among the four pillars of CC: Governance and Conduct, Financial and Economics, Social and Environment.

Qatargas CC Performance Elements

For each element, performance element sheets were developed to identify:

- what this element means to Qatargas;
- where we are in terms of management of this element;
- what are the areas of improvement;
- which metrics to measure performance;
- responsibilities for implementation of further actions.

Qatargas CC Performance Elements

Environment

- Environmental Policy
- Environmental Management System
- Green Purchasing/Procurement
- Energy Efficiency/Alternative Energy
- Climate Change/GHG Emissions
- Emissions to Air (non-GHG)
- Emissions/Discharges to Water
- Water Use/Efficiency
- Non-Hazardous Waste Management
- Hazardous Waste Management
- Material Use: Dematerialization/ Efficiency & Hazardous/Toxics
- Biodiversity
 - Environmental Impact of Products and Services
 - Environmental Value Chain Management



Social

- Social Policy
- Social Management Systems
- Employees: Training
- Employees: Salaries & Benefits
- Employees: Working Conditions
- Employees: Health & Safety
- Employees: Non Discrimination
- Employees: Child Labour
- Employees: Forced Labour
- Employees: Freedom of Association
- Local Communities: Development
- Local Communities: Health & Safety
- Local Communities: Aboriginal People
- Social Impacts of Products & Services
- Social Value Chain Management
- Global Community: Human Rights



Governance & Conduct

- High Level Commitment to Sustainability
- Ethics
- Governance & Accountability
- Corporate Sustainability Reporting
- Stakeholder Engagement



Financial/Economics

- Strategic Planning
- Financial Reporting & Disclosure
- Investor Relations
- Investments
- Risk Management
- Internal & External Reporting Systems
- Financial Planning & Analysis
- Customer Satisfaction
 - Profitability
 - Balance Sheet Strength
 - Market Capitalization
 - Productivity
 - Economic Impact



These performance element sheets thus provided key planning and guidance documents for CC implementation across the company.

As a result of this work, the CCIT proposed the following key recommendations some of which have been completed or currently under implementation:

- to establish a Corporate Citizenship Leadership Committee, to oversee the strategy and provide high level management vision and support;
- to appoint a Corporate Citizenship Coordinator, to maintain momentum of initiative and for sustainable progression of CC;
- to ensure dissemination and implementation of performance element sheets throughout relevant departments of Qatargas;
- to develop an external annual Corporate Citizenship Report to best practice standards;
- to develop and integrate a Corporate Citizenship Implementation Plan.



The Corporate Citizenship Initiative Team was established to guide the Corporate Citizenship framework development and implementation at Qatargas.

2016-2030

- Qatargas will play an integral part of Qatar National Vision (QNV) 2030 for the Human, Social, Economic and Environmental Development of the State of Qatar

QNV 2030

2012-2015

- 2015: Be the world's premier LNG company, known for its people, innovation, operating excellence and corporate citizenship
- 2014: Completion of the Jetty Boil Off Gas Recovery Project
- 2013: Plateau Maintenance Project operational

Premier LNG Producer

2011

- Start-up of QG4
- First Corporate Citizenship Report
- Certificate of Recognition from the Green Award Foundation for our fleet of LNG carriers

Production capacity: 42 mtpa

2010

- Start-up of QG3 and of the CSP
- Won award in recognition of our efforts in Supporting Qatarisation
- ISO 14001, OHSAS 18001 and ISO 9001 for QG1 & QG2
- Implementation of our Social Investment Policy and Procedure

Production capacity: 34 mtpa

2009

- Inauguration of QG2
- Start-up of Laffan Refinery
- Establishment of the Corporate Citizenship Initiative Team

Production capacity: 26 mtpa

2005-2008

- 2008: Delivery of the first Q-Max vessel
- 2007: Launch of the Coral Relocation Program
- 2007: Conduct Sustainability Benchmarking Exercise and Identify Sustainability Gaps and Opportunities
- 2007: Delivery of the first Q-Flex vessel
- 2005: Completion of the debottlenecking project

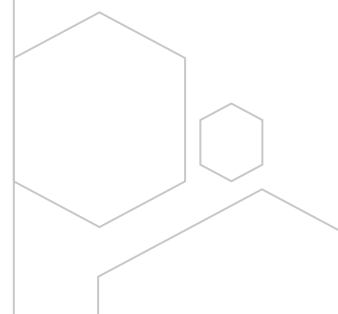
Production capacity: 10 mtpa

1984-2004

- 2002: Introduction of QG Incident & Injury Free program
- 2002: Initiation of a hawksbill sea turtle monitoring study
- 2000: ISO14001 certification for QG1
- 1996: First cargo shipped
- 1984: Establishment of Qatargas Operating Company Limited

Production capacity: 6 mtpa

Our sustainability journey is detailed to the left



SUSTAINABILITY TARGETS AND PERFORMANCE

Every year, Qatargas compares its performance against its peers. On average in 2010, while the company was striving to stabilise LNG production from the two first mega- Trains and was starting operations of its third mega- Train, Qatargas succeeded to have higher utilisation and availability rates than its peers.

Our mid-term sustainability targets are defined within Qatargas' vision 2015 to be the world's premier LNG company. These vision and targets are in line with Qatar National Vision (QNV) 2030, a holistic approach to the development of the State of Qatar through its four pillars and defines the long-term outcomes for the country:

- Human Development outcomes: educated population, healthy population, capable and motivated workforce;
- Social Development outcomes: social care and protection, sound social structure, international cooperation;
- Economic Development outcomes: sound economic management, responsible exploitation of oil and gas, sustainable economic diversification;

- Environmental Development outcomes: preservation and protection of the environment, comprehensive urban development plan, regional cooperation, mitigation of climate change.

Capitalising on its abundant natural resources and with energy continuing to propel Qatar forward, QNV 2030 aims at building a diversified knowledge based - economy that uses new technologies with high human development and inter-generational equity.

Qatargas' near and long-term objective is to play an integral supporting role in the success of the QNV 2030.

Our sustainability targets and performance for 2010, along with vision 2015 targets, are summarised to the right

1 Source: PTAI

2 Maximum sustainable capacity less unplanned losses

3 Reliability less planned losses

4 Availability less economic/ scheduling and other losses

5 Total count of fatalities, permanent/total disabilities, lost workday, restricted workday, and medical treatment cases per million man-hours; Includes contractors,

6 Greenhouse Gas

7 LNG for trains, other gas related products for Laffan Refinery

Sustainability Targets and Performance 2010

Key Performance Indicator	Performance 2010	Target 2010	Benchmark 2009 ¹	Ambition 2015
High calibre and diverse workforce				
Competency level (%)	86	NA	NA	90
Efficient and reliable operations				
Reliability ² (%)	95.2	97.4	95.5	98.5
Availability ³ (%)	91.1	92.8	86.4	96.8
Utilisation ⁴ (%)	88.0	90.4	78.6	94.8
Safety, health and environmental performance				
Total Recordable Injury Frequency ⁵ (-)	2.48	0	1.4	0
Loss of Primary Containment (#)	2	0	NA	0
GHG ⁶ emission intensity (t GHG/t products ⁷)	0.33	0.46	0.35	0.42
Customer satisfaction				
Late Deliveries (#)	0	0	NA	0
Off-specification Deliveries (#)	0	0	NA	0
Financial performance				
Sales Volume (million tonnes of all products)	31.02	33.4	NA	57.1
Net Income (billion USD)	7.0	3.7	NA	11.4

QATAR 2030

a nation on the move



NATIONAL VISION 2030 & Beyond

2011-2012 MEDIA KIT

Qatargas Vision 2015 is aligned with Qatar National Vision 2030 with the objective to provide long-term Human Development, Social, Economic and Environmental outcomes for the country



GOVERNANCE

The highest governance body of each Qatargas company is the Board of Directors. Members of the Board are nominated by the shareholders as per the relevant Joint Venture Agreement (JVA) Shareholders determine the qualifications and expertise of the individual nominees. The number of independent Board members for each Company is summarised in the below table.

Governance Structure

The governance structure differs for each Qatargas company and is organised as follows:

- Qatargas Operating Company Limited (QG OPCO): Board of Directors, Services Coordination Forum, Audit Committee, Chief Operating Officers (Engineering & Ventures, Administration, Finance, Operations and Commercial & Shipping);
- QG1, QG2, QG3, QG4: Board of Directors, Executive Committees, Chief Operating Officers;
- Laffan Refinery: Board of Directors, Executive Committee, Finance Committee, Chief Operating Officer.

There is no linkage between compensation for board members, senior managers and executives and Qatargas' performance (including social and environmental performance), as remuneration is fixed. There is currently no formal process in place for evaluating the board members' own sustainability performance.

Conflict of Interest

Qatargas' Code of Business Ethics Policy establishes clear rules of conduct in order to avoid conflicts of interest:

- as a general rule, employees or their immediate families shall not have direct or indirect interest in any entity or business enterprise that has current or prospective dealings with the Company;
- employees must act honestly and in good faith with a view to the best interests of the company as taking priority over personal interests;
- employees occupying section head positions and above, and all other employees involved in procurement, tendering, bids, contract negotiations and contract administration, shall complete an annual conflict of interest declaration by 31 January of each year for the preceding year;
- all employees shall complete and submit annually by 31 January of each year the annual certification statement to certify they have read and understood the principles of the Code of Business Ethics Policy and that they will comply with these;
- employees shall keep a record and inform in writing their department manager of all conflict of interest situations such as entertainment, gifts or other offers made, as and when they occur.

Independent Board Members for Each Company

Qatargas company	No. of independent Board members
QG OPCO	10
QG1	10
QG2	10
QG3	10
QG4	9
Laffan Refinery	8

Independent Board members refer to members who do not form part of the executive management team. The Chairman of the Board of Directors is in particular not an executive officer of the Company.

Qatargas management is guided by strategies, plans and working programmes approved by shareholders through shareholders meetings, resolutions and shareholders working teams. Qatargas financial, social and environmental performance is presented to and discussed with the Board quarterly.

Description of Qatargas Committees

Committee name	No. of members	Independent members	Mandate	Responsibility
QG1 Executive Committee	7	Except for the CEO, all members are Shareholders representatives	Delegated by the Board to exercise the powers specified in the Executive Committee procedures	Share with the Board the responsibility for reviewing and approving company's financial, social and environmental performance
QG2 Executive Committee	9			
QG3 Executive Committee	8			
QG4 Executive Committee	7			
Laffan Refinery Executive Committee	9			
Laffan Refinery Finance Committee	8	All members are Shareholders representatives	Recommends to the Board in certain financial and accounting matters	Assists the Board in handling economic and financial issues
QG OPCO Audit Committee	4	All members are Shareholders representatives	Assist the Board in fulfilling its oversight responsibilities on financial reporting process, internal controls, audit process and monitoring compliance with laws	Provides support in implementation of appropriate financial controls
Ethics and Conflict of Interest Committee	7	All members are Company employees	Assess and investigate suspected violations related to ethics and conflicts of interest	Ensure application and respect of Ethics Policy

Qatargas' Ethics and Conflict of Interest Committee is responsible for ensuring application and respect of the Ethics Policy, and for reporting and investigating any case of violation with regard to conflicts of interest.

Internal Statements and Codes

Internally developed statements of mission or values, codes of conduct, and policies relevant to sustainability performance include:

- Qatargas Direction Statement, which describes our Vision, Mission and Covenants;
- Code of Business Ethics Policy;
- Internal Audit Charter;
- Employee Relations Policy;
- Social Investment Policy;
- Safety, Health and Environment Committee Charter.

These documents are fully implemented and cover all employees and activities within Qatargas.

Independent Board members refer to members who do not form part of the executive management team. The Chairman of the Board of Directors is in particular not an executive officer of the Company.

INTERNAL AUDIT

The Qatargas Internal Audit Function (IA) has been established by the Board of Directors (BOD). The purpose of the IA is to assist the BOD and Management in the accomplishment of their objectives. The Chief Internal Auditor reports functionally to the Chairman of the Board and the BOD, and has unrestricted access to the BOD and senior management.

The IA govern themselves by adherence to the Institute of Internal Auditors' "Code of Ethics" and conduct their work in accordance with the 'Standards for the Professional Practice of Internal Auditing' established by the Institute of Internal Auditors. The IA is authorised by the BOD to carry out a broad programme of operational, financial, compliance, fraud and systems audits covering all activities of the company, its subsidiaries and ventures.

All activities within Qatargas and its ventures are subject to complete internal audit review every three years to ensure at minimum:

- the accomplishment of the Direction Statement and corporate objectives through risk analysis, gap identification, adequacy of policies and procedures, effective corporate governance, control environment and culture/behaviour;
- the effectiveness of strategies and processes, and efficiency of operations;

- compliance with policies and procedures, laws and regulations, and best practices;
- the reliability and integrity of information;
- safeguarding of assets, data and information, including intellectual capital.

A risk based 3-year rolling audit plan is accordingly prepared by the IA. Risk assessment to establish the audit plan includes the impact on EHS and quality, financial performance, business continuity, customer satisfaction, project execution, non-compliance with law and regulations, integrity of information, management of change, complexity of operations, asset size, and adequacy of internal controls. Audit plans are reviewed by each Chief Operating Officer and approved by the CEO and Board Audit Committee.

Special reviews/investigations/consultancy are also conducted by the IA as required, and audit results communicated to management, the Board Audit Committee and the BOD.

The IA govern themselves by adherence to the Institute of Internal Auditors' "Code of Ethics" and conduct their work in accordance with the 'Standards for the Professional Practice of Internal Auditing' established by the Institute of Internal Auditors.



COMMITMENTS AND ENGAGEMENTS

Qatargas subscribes to several charters, initiatives and programmes as summarised in the below table.

Commitments to Internal/ External Initiatives

Qatargas is a signatory and founding member of the Laffan Environmental Society (LES) Charter and a signatory to the Ras Laffan Industrial City Community Outreach Programme (RLIC COP).

Qatargas is also a member of the Training and Development Liaison Committee (TDLC) which promotes best practice in training and development in the Qatar energy and industry sector.

Qatargas' Head of Qatarization and National Development division sits on the Board of Trustees at the Qatar Independent Technical School (QITS) and holds the position of Vice Chairman in effort to provide support and direction to the education sector. Measures were taken to formulate internal committees to support and improve the school in different areas.

Qatargas is also a member of the International Petroleum Industry Environmental Conservation Association (IPIECA) and a sustaining member of the American Society for Quality.

Commitments to Internal/External Initiatives

Charter/initiatives/programmes	Date of adoption	Countries/operations of application	Stakeholders involved	Voluntary/ mandatory
Qatar's Energy & Industry Sector 'Women in the Workforce' Initiative	December 2010	Qatar	Professional National females in Qatargas and beyond	Voluntary
Qatar's Energy & Industry Sector 'Managing Expectation' Initiative	June 2010	Qatar	Young Qatari Nationals coming into the workplace and starting their careers	Voluntary
The Chartered Institution of Chemical Engineers (IChemE)	Qatargas is awaiting audit for accreditation, which is due to take place in December 2011	International	Engineering community under Engineering & Ventures division at Ras Laffan	Voluntary
The Chartered Institution of Mechanical Engineers (IMechE)				
The Institution of Engineering and Technology (IET)				
The Chartered Institution of Structural Engineers (IStructE)				

STAKEHOLDER ENGAGEMENT

Shareholders are identified and selected by Qatar Petroleum (QP) and based on selection criteria set out by QP. Selection of other stakeholders (e.g., employees, contractors, suppliers.) is undertaken by relevant groups within the company and based on standards set out in company's policies and procedures such as contracting procedures, marketing policies, human resources policies, etc.

Key topics raised by stakeholders in 2010 include:

- our major stakeholder Qatar Petroleum and its HSE Regulations and Enforcement Directorate (DG) has requested Qatargas to produce this first annual sustainability report for the year 2010;
- the Al-Khor community in Ras Laffan raised issues with regard to flaring and air quality, waste management and capacity building of local community in northern Qatar, which Qatargas addressed accordingly;
- our customers and the general public increasingly enquire about sustainability initiatives at Qatargas, in particular with regard to environment protection and social investments.



Stakeholder Engagement

Stakeholder group	Means of engagement
Shareholders	<ul style="list-style-type: none"> • QG respective Board meetings • Discussions • Shareholder meetings, agreements and relations • Coordinated crisis communications • Strategic global media communications
Employees	<ul style="list-style-type: none"> • Internal communications strategy including the QG intranet and internal magazine • Specific QATARGAS ALL email • Employee communications – news updates • Employee Opinion Survey • Townhall meetings, gala dinner • CEO Forum for national trainees and graduates • Long Service Awards • Premier Leadership (PLE) meetings • Quarterly Performance Review group meetings • Objective Management System (OMS) • CEO Address to new joiners on the QG intranet • Policies & Procedures • Monthly key messaging pack (for senior management) • Training • Learning & Development programmes • Interactive Security announcements and safety exercises • 'Ask the CEO' on the QG website • Departmental away-days/team building
The Energy Industry	<ul style="list-style-type: none"> • Conferences and exhibitions • Strategic global media communications • Key note address opportunities • Strategy advertising communications in industry related platforms • Publications, Delivery of technical papers
Suppliers/Contractors	<ul style="list-style-type: none"> • Contractual arrangements & tender process • Third party endorsement • Strategic global media communications • Strategic contract advertising strategy • Safety communications and related initiatives and programmes (e.g., IIF; STOP; Hydration)
Customers	<ul style="list-style-type: none"> • Global customer relations • Conferences and exhibitions • Site visits • Contractual arrangements • Signing ceremonies • Strategic global media communications • Material Safety Data Sheets
Government/Authorities	<ul style="list-style-type: none"> • Strategic government affairs/relations in conjunction with QP and the State of Qatar • Through appointed embassies in Qatar and around the world in conjunction with QP and the State of Qatar • Site visits • Coordinated crisis communications planning • Participation in the Qatar National Vision (QNV) 2030 • Projects in collaboration with Qatari Government (e.g., 77; JBOG project, Helium; Khor Al-Adaid protection, Education partnerships) • Contribution to the development of the State's new environmental guidelines • Strategic global media communications where appropriate
Local Communities	<ul style="list-style-type: none"> • As a member of the RLIC Community Outreach Programme (COP) • Site visits • Continual community needs assessment • Annual events (e.g., career, environment) • Strategic and targeted media communications • Sponsorships • Educational programmes • QG website dedicated sections; Facebook; Flicker; Youtube • Media Communications
General Public	<ul style="list-style-type: none"> • Qatargas website; Facebook; Youtube; Flicker • Strategic global media communications and advertising strategy • Social investment programmes: sports and cultural event sponsorships, school donations, generic health and safety campaigns (e.g., road safety; e-waste; hydration)
Media	<ul style="list-style-type: none"> • Strategic global media engagement programme • Site visits • Media communications (press releases; holding statements; interviews) • Publications, Fast fact sheets • Press conferences, Briefings • Communication plans
Non-Governmental Organisations	<ul style="list-style-type: none"> • Targeted appropriate strategic global media communications • Where appropriate approved relations • Contribution support to local NGO's • Presentations – educational programmes
Students/Pupils	<ul style="list-style-type: none"> • Through web-based communications (e.g. Facebook, Flicker; Youtube, QG website) • Events (e.g. career fair) • Educational initiatives (e.g. scholarships, internships) • Strategic media communications • Strategic advertising communications • Introductions to QG • Donations and sponsorships to the education sector (schools and universities)

Stakeholder groups with whom Qatargas engages and means of engagement are summarised in the table to the left. Additionally the Qatargas website serves as a means of engagement across all stakeholder groups.

ECONOMICS

Qatargas, as a non-publicly traded company, with Qatar Petroleum as a major shareholder, is not required to publicly disclose its financial data as per Qatar Law and other pertinent regulations. Qatargas does not participate in revenue transparency initiatives, and is not a member of the Extractive Industries Transparency Initiative (EITI).

However, Qatargas has committed itself to transparency in sustainability disclosures and has therefore elected to publish key economic data that are summarised in the below table.

* Including employees wages and benefits

Qatargas Key Economic Data 2010

Direct economic aspect	Value in million QAR for 2010
Revenues	73,000
Operating costs	2,000
Manpower costs*	1,730
Payments to providers of capital	12,000
Payments to governments	25,000
Community investments	6.2

Risks, Opportunities and Financial Implications of Climate Change

Qatargas has conducted a thorough and extensive review of potential climate change and greenhouse gas (GHG) risks, opportunities and financial implications, which form part of our GHG management strategy. The three main risks associated with climate change and greenhouse gas emissions are regulatory, financial/ business and physical risks.

The regulatory risk originates from the potential for national, regional, sectoral and international regulation of GHG emission. Currently the State of Qatar has sophisticated and stringent GHG Accounting and Reporting (A&R) requirements. Qatargas' GHG A&R report has been verified by an international external GHG accounting and reporting verification organisation. Kyoto Protocol signatories are required to limit their greenhouse gas emissions. Since the State of

Qatar is a signatory of the Kyoto Protocol, it is assumed that it will implement regulations to reduce national greenhouse gas emissions at some point in the future.

The business risk component includes reputational, legal, competitive, technological, political and supply chain risks for companies that show a lack of concern for excessive carbon emissions and associated climate change issues.

Qatargas reviewed the available literature regarding potential climate change impacts for the Arabian Gulf region and concluded that the physical risks for the Qatargas facilities, assets and operations are low within their operating lifetimes. This analysis considered the six emissions scenarios and their related climate change impacts identified in the International Panel on Climate Change's (IPCC) Fourth Assessment Report: Climate Change 2007, and other factors such as infrequency of severe storms in the region or low wave generation potential of the Arabian Gulf.

Given the current data limitations, Qatargas however sees the need for predictive modelling studies in the Arabian Gulf area to better define climate change impacts in the region. Such studies would have several benefits for Qatargas:

- provide better information and certainty regarding the magnitude of potential sea level rise, and the probability, severity and frequency of extreme weather events to assist in the design and location of future facilities in the very long term;
- identify the possible need for mitigation measures for existing Qatargas operations as determined in next 25 – 50 year timeframe and beyond; and
- foster co-operative work to identify adaptation policies and strategies for the benefit of the broader Arabian Gulf.

In addition, comprehensive analysis and review is required to ascertain potential impacts due to climate change (such as increased severe weather episodes) to our worldwide shipping operations.

Qatargas also analysed the potential business opportunities arising from climate change.

There is potential to invest in schemes such as Clean Development Mechanisms (CDM) projects and the purchase of CDM Certified Emission Reductions (CERs), because of their credibility in the market place and the reputational benefits of such an investment. Where possible, development and investment in regional sustainability projects around the Middle East will be investigated.

Qatargas is closely monitoring the regional and international trends associated with GHG management and participating increasingly proactively with industry associations and other key local stakeholder to ensure that it is prepared to meet GHG emissions and related challenges. Qatargas also participates in various fora in Qatar, with involvement from the government of the State of Qatar representatives, shareholders, and peer

companies to proactively discuss GHG related issues such as:

- emissions trading schemes or voluntary compliance standards;
- incentives for cleaner technologies or alternative energy portfolios;
- energy conservation/efficiency/improvement methods;
- sharing of information for advances in energy and/or carbon-saving technologies in the market; and
- monitoring environmental regulations closely, to assess how future legislation could affect the LNG industry in general, thereby staying ahead of issues and reducing regulatory risks.

We are in the process of evaluating the potential financial implications of climate change and anticipate sharing some of this work in future reports.

Benefit Plan Obligations

Qatargas has no formal retirement plan policy. We have a pension scheme for Qatari Nationals, to which 5% of the basic monthly salary contributes. For non-Nationals, an End of Service Benefit is in place in accordance with Company Policies and Procedures.

MARKET PRESENCE

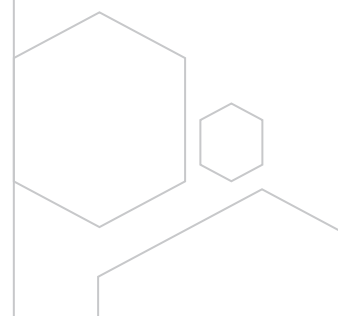
Qatargas primary policy for procurement of materials and services are through open tender in local news media to encourage local suppliers and contractors. The advertisements are published in both English and Arabic newspapers.

We provide Qatari suppliers and contractors with price preference in accordance with the local law and the same terms are applied to subcontractors as a condition of the contracts executed. Whenever a local contractor can provide a requested service, Qatargas endeavours to source the work locally. For technology upgrade and specialised services, international service providers are also approached.

In 2010, 85% of our procurement budget (including service contracts and purchase of materials) was spent on local suppliers and contractors based in Qatar.

All sourcing is subject to thorough evaluation before award of any contract, based on pre-determined criteria for transparency and to provide equal chance to all the participating contractors, while assuring the quality of the products and services.

For major services, contractors are pre-qualified and screened for the bidding process. Contractors' safety, health and environmental performance is evaluated separately as part of this process. This evaluation includes safety track records, contractor safety policies, systems, trainings, etc.



Only contractors who pass this pre-qualification are considered for further evaluation. For all the major contracts, contractors are also subject to financial evaluation based on their last three years financial performance. Contractors past experiences, resources, local experience and local facilities are also considered as part of the evaluation. A multi-disciplinary team is usually involved for the contractor evaluation.

Local Hiring

Our Qatarisation is to give priority in recruitment to qualified Qatari nationals. In particular, trainee or development positions are to be filled by Qatari nationals.

Over 31% of Qatargas management positions (i.e., Chief Executive Officers, Chief Operating Officers, Venture Managers, Departmental and Division Managers) are currently filled by Qatari employees.

There is currently no local minimum wage in Qatar. However, Qatargas has developed its own internal

standard wage grid for all positions within the company to ensure that a fair remuneration system is in place.

Indirect Economic Impact

The indirect economic effects of Qatargas activities at local and national levels are not formally measured. Examples of such beneficial effects include:

- the development and creation of jobs in the Ras Laffan area;
- the provision of high level employment work opportunities for Qatari Nationals as part of the Qatarisation programme;
- the creation of contracting service opportunities for projects and on-going operations support;
- the long-term job creation and market development and stability creation for Qatargas suppliers.

Due to Qatargas' size indirect economic benefits also go beyond the State of Qatar, as Qatargas delivers to its global clients.



RISK MANAGEMENT AND PROCESS SAFETY

An Enterprise-wide Risk Management (ERM) programme is currently being implemented at Qatargas. This ERM programme uses risk management tools and principles (such as risk assessment, risk registers, risk matrices, etc.) as a basis to address the following:

- Business continuity;
- Crisis and Emergency Response Management;
- Operations and Supply Chain continuity;
- Information Technology (IT) disaster recovery;
- Talent pool management and succession planning.

Qatargas has a dedicated Emergency Management Services Division whose responsibility is to develop and ensure Crisis and Emergency Response Management.

Process Safety and Asset Integrity

Process safety focuses on managing the integrity of operating systems and processes by applying good design principles, engineering and operating practices.

Process safety deals with the prevention and control of incidents that have the potential to release energy or hazardous materials. Such incidents can cause toxic effects, fire or explosion and could ultimately result in serious injuries, property damage, lost production and environmental impacts. Tier 1 and 2 process safety events as per API Recommended Practice 754 (API RP 754) are summarised in the below table:

- Tier 1 process safety event is an unplanned or uncontrolled loss of primary containment (LOPC) release of any material, including non-toxic and non-flammable materials, from a process that results in severe consequences (e.g., fatality, lost-time injury, community evacuation, costs greater than 25,000 USD, etc.);
- a Tier 2 process safety event is broadly defined as an order of magnitude less severe than the Tier 1 criteria above.

We did not experience any Tier 1 or Tier 2 process safety event during both normal operations and start-up of new facilities in 2010.

Qatargas has a robust mechanism to monitor, report, and analyse a set of carefully chosen leading and lagging safety performance indicators (SPI), used to assess the status of key risk control systems (RCS), to provide ongoing assurance that risks are being adequately controlled, and to provide an early warning should there be any deterioration of controls. There are numerous RCS functioning in Qatargas, covering operational, mechanical and personnel integrity.

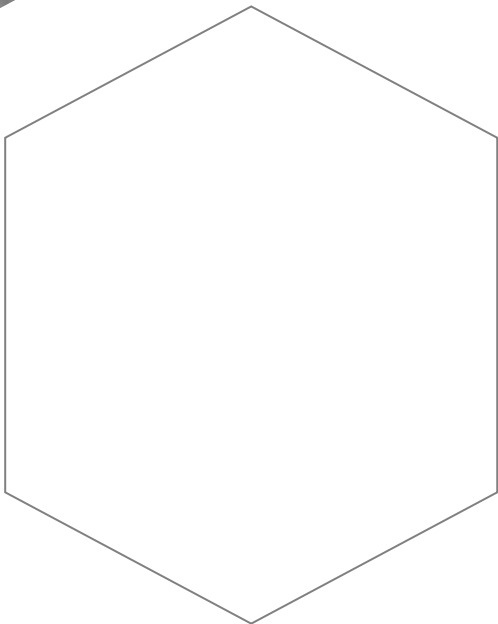
Tier 1 & 2 Process Safety Events in 2010

Type of event	No. of events
Tier 1 Process Safety Event	0
Tier 2 Process Safety Event	0

We did not experience any Tier 1 or Tier 2 process safety event during both normal operations and start-up of new facilities in 2010



2



OUR CORPORATE VISION IS TO BE THE WORLD'S PREMIER LNG COMPANY. BEING PREMIER GOES HAND-IN-HAND WITH A COMMITMENT TO THE RESPONSIBLE DEVELOPMENT OF NATURAL GAS AND TO CONCURRENTLY ACHIEVING EXCELLENCE IN ENVIRONMENTAL PERFORMANCE

ENVIRONMENT

- Management of Environmental Aspects*..... 38
- Compliance with Environmental Laws*..... 39
- Energy*..... 39
- Climate Change*..... 41
- Air Emissions* 44
- Materials* 45
- Waste and Spills* 46
- Water Withdrawal and Discharge* 47
- Biodiversity*..... 49
- Environmental Impact of Transportation* 53
- Environmental Impact of Products and Services* 57
- Environmental Expenditures*..... 57

MANAGEMENT OF ENVIRONMENTAL ASPECTS

At Qatargas, we believe that protecting the environment is everybody's business. We are proud of our strong environmental track record, and require a high standard of environmental performance from our partner companies and contractors.

Constantly improving our operations to minimise environmental effects is a key business goal. These ongoing improvements enable Qatargas to meet or exceed stringent government regulatory standards. Through a tiered short, medium and long-term strategy we are committed to the minimisation of greenhouse gas (GHG) emissions, material, energy use and waste generation, including the optimum reuse/recycle of materials and the implementation of energy efficient practices. It is through cooperation with industry and government partners, that we are committed to improving air quality, reducing waste generation, and promoting healthy marine and terrestrial ecosystems in which we operate.

Our corporate vision is to be the world's premier LNG company. Being premier goes hand-in-hand with a commitment to the responsible development of natural gas and to concurrently achieving excellence in environmental performance.

Environmental aspects at Qatargas are currently managed using an Excel-based Aspects and Impacts Register in accordance with ISO 140001. The current system segregates environmental aspects into operational areas and categorises the aspects according to media, activity, products and services, and risk, taking into account impact severity and probability of occurrence. While the current system achieves compliance with ISO 14001, it is not systematic for the management and tracking of compliance in a

user friendly manner. With the addition of QG 2, QG 3 & QG 4 LNG Trains, we have developed a tool that will facilitate the input of aspect data for the new Trains and allow for the management of all Qatargas environmental through an enhanced workflow system using a relational database. This Aspects Management System (AMS) is based on the Qatargas "Environmental Aspects and Impacts Procedure" and enhances the current Excel spreadsheet tool that can be used to easily input data, rank risk, capture existing mitigation and monitoring requirements and, most importantly, track the status and completion of recommended mitigation measures to be implemented by Qatargas.

Once fully implemented the AMS will improve Qatargas operational performance through the effective management and tracking of environmental mitigation and monitoring, and further support the achievement of our business goals. The AMS is currently in final testing phase and due to go-live in 2011.

Qatargas 1 and Qatargas 2 achieved the dual ISO certification of its quality (ISO 9001:2008) and environmental management systems (ISO 14001:2004) in October 2010. Compliance to these international standards guarantees that policies and procedures are in place to control all aspects of Qatargas activities and effectively manage their environmental effects. Qatargas 3 and Qatargas 4 and the Laffan Refinery will also be certified in forthcoming audits.

Energy Consumption for Qatargas Facilities in 2010

Energy type	Unit	Qatargas 1	Qatargas 2	Laffan Refinery	RLTO	Total
Internal fuel gas (excluding flaring)	GJ	80,044,855	115,861,665	-	-	195,906,520
Internal fuel gas (excluding flaring)	m ³	-	-	55,201,198	-	55,201,198
Purchased electricity	MWh	-	-	114,164	215,455	329,619

COMPLIANCE WITH ENVIRONMENTAL LAWS

Compliance with applicable State of Qatar environmental legislation and international conventions ratified by the country is an essential part of Qatargas vision.

All operational assets of Qatargas submit Consent to Operate (CTO) applications to the Ministry of Environment (MoE) annually and operate under requirements approved in these CTOs. Our Environmental Affairs Division provides support and guidance on all issues related to environmental legislation including preparation and submission of CTOs. Once approved CTOs become legal documents which ensure that Qatargas assets perform and report in compliance with environmental regulations.

As per CTO requirements Qatargas assets provide quarterly environmental monitoring reports to the MoE, which include performance status on air emissions, discharges to land and water, and waste management as well as providing updates on voluntary environmental

improvement initiatives. MoE carries out periodic inspection visits to our facilities to verify these reports.

Qatargas is also involved in a number of State of Qatar environmental initiatives including long term engagement in climate change strategies and flaring reduction objectives.

We take initiative to comply with evolving flaring, water treatment and cooling water discharge requirements and are involved in a number of best available technology implementation projects such as introduction of pulse-chlorination, a membrane bio-reactor wastewater treatment system and studies on flare reduction possibilities. The long-term cooperation with MoE helps to ensure better understanding and compliance with Qatar environmental legislation.

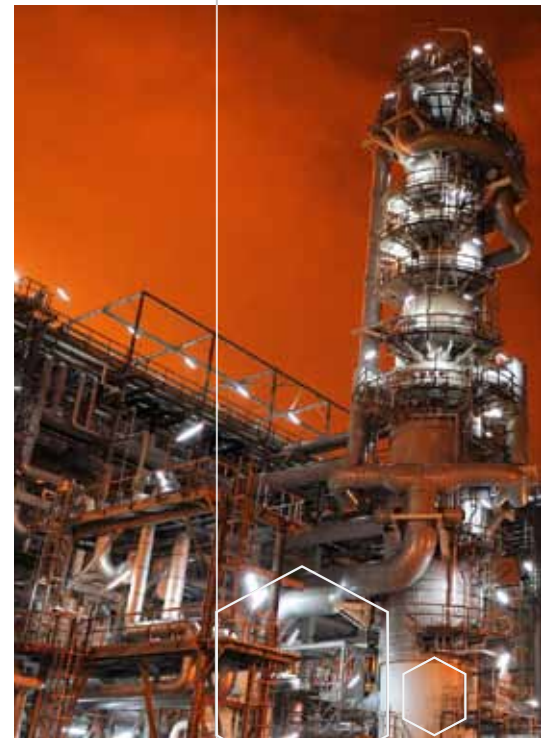
ENERGY

Qatargas primary energy consumption relates to internal fuel gas combustion. Fuel gas is burned to produce the necessary electricity, heat and steam for the production process. Gasoil is only used for on-site mobile sources (company vehicles, forklift trucks) and its consumption is negligible compared to fuel gas. There is no primary energy consumption from renewable sources at Qatargas.

Electricity and steam used at QG1, QG2, the Laffan Refinery and Ras Laffan Terminal Operations (RLTO) are mainly generated internally from fuel gas combustion and are therefore accounted for in the primary energy consumption. The Laffan Refinery and RLTO however purchase some electricity from the grid for internal use.

In addition to the above energy use, fuel gas is flared as part of the production process. Gas can be flared

under routine causes (such as purge) or under non-routine causes (such as necessary safety releases or emergency depressurisation). In 2010, 87% of the gas was flared under non-routine conditions. There is no venting at Qatargas facilities.



Qatargas has conducted several conservation and efficiency improvement efforts in 2010, including the Ras Laffan Headquarters Energy Efficiency study and the Heat Recovery Program for QG2 (see case study). Flaring reduction

efforts have also been undertaken and are described in the climate change section. There is currently no formalised company research, plans or initiatives related to alternative or renewable energy sources.

Gas Flared at Qatargas Facilities in 2010

Facility	Routine causes (MMScf)	Non-routine causes (MMScf)
Qatargas 1	1,080	5,447
Qatargas 2	5,110	35,485
Laffan Refinery and RLTO	574	
Total	47,696	

Qatargas has conducted several conservation and efficiency improvement efforts in 2010. Flaring reduction efforts have also been undertaken.



Case Study: Heat Recovery Programme for Qatargas 2

Qatargas operates four Heat Recovery Steam Generation Systems (HRSGS) each rated for 400 tonnes per hour of steam at its mega- Trains, which are driven by Frame 9 turbines each with a heat intake of nearly 350 MW. Gas turbines typically operate with a thermal efficiency of about 30% and thereby the heat losses are significant. The HRSGS ensure most

of the losses at the turbine are effectively recovered to supply steam to the facilities for plant heat and steam power generation systems. The HRSGS, besides reducing heat losses at the turbines, significantly offset the greenhouse gas emissions that would otherwise arise from steam generation at a conventional steam boiler.

CLIMATE CHANGE

The Qatargas greenhouse gas (GHG) emissions inventory was developed based on procedures and guidelines provided by the internationally recognised World Resources Institute and World Business Council for Sustainable Development (WRI/WBCSD) GHG Inventory Protocol.

The inventory includes Scope 1, 2 and 3 GHG emissions. Scope 1 and 2 emissions are determined directly from production and consumption data related to offshore gas production and onshore processing to produce LNG and related by-products. Additional Scope 3 emissions are determined based on logistics report for product transportation, bus usage for employee commuting, and travel reports related to business air travel.

The GHG inventory currently includes QG1, QG2, the Laffan Refinery, and the common lean LNG storage and loading facility in Ras Laffan Port (RLTO), but will ultimately include all operating assets.

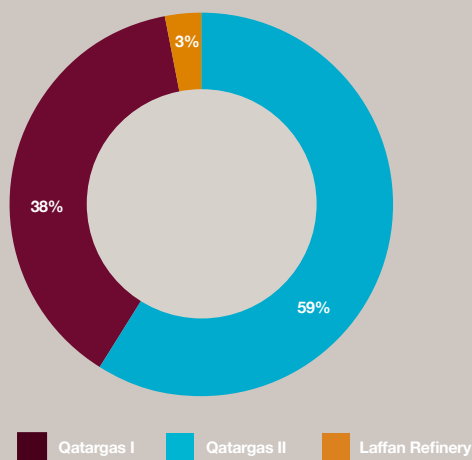
Carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) are the most relevant GHGs related to production activities of LNG. These gases occur from the production and consumption of energy. Total CO₂ emissions include inherent or formation CO₂ (that is naturally present in the North Field gas), CO₂ generated from fuel combustion, CO₂ resulting

from chemical process operations and CO₂ resulting from fugitive emissions. Total CH₄ emissions include unburned CH₄ contained in combustion emissions and CH₄ resulting from fugitive emissions. All N₂O emissions are generated in combustion activities.

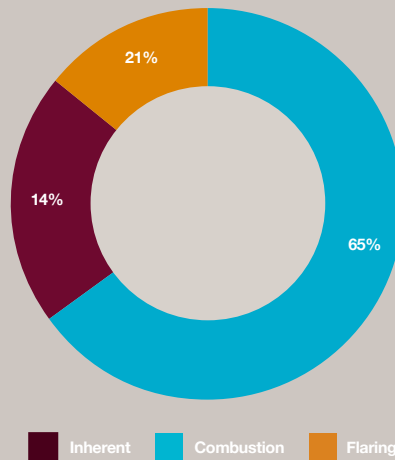
The inventory does not include sulphur hexafluoride (SF₆), perchlorofluorocarbons (PFCs) and hydrofluorocarbons (HFCs). SF₆ is used in some electrical equipment, and its use is carefully controlled. There are no significant PFCs or HFCs emissions in LNG production.

Direct scope 1 GHG is summarised in the below table in tCO₂eq, taking into account the Global Warming Potential (GWP) of each considered GHG. These include all GHG emissions released on-site from sources controlled by Qatargas, and specifically include those related to gas-fired equipment, process flares and inherent CO₂ removed from the inlet feed gas. Transport of product (shipping) is accounted in scope 3 emissions as it is not operated by Qatargas.

Scope 1 GHG Emissions per Facility



Scope 1 GHG Emissions per Source



Qatargas recognises that the proactive preparation for potential future carbon regulations is by understanding and managing its GHG emissions profile. To achieve this we have embarked on a long term GHG management strategy.

Direct Scope 1 GHG Emissions from Qatargas Facilities in 2010

Facility	Unit	Combustion	Inherent	Flaring	Total
Qatargas 1	tCO ₂ eq	3,954,382	817,252	450,784	5,222,418
Qatargas 2	tCO ₂ eq	4,672,954	1,046,998	2,381,333	8,101,285
Laffan Refinery	tCO ₂ eq	359,853	-	29,791	389,644
Total	tCO₂eq	8,987,189	1,864,250	2,861,908	13,713,347

Indirect Scope 3 GHG Emissions

Source	GHG emissions (tCO ₂ eq)	Calculation methodology
Products Transportation	3,829,700	Marine Environment Protection Committee, Circular 684
Air business travels	2,799	DEFRA, Methodology Paper for Transport Emission Factors 2008
Bus employee commuting	2,528	American Petroleum Institute 2009

Qatargas 2 accounts for 59% of scope 1 GHG emissions, and Qatargas 1 for 38%, in relation with the respective Train capacity of each facility (15.6 MTA for QG2 against 10 MTA for QG1). The Laffan Refinery accounts for the remaining 3%.

Combustion represents the biggest part of direct GHG emissions (65%), followed by flaring (21%) and inherent CO₂ (14%).

Electricity and steam used at QG1, QG2 and the Laffan Refinery are mainly generated internally from fuel combustion and are therefore accounted for in scope 1.

The Laffan Refinery and RLTO however purchase some electricity from the grid. 329,619 MWh were purchased and consumed in 2010, leading to emissions of approximately 363,900 tCO₂eq. In addition, 198,160 tCO₂eq were related to cooling water imported from RLIC Common Cooling Water System for QG2, and to desalinated water. These scope 2 indirect GHG emissions amount to 562,060 tCO₂eq and represent 4% of the total scope 1 GHG emissions.

Scope 3 GHG emissions are released from sources not directly controlled by Qatargas and include GHG emissions from products transportation, air business travel and employee commuting with rented buses. Scope 3 GHG emissions are summarised in the table above.

Business travels and employee commuting appear to be negligible compared to products transportation (less than 0.1%).

More information is provided in the section on environmental impact of transportation.

Our GHG Management Strategy

Qatargas recognises that the proactive preparation for potential future carbon regulations is by understanding and managing its GHG emissions profile. To achieve this we have embarked on a long term GHG management strategy.

Phase I of this project focused on internal capacity building through the discussion of trends and

development in GHG policies, projects and markets and analysed the impact of climate change on Qatargas operations. It also reviewed potential opportunities to reduce GHG emissions and participate in the global carbon market.

Phase II of the GHG strategy is centred on:

- the establishment of a comprehensive GHG emissions inventory that includes all emission sources from various business divisions at Qatargas;
- the development of GHG management procedures and plans, cost-benefit analysis tools and corporate GHG KPIs;
- benchmarking GHG efficiency at Qatargas per tonne of LNG produced, and comparing company environmental performance relative to our peers;
- the development of a GHG management position.

The commencement of Phase III of the project is imminent, and this element of the strategy will identify and assess carbon reduction opportunities and abatement techniques which will be evaluated through sustainability assessment and engineering studies. GHG reduction efforts undertaken in 2010 included the Flare Management Team initiative and the on going development of the Jetty Boil Off Gas Recovery (JBOG) project (see case study).

Case Study: Jetty Boil-Off Gas Recovery Project

Qatar Petroleum, Qatargas and RasGas Company Limited have given the initial go ahead to a key 1 billion USD environmental improvement project to recover gas currently being flared during LNG ship loading at the Port of Ras Laffan.

The project which is part of the Common Facilities Projects at Ras Laffan Industrial City in the north of Qatar is known as the "Jetty Boil Off Gas Recovery Project".

The project will enable boiled-off gas to be collected from LNG ships and compressed at a central facility. The compressed gas will then be sent to the LNG producers to be consumed as fuel or converted back into LNG. This project, when fully operational, will recover the equivalent of some 0.6 million tonnes per year of LNG, which is enough natural gas to power more than 40,000 homes.

Qatargas, as the project leader, is working with Qatar Petroleum and the Ministry of the Environment, to execute this project which aims to significantly reduce overall flaring and emissions at Ras Laffan Industrial City. It is anticipated that the project will be completed by the end of 2013 or early 2014.



AIR EMISSIONS

Qatargas strives to manage air emissions through the use of advanced emissions management and abatement techniques. Reducing emissions is among our highest priorities, and we are actively working with our partners and industrial neighbours to achieve this goal.

Non-GHG emissions relevant to Qatargas operations are:

- Sulphur dioxide (SO₂) which originate primarily from the gas treatment (sulphur extraction process);
- Nitrogen oxides (NO_x) which originate primarily from fuel gas combustion and flaring; and
- Volatile organic compounds (VOC) which originate primarily from fugitive emissions (from valves, flanges, seals, and emissions incurred during loading and unloading activities).

Air emissions from Qatargas facilities in Ras Laffan in 2010 are summarised below. Air emissions from ships for transportation of products are provided in the section on environmental impact of transportation.

Installation of the lean head end liners on the Qatargas 1 (Trains 1-3) process turbines has contributed to a reduction of NO_x emissions by 30% for Qatargas1.

Other initiatives to reduce air emissions in 2010 include the Common Volatile Organic Compound (VOC) Project (see case study).

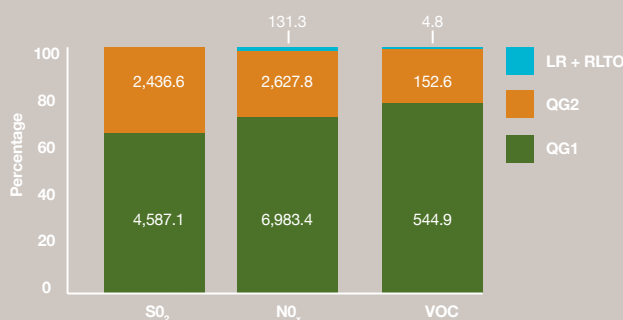
Qatargas does not use Halon or Chlorofluorocarbons (CFC) in its installations. Qatargas uses R-22 (Hydrochlorofluorocarbon - HCFC) in some HVAC units which will be progressively phased out. Most of other areas use only hydrofluorocarbons (HFC such as R-134a) for which currently there is no restriction. HCFC and HCF emissions are limited and result primarily from the routine maintenance of air-conditioning systems (leak reparation and top-up of HVAC equipment).

Qatargas was the first company in Qatar to establish an ambient air quality monitoring programme. The results have provided important information to help set the agenda for future controls on air emissions for all Ras Laffan industries.

Air Emissions from Qatargas Facilities in 2010

Air pollutant	Unit	Qatargas 1	Qatargas 2	Laffan Refinery and RLTO	Total
Sulphur dioxide (SO ₂)	tonnes	4,587.1	2,435.6	0	7,022.7
Nitrogen oxides (NO _x)	tonnes	6,983.4	2,627.8	131.3	9,742.5
Volatile organic compounds (VOC)	tonnes	544.9	152.6	4.8	702.3

Air Emissions from Qatargas Facilities in 2010



Qatargas was the first company in Qatar to establish an ambient air quality monitoring programme.

Case Study: Handover and Startup of Common VOC Project

On 16 May 2010, the handover and transfer of care, custody and control of Common VOC Project to QG-RLTO was signed. The project is a part of QP's Common Facilities in Ras Laffan, and the project management was performed by Qatargas. This project was completed with 2.5 million man hours without lost time incident. The start-up of the system was successfully performed by RLTO on 20 May 2010, during a Low-Sulphur

Condensate ship loading from Berth 21. The common VOC Control system collects the vapours produced during ship loading, which are then directed from the loading berths to a set of thermal oxidisers. By adding heat, the thermal oxidisers destroy up to 98% of the VOCs, significantly reducing the potential for ozone production and eliminating direct hydrocarbon emissions and associated odours.

MATERIALS

Direct input materials used in our products are limited to the gas we extract at our offshore platforms. In 2010, we extracted raw gas from the Qatar North Field that, once treated, led to the production of 24.3 million tonnes of LNG, and various other by-products (condensate, sulphur, helium, LPG, naphta, etc.).

Indirect Purchased Materials

Stationary	Computers
Paints	Coating materials
Lubricants	Coolants
Catalysts	Chemical gases
Drilling and production equipment	Tools and test equipment
Hardware	Mechanical driving parts
Boilers	Hoses
Synthetic tubes	Filters and insulation
Telecom equipment/parts	Fans
Blowers	Springs
Pumps	Cylinders
Lubricators	Bearings
Belts	Bushings
Transportation equipment	Gauges
Monitors	Electronic components
Compressors	Turbines
Stock metal	Fabricated structure
Pipes	Valves
Clamps	Fasteners

Indirect purchased materials to support production are listed to the left. In 2010 206.6 million USD was spent on these materials. None of the direct and indirect materials used are recycled input materials.

WASTE AND SPILLS

We produce hazardous and non-hazardous waste as a result of our operations at the Ras Laffan facilities, including our LNG Trains, the Ras Laffan Refinery and RLTO. Smaller waste quantities also arise from our offshore production platforms. Wastes are produced during the construction, start-up, commissioning, operation and maintenance of our facilities.

Hazardous wastes include used oil, spent process filters, dry sludge, methanol, spent mercury filters, and molecular sieves. Non-hazardous wastes include scrap metal, office and canteen waste, paper and cardboard, anthracite and sand, cooking oil, and concrete. Quantities of hazardous and non hazardous wastes produced at Qatargas facilities in 2010 are summarised in the below table. Waste quantities from ships for transportation of products are provided in the section on environmental impact of transportation.

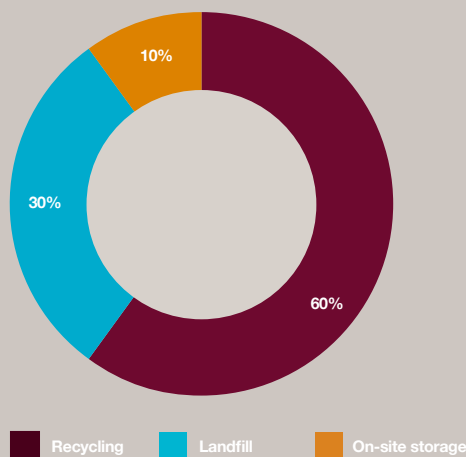
We regularly review our waste management practices based on the 'reduce – reuse – recycle' principles. In 2010 we achieved a recycling rate of 60% of all waste produced. Recycled wastes include scrap metal, used oil, office waste paper and cardboard, empty drums and broken concrete. Wastes that cannot be recycled are temporarily stored on-site and/or landfilled in compliance with Qatar state regulations. The distribution of disposal processes for wastes produced by our facilities in 2010 is presented in the below figure.

Efforts undertaken by Qatargas in 2010 to improve waste management include the new hazardous waste storage yard project (see case study).

Waste Quantities from Qatargas Facilities in 2010

Category of waste	Quantity in tonnes
Hazardous waste	521
Non-hazardous waste	2,610
Total	3,131

Distribution of Waste Disposal Processes



No reportable spills were recorded for any Qatargas activity in 2010. Spill management and recovery are part of Qatargas emergency response plans.

Case Study: New hazardous waste storage yard project

Hazardous waste treatment, disposal and management facilities are relatively limited in Qatar. A hazardous waste treatment centre is now operating in Messaiid Industrial City (MIC) and can receive certain hazardous waste streams. Hazardous waste that cannot be disposed at the MIC facility is stored at Qatargas Temporary Holding Yard (THY). Approved channels for disposal and recycling of wastes are constantly investigated and utilised. Whenever a suitable national hazardous waste facility is available for any waste, all such wastes are safely transferred to this facility.

To meet interim storage needs, until dispatch of hazardous waste from Qatargas to operational disposal facilities, a new Temporary Hazardous Waste Storage Facility (THSF)

capable of safely storing hazardous wastes is planned to be constructed at Qatargas according to local and internationally recognised standards. The THSF will comply with Law 30 of 2002, which establishes environmental standards for the State of Qatar, with Article 33 of section 2 therein listing the Qatari requirements for hazardous waste.

The new THSF study provides the basis for facility planning and design of a comprehensive hazardous waste storage facility. The ongoing Qatargas expansion projects will increase the amount of hazardous waste generated, beyond the capacity of the current storage site. The objective of this project is to provide secure and flexible temporary storage for all hazardous waste generated by Qatargas.

WATER WITHDRAWAL AND DISCHARGE

All water abstracted and discharged by our production facilities in Ras Laffan and offshore originates from and is routed to the Arabian Gulf. In 2010 we were supplied with 1.47 million m³ of desalinated seawater for use as process water. We also abstracted 2,433 million m³ of seawater to serve as non-contact cooling water (at Qatargas1), all of which was subsequently returned to the sea. In addition, 13,586 m³ of municipal water was consumed for sanitary purposes.

In 2010, 25,862 m³ of Laffan Refinery treated process wastewater was re-used for irrigation. Apart from this, water is discharged to the Arabian Gulf either directly for non-contact cooling water or after treatment for process and sanitary wastewater. Qatargas also utilises deep injection well as a means of disposing of process wastewater. Volumes of water discharged by Qatargas onshore and offshore facilities in 2010 are summarised in the table to the right by type of discharge.

More than 99.9% of water abstracted and discharged relate to non-contact cooling seawater, the remaining part being treated sanitary and process water.

Both non-contact cooling water and process wastewater are monitored for quality before discharge or deep well injection to ensure compliance with Qatar State regulations specified in respective asset CTOs.

Efforts undertaken by Qatargas to improve the quality of water treatment and discharge include the Membrane Bio-Reactor Project and the Pulse Chlorination technology (see case studies).

Water Discharge from Qatargas Facilities in 2010

Type of discharge	Volume in m ³
Produced water	86,925
Process wastewater	932,934
Non-contact cooling water	2,432,821,231
Sanitary wastewater	13,586
Total	2,433,854,676

Case Study: Pulse Chlorination

As part of the liquefaction process, seawater is used as a cooling medium for a variety of heat exchangers. To maintain a reliable and efficient operation of seawater cooling systems, a biocide must be added to prevent settlement and growth of marine fouling species. Sodium hypochlorite (commonly termed 'chlorine') is therefore added to the seawater to prevent fouling.

The environmental effects from residual biocide after the addition of chlorine are typically local, but since chlorine dosing is widespread throughout the region at most of the numerous cooling seawater users, the total discharge of 'residual chlorine' is considered by regulators on a wide scale. The issue of chlorination of seawater cooling water systems has attracted significant attention from environmentally concerned stakeholders, including regulators.

Since 2007, Qatargas' antifouling strategy has operated at the highest level of operational and environmental performance by application of Pulse-Chlorination® (P-C). P-C combines optimal fouling control with minimal chlorine discharge, while retaining safe plant operations, and is the EU Best Available Technology (BAT) for industrial cooling seawater system fouling protection by chlorination.

Following exposure to chlorine, bivalves (such as mussels, oysters and clams), normally require time to recover before they can open again fully and restart filtration feeding and respiration. P-C enhances a cyclic mode of hypochlorite dosing (on/off dosing regime), based on the behavioural response of the specific bivalve to chlorine dosing, thereby taking advantage of this recovery period to delay the restart of P-C. The implementation of P-C at Qatargas has been successful with significant improvements observed in both fouling mitigation and significant reductions in the discharge of chlorine.

As a result of the successful implementation of the P-C technology, the Qatar Ministry of Environment has concurred with Qatargas to acknowledge this technology as a method to control biological fouling in its sea water cooling system and satisfying regulatory concerns over the use of hypochlorite in once-through seawater cooling water systems. The implementation at Qatargas was also recognised with the award of the 'Excellence in Environmental Technology' category at the Regional Clean Sea Organisation (RECSO) Offshore Arabia 2009 Conference



Case Study: Membrane Bio-Reactor Project

Qatargas successfully completed a pilot Membrane Bio-Reactor (MBR) study in 2008. The MBR couples a biological treatment system with a membrane filtration unit to remove key pollutants and is recognised as a Best Available Technology (BAT) for industrial wastewater treatment. Pilot plant testing was conducted as a batch process based on introducing various contaminants into the wastewater feed streams. For the key wastewater pollutant parameter Chemical Oxygen Demand (COD), removal efficiencies in the range of 75%-85% were achieved along with suspended solid removals of 95%-99%.

The project is now moving forward with detailed engineering, procurement and construction of a full

scale MBR unit for Qatargas 1 Utilities, which is expected to be commissioned for start-up in 2013.

Qatargas team on the MBR project includes expertise from key departments including Operations, Engineering and the Environmental Affairs.

The MBR at Qatargas will be the first of its kind pioneered to treat process wastewater at an LNG facility. The MBR is expected to realise sustained conformance of process wastewater effluent discharge with the "Irrigation Water Quality" standards of the Qatar Ministry of Environment, thus enabling sustainable reuse of the treated wastewater.

BIODIVERSITY

Biodiversity protection is critical for all life forms as well as the efficient functioning of ecosystems upon which we all rely. Biodiversity provides us with raw materials, food, medicine, clean air, climate regulation and fresh water - all factors considered as essential “ecological services”. However, globally biodiversity is being lost at an unprecedented rate. Concern about this loss has prompted international, regional and national legislation, and it is being realised that conservation of biodiversity is the responsibility of all sectors of society, including industry.

Qatargas recognises that through our operations we are in continuous interaction with the environment and that our onshore facilities in Ras Laffan and offshore platforms may affect the marine and terrestrial biodiversity present in the vicinity of our activities, unless responsible environmental management practices are implemented. We operate in or near ecologically-sensitive environments including:

- the Arabian Gulf which is home to coral reef habitats and seagrass and various wildlife species – including endangered species – such as the hawksbill sea turtle, sea snakes or whale sharks and endangered cetaceans (whales and dolphins);
- the Khor Al Adaid (Inland Sea) region, which is a unique, biologically and topographically diverse area of Qatar;
- the Al Thakirah Nature Park in northern Qatar.

Qatargas has been a pioneer in biodiversity and the protection of wildlife and their habitats in Qatar since its inauguration in 1996.

To protect wildlife and their habitats, Qatargas adopts international best practices when planning and implementing projects and in the management of our normal operations. This includes conducting species assessments as part of our assessments for environmental and other regulatory and financial approvals.

Qatargas also conducts environmental, health and social impact assessment studies (EHSIAs) to augment conservation regulations for new projects. These studies include surveys and assessments of plant and animal populations, ecosystem structures and other biodiversity issues such as preservation and habitat effects management.



The Khor Al Adaid (Inland Sea) region.

Qatargas maintains a close focus on all biodiversity projects that we are involved with, including measuring the methodology and success of our involvement in biodiversity projects using a range of methods and key performance indicators.

An important result of an EHSIA is the preparation of an Environmental Management Plan that directs how environmental issues are handled for the operations phase and presents protection measures to be followed, including those for biodiversity. This incorporates any required mitigation as well as a short and long-term monitoring programmes.

Qatargas is a member of the International Petroleum Industry Environmental Conservation Association (IPIECA), and it's Biodiversity Working Group, and we maintain contact with this working group to ensure that we are using best practice in this area at all times.

Qatargas has put in place a wide variety of programmes to protect wildlife, rehabilitate and enhance habitats, support environmental education, fund wildlife and vegetation surveys and conserve native species in Qatar including a range of biodiversity impact mitigation projects. These projects involve close cooperation with wildlife authorities, the Ministry of Environment, the local community, and other key interested parties to ensure proper planning and execution of environmental protection measures.

Qatargas is also continuing to form mutually beneficial partnerships with non-governmental organisations and other conservation bodies to improve effectiveness in managing biodiversity issues, such as our membership of IPIECA and close

coordination with the Regional Organisation for the Protection of the Marine Environment (ROPME). An example of this includes the efforts of the Energy and Biodiversity Initiative to integrate biodiversity conservation into oil and gas development and transmission (e.g., through identifying minimum impact operational techniques, recommending criteria for site selection, and identifying effective indicators to measure biodiversity impacts). A specific Qatargas initiative includes the publishing, at the Ministry of Environment's request, of a Coral Relocation Manual, which will be used as benchmark and reference guide for such mitigation activities in Qatar in the future.

Qatargas maintains a close focus on all biodiversity projects that we are involved with, including measuring the methodology and success of our involvement in biodiversity projects using a range of methods and key performance indicators.

Marine Biodiversity

To support marine ecosystems and to minimise industrial process effects on the marine environment, Qatargas is pioneering the use of innovative, cutting-edge technologies, and has implemented the following protection and conservation programmes:

- **Encouraging Biodiversity** - EcoReefs®:

Coral reefs are among the most diverse and productive communities on earth. Qatar's coral reef communities have been severely damaged by natural climate fluctuations. Qatargas is helping damaged coral reefs off Ras Laffan to recover by creating artificial reefs using EcoReefs® technology as part of our planning to manage environmental effects of our operations.

- **Minimising Marine Impact** - Banishing the Barnacle: Qatargas was one of the first LNG companies to replace traditional tin-based anti-fouling paints, which leach into seawater and accumulate in marine organisms, with a new environmentally friendly silicon-based alternative. The anti-fouling characteristics of this slippery

A whale shark.





Case Study: Coral Relocation Programme at Fasht Al Hurabi

Qatargas completed a major biodiversity environmental initiative as part of its ongoing environmental commitment for its expansion projects (QG2, QG3 and QG4). This unique environmental programme was implemented in close cooperation with the Ministry of Environment and provided protection to more than 4,500 coral colonies in an area that would have been affected by expansion projects, related to pipeline laying activities.

Among the considerable environmental challenges facing Qatargas in constructing such massive expansion projects is the preservation of coral colonies found in areas along the gas pipeline corridors. Between 2004 and 2006 Qatargas conducted environmental survey activities to assess the marine seafloor to identify the coral colonies located along the future pipeline corridors, and developed a detailed programme to relocate representative coral colonies from the corridors to a new location.

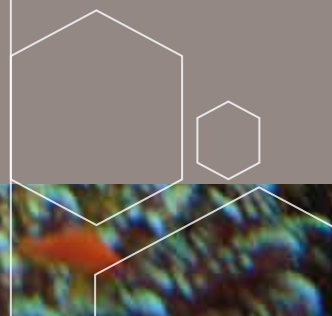
The first step in this complex process was to identify a suitable area for the corals to be relocated. Seven possible sites were initially selected, and after visual surveys one site located south-east of Al-Khor was found to be suitable. This location had the right water quality, water depth, hard sub-sea substrate and already contained live corals including those of the same species as the relocated corals.

Removal and relocation operations started in October 2006 and continued over five months. The coral colonies were carefully detached by scientists from the seafloor, safely transported to the new location and reattached to the seafloor. Scientists then numbered and tagged the sites for future monitoring.

Regular environmental monitoring surveys have been conducted since the relocation work to determine the success of the relocation programme and establish a baseline for the monitoring of the reef health and viability.

The coral's colour, health and any major changes to the surrounding habitat and water quality are currently monitored every six months. Follow-up surveys have highlighted a healthy and growing new reef.

Qatargas has voluntarily extended this monitoring following the completion of the initial MoE required monitoring period and will continue to monitor these coral communities until 2014. This will provide an on going assessment of the only permanently marked coral community surveys in Qatar. Through this important conservation work we are able to ascertain the value of coral relocation as a mitigation option for pipeline impacts on the near-shore environment, and further build local capacity on this important environmental project.



surface paint protect the hulls of our fleet of LNG transportation ships from adhesion by unwanted marine growth, such as barnacles.

- **Protecting Wildlife** - Sea Snake Monitoring and Release Programme: One of the most commonly found marine organisms in the collection baskets that stop marine animals from entering our seawater cooling system is the sea snake. In 2001, Qatargas and Ras Laffan Industrial City initiated a joint programme to collecting sea snakes trapped in cooling seawater intakes, releasing them in a safe location, and monitor local populations of these fascinating, poorly understood creatures.
- **Monitoring Wildlife** – Whale Shark Tracking: Qatargas has supported a regional whale shark research programme by submitting photographs and detailed sightings records and reports of whale sharks from our offshore facilities to regional researchers tracking whale shark movements.

Terrestrial Biodiversity

Preserving terrestrial sensitive habitats and protecting endangered species are important elements of our commitment to environmental stewardship:

- **Protecting Sensitive Habitat** - Khor Al-Adaid (the Inland Sea): The combination of magnificent dune landscapes and rich marine and animal life makes the Inland Sea region unique and of world-class

significance. Qatargas has been involved with assisting the Qatari Government in planning for the long-term protection, use and enjoyment of Khor Al-Adaid, Qatar's first proposed UNESCO World Heritage Site.

- **Developing Nature Areas** - Al Thakhirah Nature Park project: The joint Qatargas and RasGas Al Thakhirah Nature Park project proposes to develop an educational visitor centre within an area proclaimed as a nature park in northern Qatar. This project includes the development of a comprehensive management plan and business plan for the long term sustainability of the nature park.

Qatargas also supported the first Qatar National Bird Survey which is being conducted under the auspices of the Qatar Friends of the Environment Centre (FEC) and aims to comprehensively survey bird populations throughout Qatar for the first time.

Qatargas is also engaged in a range of environmental education programmes with schools in Qatar to highlight the important role that industry should play to ensure responsible development and biodiversity protection and advocates this as a good corporate citizen, by passing on knowledge, industry's expertise and experience in biodiversity projects in Qatar.'

Case Study: Protecting Wildlife - Turtle Nesting Studies at Ras Laffan

The endangered hawksbill sea turtle nests on Qatar's beaches. To help protect these majestic creatures, Qatargas, Ras Laffan Industrial City and other industrial partners have been conducting a joint turtle monitoring study since 2002, the longest running project of its kind in Qatar.

The monitoring study includes assessing trends in the nesting activities, increasing environmental awareness and ensuring the long-term protection of the nesting beaches.

As a result of the study, a barrier now prevents vehicles from driving on the beach and destroying nests, beaches are clear of debris such as plastic bags and bottles, and the area is kept under continuous surveillance to deter poaching. To further protect the eggs and hatchlings, the QG staff have developed innovative deterrents for a local natural predator, the desert fox.



ENVIRONMENTAL IMPACT OF TRANSPORTATION

Transportation for Qatargas activities include products transportation, air business travel and employee commuting using a fleet of leased buses. As shown in the climate change section, business travel and employee commuting is negligible compared to products transportation which is less than 0.1% for CO₂ emissions. Focus is therefore put on marine transportation of LNG in this section although efforts to improve efficiency in all transportation requirements are constantly evaluated and where opportunities exist they are adopted.

Qatargas shipping department is part of the Commercial and Shipping Group. Under the responsibility of the Shipping Manager, Qatargas Shipping Organisation comprises a Fleet Operations Manager (assisted by three Heads of Fleet Operations and one Head of Fleet Coordination), a Head of Fleet Planning, a Head of Ship Contracts and a Head of Marine Projects and Standards, whose roles and responsibilities are described in the table below.

Qatargas 1 has a fleet of 12 purpose-built ships, each with a capacity of 137,500 cubic metres currently in operation for the transportation of LNG from Qatargas to its Japanese buyers. Each vessel contains five Moss-Rosenberg design spherical LNG tanks. Normal cruising speeds are about 20 knots, which translates into a return voyage time between Qatar and Japan of about one month. As part of a rapid

Qatargas Shipping Organisation

Function	Roles and Responsibilities
Heads of Fleet Operations	<ul style="list-style-type: none"> • Integrated fleet operations; • Monitoring of technical data related to compliance as well as vessel safety, reliability and operability; • Attending vessel in role of technical/marine representative on behalf of charterer, as well as representing the loading terminal; • Due diligence for budget expenditure and dry-dock repairs for applicable fleet.
Head of Fleet Coordination	<ul style="list-style-type: none"> • Vessel scheduling; • Voyage orders; • Bunker coordination; • Voyage performance monitoring/metrics.
Head of Fleet Planning	<ul style="list-style-type: none"> • Large vessel utilisation efforts/outcharters; • Shipping outlook, plans and budgets; • Overall shipping metrics; • LNG shipping industry outlook.
Head of Ship Contracts	<ul style="list-style-type: none"> • Contractual payments; • Bunker procurement; • Insurances/agencies; • Performance reviews against contracts; • Conventional spot charters.
Head of Marine Projects and Standards	<ul style="list-style-type: none"> • Marine safety/incident reports; • Emergency response plans; • Vessel compatibility; • Monitoring industry standards and regulatory changes; • Interface with Class and others.

and impressive expansion programme Qatargas has pioneered the development of two new classes of Liquefied Natural Gas (LNG) ships. Referred to as Q-Flex and Q-Max, the ships were designed by a team of specialised engineers whose work has enabled a quantum leap in the capacities of LNG carriers. Each ship has a cargo capacity of between 210,000 and 266,000 cubic meters and is 80% larger than the Q-Fleet ships. These new ships have many innovative features to maximise cargo deliveries and to ensure the highest levels of safety and reliability and environmental performance. By the end of 2010, Qatargas had 19 Q-Flex and 13 Q-Max ships in operation for Qatargas 2, Qatargas 3 and Qatargas 4.

The environmental effects of Qatargas shipping fleet are summarised in the table to the right. Data are presented separately for Qatargas owned ships and for leased ships operated by Nakilat. It should be noted that the data for Nakilat owned ships are also reported by Nakilat in their own sustainability report.

CAT2 to CAT6 wastes include paper products, rags, glass, metal, bottles, crockery, food residues, and incinerator ash, and are directly discharged to the sea. CAT1 wastes (plastics) and other non-hazardous waste are either incinerated or disposed of ashore. Special wastes include aerosols, batteries, medical, chemical, test gas cylinders, fire hose, and other harmful substances, and are disposed of ashore.

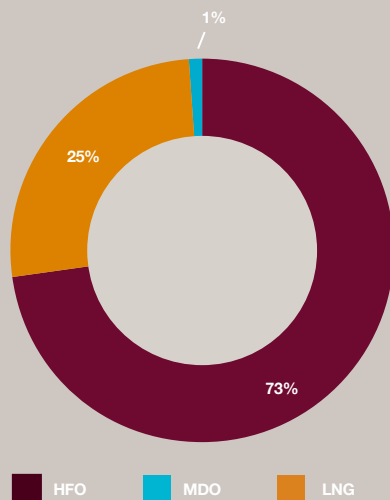
Refrigerant gas includes R404A for fridges and R407C for HVAC. These are not ozone depleting substances covered by the Montreal protocol but are greenhouse gases (hydrofluorocarbons) covered by the Kyoto Protocol.

Energy used includes heavy fuel oil (HFO), marine diesel oil (MDO) and LNG. Distribution of energy use by type is presented in the below graph. The new Q-Flex and Q-Max ships do not use LNG as internal fuel, accounting for the overall high share of heavy fuel oil.

Qatargas Fleet

Type	Vessels #	Delivery years	Ventures	Gross capacity (m ³)
Standard Q-Fleet	12	1996-2004	QG1	137,500
Q-Flex	19	2007-2009	QG2, 3, 4	210,000 – 216,000
Q-Max	13	2008-2010	QG2, 3, 4	263,000 – 266,000

Distribution of Energy Use for the Shipping Fleet



Referred to as Q-Flex and Q-Max, the ships were designed by a team of specialised engineers whose work has enabled a quantum leap in the capacities of LNG carriers.

Environmental Impact of Transportation

Impact	Unit	Nakilat owned	Qatargas owned	Total
Distance travelled	Km	1,974,993	3,231,614	5,206,607
Energy use	T	563,053	731,863	1,294,916
NO _x emissions	T	48,688	35,680	84,368
SO ₂ emissions	T	37,056	26,929	63,985
CO ₂ emissions	T	1,754,516	2,075,184	3,829,700
CAT2 to CAT6 waste discharged to sea	m ³	602	271	873
CAT1 and other waste incinerated	m ³	1,288	679	1,967
CAT1 and other waste disposed of ashore	m ³	1,912	320	2,232
Special waste disposed ashore	kg	1,027	3,443	4,470
Ballast water exchanged and discharged to sea	T	8,341,967	8,412,498	16,754,465
Refrigerant gas replaced in fridges and HVAC	kg	2,901	3,185	6,086

Case Study: Green award given to Qatargas LNG ships

Qatargas received the 'first ever' Certificate of Recognition from the Green Award Foundation for its fleet of LNG ships at the energy industry conference GASTECH 2011, hosted in Amsterdam. The Green Award for LNG ships comes from the Green Award scheme established in 1994, in order to promote quality shipping amongst sea-going vessels. All over the world the Green Award certifies ships, ship managers and oil companies that prove their dedication to high quality, safety and environmental standards. It is the first time a Qatari LNG Fleet has received such an award.

Commenting on this milestone achievement: Mr Al-Kuwari, Qatargas' Chief Operating Officer Administration, said: "We are proud to be the first company to receive this recognition for our LNG ships, and recognised in this global forum by the Green Award Scheme – with such an initiative that promotes our safe and environmentally responsible shipping."

The benefits for extra clean and extra safe ships include image improvement, charterers' preference, reduction



on port dues, discounts on pilotage services and various training, reimbursement by a bank for a part of the certification costs. Green Award certifies oil and product tankers, dry bulk carriers and – since recently – inland barges and LNG carriers. Every ship is inspected by a Green Award surveyor on a regular basis.

Green Award Managing Director Mr. Jan Fransen at the Award presentation stated that: "This is a moment of appreciation and also the introduction of a new ship type within the Green Award certification programme. At the Green Award Foundation we very much welcome LNG carriers to the family of 'frontrunners' in the maritime industry."

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ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES

Initiatives undertaken by Qatargas to reduce our environmental impacts during production of LNG are described in the previous sections.

No formal initiatives have been undertaken to mitigate the environmental impacts of LNG during use by the final client. However, natural gas offers a number of environmental benefits over other sources of energy, particularly other fossil fuels. Natural gas is

in particular the cleanest of all the fossil fuels, emitting significantly less CO₂, SO₂ and NO_x emissions than oil and coal. Through the production and distribution of LNG, Qatargas is thus participating in the global transition to a less carbon intensive economy.

ENVIRONMENTAL EXPENDITURES

In 2010, Qatargas devoted more than 4.2 million USD to environmental related expenditures, as detailed in the below table.

Almost 50% of our environmental expenditures were related to the design phases of two new major projects, namely the membrane bioreactor and the NO_x emissions reduction project.

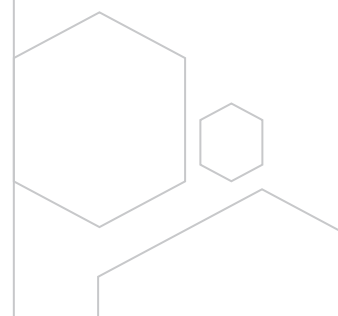
In terms of operational costs, 24% of the budget was spent on air emissions treatment and reduction, and 10% on waste and wastewater management. Our biodiversity protection projects accounted for 7% of our total environmental costs whereas 2% of our budget was devoted to energy efficiency and management studies.

Finally, 10% of our environmental expenditures were related to environmental management (ISO14001).

Environmental Expenditures in 2010

Category	Expenditures in USD
Environmental management	450,000
Energy Efficiency	100,000
Greenhouse Gas Emissions	250,000
Other Air Emissions	750,000
Wastewater Treatment	160,000
Waste Management	250,000
Biodiversity Protection	300,000
New environmental projects	2,000,000
Total	4,260,000

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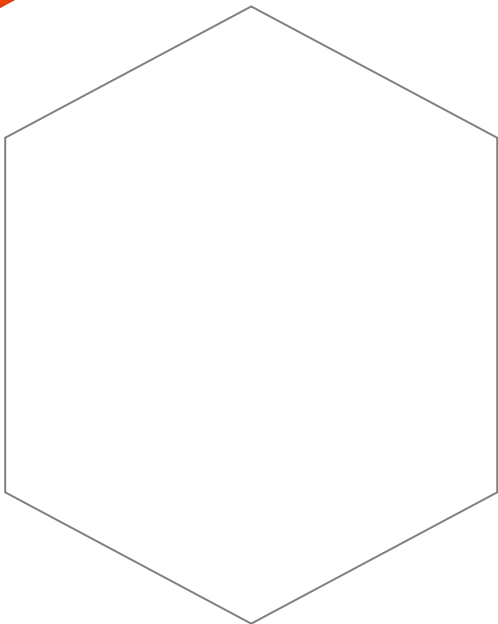




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QATARGAS HAS ALWAYS RECOGNISED THAT ITS PRIMARY STRENGTH IS THE EXCELLENCE AND DIVERSITY OF ITS WORKFORCE. TO THAT END OUR MANAGEMENT TEAM IS TASKED WITH NURTURING A CORPORATE CULTURE THAT BOTH ATTRACTS AND RETAINS THE RIGHT CALIBRE OF PEOPLE NEEDED TO ENSURE CONTINUED SUCCESS.'



PEOPLE

<i>Management of Labour Practices Aspects</i>	60
<i>Employment Conditions</i>	60
<i>Occupational Health and Safety</i>	62
<i>Labour Practices</i>	66
<i>Diversity and Equal Opportunity</i>	66
<i>Training and Development</i>	68
<i>Workforce Engagement</i>	70

MANAGEMENT OF LABOUR PRACTICES ASPECTS

Qatargas has always recognised that its primary strength is the excellence and diversity of its workforce. To that end our management team is tasked with nurturing a corporate culture that both attracts and retains the right calibre of people needed to ensure continued success.

Labour practices at Qatargas are supported by a series of human resources policies and procedures, and are managed by:

- our Human Resources (HR) Department, directed by the HR Manager and five direct functional Heads of Department;
- our Learning and Development (L&D) Department, directed by the L&D Manager and four direct functional Heads of Department;
- our Medical Department for health aspects, directed by the Chief Medical Officer;
- our Safety Team within the SEQ Department, directed by the Safety Manager.

In 2010, a key focus on labour practices was put on occupational health and safety, the Qatarisation

programme and recruitment strategies. Qatargas is committed to ensuring its business is appropriately sourced with the skills, knowledge and competence required. Recent expansions have required substantial recruiting requirements and a global sourcing strategy through a network of preferred suppliers has been implemented to match these needs.

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EMPLOYMENT CONDITIONS

Qatargas employed a workforce of 2,758 employees as of end 2010. In addition, Qatargas used resources from 2,291 supervised workers by the end of 2010, with this number peaking at approximately 30,000 throughout the year, mainly for the completion of QG3 and QG4 projects.

The distribution of the workforce per contract type is summarised in the table to the right.

Our Workforce by Contract Type as of end 2010

Contract type	Number of employees	Percentage
Permanent contract	1,997	72%
Fixed term contract	656	24%
Temporary contract	105	4%
Total	2,758	100%

All Qatargas workforce are full-time employees and 72% of our workforce has permanent contracts. The overall turnover remained at comparable levels to previous years. However, turnover among our Qatari national employees rose in part due to the increase in employment opportunities afforded to nationals by the fast growing and varied range of employment opportunities on offer resulting from the rapid development of all industrial and business sectors in Qatar. Qatargas provides its employees with competitive employment packages. Standard benefits provided to our employees include:

- Life insurance (under Qatargas insurance scheme);
- Health care (medical and dental coverage);
- Disability/invalidity (under Qatargas insurance scheme);
- Leave policies (which include annual, sick, compassionate, maternity and paternity leaves);
- Retirement provisions (pension for nationals and end of service benefits for non-nationals);
- Education assistance (for primary and secondary school, but currently not for university);
- Accommodation (monthly allowance or residence leased by Qatargas).

Turnover in 2010

Category	Number of employees who left in 2010	Turnover rate
Male	72	2.9%
Female	12	5.1%
<30 years old	18	4.6%
30-50 years old	53	2.7%
>50 years old	13	3.1%

The number and rate of employees leaving the company in 2010 by gender and age group is provided to the left.

Qatargas employs a diverse workforce of 2,758 employees representing more than 40 countries from all continents.



OCCUPATIONAL HEALTH AND SAFETY

Health and safety is our top priority and a core value, embedded within everything we do. We are committed to the health and safety of our employees, contractors and the public.

Health and safety dialogues are conducted at different levels of Qatargas:

- at company level, the SHE committee was created with the vision “to be the team that will establish, uphold and enforce the highest safety, health and environmental standards in the oil and gas industry at Qatargas in order to make Qatargas injury and incident free”. The SHE committee solicits employee feedback through surveys, questionnaires and plant tours. It is composed of management representatives and meets on a monthly basis;
- at inter-department level, the monthly department safety meetings group together representatives of all departments;
- at facility level, the Qatargas 1 asset leadership team meets on a monthly basis and regroups all asset owners.

Safety

Safety is paramount in everything we do, in line with our following covenants:

- the safety of our employees, contractors and neighbouring communities are core values;
- we strive to maintain an incident and injury free culture in which open communication, team work and mutual appreciation is encouraged;
- we strive to ensure zero lost time incidents for our employees and contractors.

To attain these objectives, Qatargas is reinforcing the safety culture through setting safety as a major corporate key performance indicator (KPI) and as an objective for all departments and employees, in addition to implementing policies, procedures and technologies to ensure maximum safety in all levels of the organisation. Mandatory safety training and development goals have been implemented.



Case Study: HSE Day held for 30,000 Qatargas 3 & Qatargas 4 workers

On 14 January, 2010 Qatargas held a special HSE day with a theme “Hand in Hand - Onwards to a safe start-up” for the 30,000 workers on the Qatargas 3 and Qatargas 4 LNG expansion projects at Ras Laffan. Keeping with the projects’ goal of being “Incident and Injury Free”, the HSE day combined interactive and entertaining demonstrations, games and displays highlighting the importance of safe working habits.

“We’re very happy that this year we had representatives from the Turkish, Filipino and Indian embassies join us to help drive home the message of working safely, as many of our people come from these countries” said Robert Flesher, Chief

Operating Officer of Joint Asset Development Team for QG 3 & QG4. “It’s a great honour to have them visit us and speak to our people about how important it is that they go home safely to their families, friends and country.”

Main contractor CTJV and sub-contractors Gama, NSH and CCIC all took part in the activities on the day and have done a great deal in ensuring its success. “We couldn’t hold an event like this without the full support of the contractors,” says Flesher, “They’re absolutely dedicated to the idea of ‘Everyone goes home safe every day’.”

Case Study: Qatargas promotes safe driving



More than 350 members of the company and public learned about staying safe at a special driver safety awareness day held on 18 October 2010 at Salam Tower, Doha. The event was organised jointly by Qatargas, Salam International and Qatar International Safety Centre, with the support of the Qatar Traffic Department's National

Campaign for Road Accidents Prevention, Shell and Volvo. In the day-long programme, participants had the chance to experience a simulated car collision in the seat belt 'Convincer' and spin through a full 360-degree vehicle roll in a specially adapted car. There were also competitions, driving skill tests and presentations on how to drive more safely.

Khalid Bin Khalifa Al Thani, Chief Executive Officer, Qatargas, said: "Two of the biggest risks for each of us and our families are driving and road transport. All the organisations involved in today's programme should be congratulated for the great way they are demonstrating how to be safe on the roads, and showing us the consequences of choosing the unsafe options. We should always remember that our families are waiting for us to come home safely."

The company's Incident & Injury Free (IIF) programme introduced in 2002 has seen over 50,000 employees and contractors trained in safety concepts and practices. A key highlight of this programme is instilling at all Qatargas sites that everyone has a right and responsibility to speak up to correct an unsafe situation. The programme is endorsed and supported by the company's management team and is designed to encourage positive safety behaviour both in and outside of worksites.

As part of this commitment to safety a special senior management committee was established with direct oversight for the safety, health, environment and quality programmes of the company. This committee, chaired by the Chief Executive Officer, has overseen the implementation of a number of specially designed and sustainable safety initiatives, including:

- the development of an electronic Permit to Work system;
- Safe Equipment Isolation and Simultaneous Operations policies;
- the introduction of Contractor Safety Management System and integration of contractors into safety programmes and culture;
- updated process for job safety analysis, toolbox talks and TapRooT accident investigation model;
- the introduction of newer, more stringent requirements for personal protective clothing for employees and contractors;
- community HSE awareness programmes;
- generic and ongoing road safety campaigns.

The company's safety training is now backed by a policy empowering all staff to stop work if they identify a safety risk. The fact that so many new facilities were able to start and reliably operate without major incident throughout 2010, is testament to Qatargas' commitment to safety training initiatives.

The programme of initiatives and change has driven and continues to drive a change in people's attitude and behaviour towards safety in all aspects of their work. This change is also reflected in our safety statistics for the existing operations which have achieved over seven years without a Lost Time Injury (LTI) onshore and eight years without a LTI in our offshore operations.

In 2010 again, no fatalities and no LTIs were recorded for Qatargas employees and contractors within a total of more than eight million hours worked.

A total number of 20 work related recordable injuries (including cases requiring medical treatment or more and excluding first aid cases) were recorded for Qatargas employees and contractors, leading to a total recordable incident rate of 2.48.

Safety initiatives undertaken in 2010 include promotion of safe driving and the organisation of a HSE day for all Qatargas 3 and Qatargas 4 workers (see case studies).

Health

The health and well-being of our employees is also one of our top priorities. No case of lost time occupational illnesses has been recorded for Qatargas employees or contractors in 2010.

Seven recordable occupational illness cases were recorded in 2010, primarily related to heat stress.

The total number of sickness absence days for our employees amounted to 1,952 days, representing an average of less than one sickness absence day per employee in 2010.

Qatargas' Medical Department aims to maintain and promote the physical, mental, and social well being of its employees and their dependents by providing a range of quality medical services covering occupational, emergency and primary health care through the

efficient and cost-effective management of Qatargas clinics in Ras Laffan, offshore and in Doha.

Contractors working for Qatargas adhere to our high standard of medical, food and camp services for contractors, including in particular mass screenings for our contractor workforce. In 2010, 12,184 medical mass screenings were undertaken for Qatargas project contractors.

Health management at Qatargas is guided by the Occupational Health Protection Policy. Supporting procedures include the Qatargas Industrial Hygiene Procedure, Periodic Medical Examination Procedure and Pre-employment Procedure. The process covers exposure monitoring, hazard recognition, hazard evaluation, health risk assessment and prioritisation, hazard control and medical surveillance.

Health activities conducted at Qatargas are summarised in the right hand table.

Health Activities at Qatargas

Health issue	Programmes/activities undertaken
Respiratory protection	<ul style="list-style-type: none"> Monitoring quality of breathable air in breathing apparatus sets, of confined space environment and of inhalable airborne contaminants; Conduct VOC monitoring, fit test prior to using respiratory protection, lung function test, personal monitoring on exposure to solvents.
Camps, food safety and hygiene	<ul style="list-style-type: none"> Monitor food safety and hygiene practice on food handlers; Conduct camp inspection on accommodation, food safety, hygienic sanitation condition and health facilities to workforce (46 plant, offshore and Al Khor kitchen inspections in 2010); Restrict use of unacceptable food preservatives and meat imported from not halal practices; Check quality of potable water; Provide medical and recreation facilities for the workforce.
Ergonomics	<ul style="list-style-type: none"> Conduct training on office ergonomics and proper manual handling; Conduct workstation assessment to improve working environment; Conduct stress/fatigue assessment; Conduct indoor quality air monitoring, thermal comfort and luminance of the workplace.
Hearing conservation	<ul style="list-style-type: none"> Conduct personal monitoring on noise exposure on high risk group; Conduct road show, training to raise awareness on protection on exposure to noise; Evaluate/re-evaluate hearing protection equipment relative to noise mapping; Conduct periodic boundary noise survey and audiometric tests.
Heat stress	<ul style="list-style-type: none"> Daily heat stress SMS alert; Monitoring of work rest shelter temp/ventilation, of body core temperature; Training on prevention from heat related illness; Monitor fitness to work in hot environment.
Chemicals management	<ul style="list-style-type: none"> Periodic inspection of laboratory on proper storage, handling, testing of liquid/LNG products; Periodic inspection warehouse to ensure proper storage of chemicals, labelling, secondary containment and emergency response contingency; Develop MSDS database with evaluation on consumable chemical used; Monitor radiation level in dental x-ray and potential exposure.
Occupational health screening	<ul style="list-style-type: none"> Pre-employment and periodic medical examination annually or every two years depending on the employee's age (respectively 333 and 1,626 examinations conducted in 2010); Check fitness-to-work, eye test, blood grouping, and healthy heart.

Employees and contractors satisfaction with regard to health services is measured through surveys (such as daily pulse survey for medical and dental services in Doha). Complaints related to health issues are addressed within three working days. In 2010, three complaints were recorded and each answered within a day.

The three priority health challenges identified at Qatargas are heat stress management (see case study), respiratory protection and noise.

Programmes conducted by our medical department to assist workforce members and their families regarding serious diseases are presented in the below table.

Qatargas' Medical Department aims to maintain and promote the physical, mental, and social well being of its employees.

Case Study: Heat Stress Management

Qatargas has developed a heat index based on dry bulb temperature and relative humidity. The value of this heat index triggers alerts and specific work practices to minimise the effect of heat exposure. To each heat index value is related a work to rest period, requirements for drinking water and controls. Above a given heat index, working in open area is not allowed.

Qatargas employees are made aware of heat stress risks and work practices through on site public address systems, SMS alerts, company procedures and campaigns. Process and procedures are in place to determine fitness-to-work in hot environment and to manage heat stress working in open area during summer.



Health Programmes

Type of programmes	Programme description
Education and training	<ul style="list-style-type: none"> • First aid/CPR training: 87 sessions with 702 participants in 2010; • Toolbox talks; • Road shows; • Email advisory sent to all Qatargas employees; • Health awareness workshops and campaigns: 16 workshops, 3 blood donations (see case study), one healthy heart campaign to identify cholesterol, hypertension and diabetes with 65 employees and contractors participants in 2010; • Medical lectures and health handouts distributed to employees and dependents: 7 industrial hygiene educational lectures and 29 handouts in 2010.
Counselling	<ul style="list-style-type: none"> • One-on-one counselling during primary health care visits and annual periodic medical examination.
Prevention/ Risk Control	<ul style="list-style-type: none"> • Pandemic planning taskforce chaired by HSE Regulations and Enforcement Directorate (DG) to address potential pandemic risks (e.g., flu H5N1, H1N1).
Treatment	<ul style="list-style-type: none"> • Primary health services at the plant site and community (Doha and Al Khor Community)



Case Study: Blood Donation Campaign

The Qatargas Medical Department organised another successful blood donation campaign at the plant medical centre on 21 December 2010 with nearly 30 Qatargas employees and contractors donating valuable 'drops of life'. A mobile blood donation unit from Hamad Medical Corporation was available from 9:00 am. The campaign was facilitated by staff from Hamad Medical Corporation with the assistance of Qatargas plant medical centre personnel.

Qatargas has been regularly organising three blood donation campaigns every year for the past eight years. In addition to the humanitarian aspect, donating blood also has a lot of health benefits to the donor.

LABOUR PRACTICES

Collective bargaining is not allowed by Qatar law. As a consequence, no Qatargas employees are covered by collective bargaining agreements. However we do have systems in place to report and respond to employees' opinions and grievances (see 'Workforce Engagement' section).

In case of significant operational changes that could substantially affect employees, such as restructuring, outsourcing of operations, closures, expansions, new openings, takeovers, sale of all or part of the

organisation, or mergers, notice is provided to impacted employees at least one month prior to the change, as stipulated in employment contracts and the End of Service Benefits Policy.

DIVERSITY AND EQUAL OPPORTUNITY

Diversity, discrimination and harassment are covered by the Qatargas' Employee Relations policy. Qatargas employees are a diverse group of individuals representing more than 40 countries from all continents. As we continue to grow, one of our goals is to ensure that we are doing the best job possible of integrating new employees into the Qatargas culture. We want to take full advantage of the diverse set of experiences and ideas these people bring to us.

The distribution of the workforce per gender, age and region of origin is provided to the right.

Our Workforce by Indicators of Diversity

Category	Employees #	Percentage
Male	2,521	91.4%
Female	237	8.6%
<30 years old	390	14.1%
30-50 years old	1,950	70.7%
>50 years old	418	15.2%
Middle East	626	22.7%
Asia	1,457	52.8%
Europe	205	7.4%
North America	146	5.3%
South America	18	0.7%
Africa	288	10.4%
Oceania	18	0.7%

Equal opportunity is ensured for all Qatargas employees, and no difference is applied on the basis of gender, age or origin. As an example, salary grades and basic salaries, including minimum amount paid, are the same for male and female employees.

Discrimination is addressed in the Code of Business Ethics Policy. Qatargas is committed to providing an environment that enables all employees to pursue their careers free from any form of discrimination.

Qatargas recruits its personnel solely on the basis of its requirements and the qualities of individual candidates relevant to the company's needs. Neither Qatargas, any employee, nor any person acting on behalf of Qatargas shall discriminate against any person with regard to employment or because

of the race, religious beliefs, creed, colour, sexual orientation, physical disability, mental disability, marital status, age, ancestry or place of origin.

Discrimination is not tolerated and Qatargas takes the following actions to avoid discrimination in the work place:

- to ensure that there is no preferential treatment of any employee;
- to extend the same employment opportunities and consistently apply the same policies for each employee;
- immediately address any discriminatory behaviour and that any subsequent employee conflicts or moral problems are effectively resolved and in a confidential manner;
- to ensure employees are made aware to conduct themselves in an appropriate manner and of the need to be careful, sensitive and knowledgeable about avoiding discriminatory actions or comments in the work place;
- as per this policy, employees, managers and supervisors shall deal with any discriminatory problems in a timely manner.

No incident of discrimination was reported in 2010.

Case Study: Women in the Workplace Programme & Mentoring Circle

Around the world, as the percentage of female graduates coming into the job market increases, focus is growing on providing support to career development for "Women in the Workplace" and Qatar is no exception to this. The Energy & Industry Sector has initiated a taskforce called 'Women in the Work Force' to see what needs to be done to overcome the challenges in the workplace for Qatari 'would-be' career women.

In Qatargas, we recognise we have our part to play and therefore a three day development programme and follow-up 'female mentoring circle' has been tailored to address this. The programme was developed to assist Qatari ladies, with career orientation, to build individual capability, and collective support amongst themselves, so that they can operate effectively, efficiently and productively in the workplace together with their male colleagues. The three day workshop was delivered to the first group of the company's female nationals in 2010, with very positive feedback as to the valuable amount of useful knowledge, skills and tools learned. We will continue this process in the following years. Additional support is provided through a bi-monthly mentoring circle, led by senior females in L&D as well as the Qatarisation & National Development Division.



Equal opportunity is ensured for all Qatargas employees, and no difference is applied on the basis of gender, age or origin.

TRAINING AND DEVELOPMENT

Qatargas has a Learning & Development Policy that sets out procedures to follow, selection criteria for embarking on training, and related fees and allowances associated with attendance. Qatargas offers training based on assessed competence gaps, at all levels of the organisation.

Specific focus is given to the development of nationals to meet our Qatarisation targets and to accelerate development of individuals identified in the corporate succession plan for future leadership roles – Qatargas talent pool:



- national graduates working toward fully qualified professional status have clearly defined individual development plans (IDPs) that outline competences to be acquired and training to be attended;
- trainees have their TAFE development programmes;
- Qatargas talent pool members have career plans;
- all other employees have annual development objectives if they have development needs.

Training programmes include soft skills courses to address needs to build core competences and job generic competences. These courses are brought in-house on an annual basis by the L&D Department. The budget for these programmes is held by COO for Administration and the L&D Manager.

For technical/discipline specific training, budgets are held by each Group's COO. Line supervisors assess technical competence gaps and recommend training for individuals who have technical development needs. Training is then procured by the L&D Department.

Training hours provided to Qatargas employees in 2010 and related costs per employee category are presented in the table below. More than 50,500 hours of training were provided in 2010 for a total cost exceeding 4.3 million Qatar Rials.

Qatargas is a young company, in growth mode, and therefore has not yet had to deal with transition assistance programmes to support career endings. Specifically, there is to date no outplacement programme/policy, including retirement planning. However, there is a retirement bonus for expatriate employees on indefinite contracts who reach retirement age (60 years), which is 3 months of final basic salary.

Performance and Career Development

Qatargas' performance and career development review process is undertaken as follows:

- at the beginning of each year, our leadership team, supported by our Corporate Planning Department, adjust the business plan and create corporate KPIs that will drive delivery of the required results. Each Chief Operating Officer (COO) creates their personal

Training Hours and Costs in 2010

Employee category	Number of employees trained in 2010	Number of training hours	Average training hours per employee	Cost of training in QAR
Senior Management	80	1,928	24.1	280,794
Middle Management	107	2,808	26.2	337,353
Professional	890	24,344	27.4	2,674,563
National Graduates	64	3,776	59.0	578,154
Trainees	46	892	19.4	18,067
Technical	845	12,404	14.7	271,784
Clerical	176	4,408	25.0	141,930

KPIs/objectives from the corporate KPIs, which are then cascaded down, through the department managers, who translate them into personal objectives for every employee;

- the leadership team and department managers submit progress updates on a quarterly basis, using a traffic light notation. At our quarterly leadership events, each member of the leadership team explains any red or amber items in their area, and the actions they plan to mitigate them;
- at mid-year, a directive is issued that requires every employee to have a mid-year review against their objectives;
- at the end of the year, everyone is required to hold an end of year appraisal discussion with their line-supervisor, discussing completion of their objectives and demonstration of the Qatargas core, job generic or leadership competences respectively. An overall performance rating is given that reflects the annual performance reward process;
- for people who do not achieve their objectives, a mandatory performance improvement plan (PIP) process will be administered which is governed by our Employee Performance Management Procedure.

In 2010, 83% of Qatargas employees received a formal appraisal and review per above scheme.

Qatari Nationals Development

We are committed to building a competent and successful national workforce within Qatargas reflective of the skills and talents required to meet our business objectives.

To this end, a Qatargas Competency-based Development Programme which focuses on progressing national graduates to the point at which they become fully qualified professionals has been implemented. We have also developed a system for rewarding and recognising nationals for special contributions, including 'Best National under Development Awards', 'Best Graduate Awards' and Scholarship Bonuses.

Qatargas has initiated several other programmes to support the development of Qatari national workforce, including:

- a high quality National Development Programme in order to meet its business objectives in this area.

All efforts are utilised in developing the recruits and opportunities are provided for short and long terms external assignments with Qatargas' shareholders, vendors, or project expansion teams within Qatargas;

- scholarships offered to various Bachelor Degree programmes in the best universities/colleges overseas and in Qatar;
- development opportunities offered through a TAFE programme for operators and technicians, and the clerical and security guard preparatory programmes for non-technical national candidates;
- support of the Ministry of Education's overseas English language programme for young Qatari students;
- sponsoring the Chair of Engineering at Qatar University;
- a series of summer internships for local school and university students in a bid to acquaint young nationals with practical work experience as a prelude to embarking on a lifetime career.

Targets have been specifically developed at departmental level consistent with planned staffing through to 2017.



A Qatargas Competency-based Development Programme which focuses on progressing national graduates to the point at which they become fully qualified professionals has been implemented.

WORKFORCE ENGAGEMENT

Employee Engagement Strategy

Some components of our employee engagement strategy include:

- **Townhall Meetings** (annual): The CEO and leadership team hold an open event, over several evenings, where all employees are invited to hear the leadership team talk of the progress against the business plan and then answer any questions from the floor;
- **Gala Dinner** (annual): The CEO and the leadership team invite every employee and their spouse to attend a prestigious event where they thank everyone for their efforts in the preceding year, present recognition awards and provide entertainment to celebrate the company's success;



- **CEO Forum for National Trainees and Graduates** (annual): The L&D Department invites all national graduates to a Forum to meet and interact with the leadership team (see case study);
- **An Employee Opinion Survey** is initiated by the HR Department bi-annually (next survey is due in 2011) to collect sensing data, inform action plans, and address issues arising;
- **The 'Ask the CEO' website:** On the company intranet, every employee has the opportunity to submit their questions to the CEO and receive a response;

- **Premier Leadership Events - PLE** (quarterly): Events planned and facilitated by the Corporate Planning Department, for the leadership team and their department managers, where corporate and Group KPIs are reviewed and corporate initiatives and challenges, such as annual shutdown programmes, risk management, change management plans, etc. are discussed;
- **Group Performance Reviews** (quarterly): Each COO holds a day, after each PLE, for their employees, to further the cascade of company progress, specific Group issues and for team-building initiatives;
- **Departmental Away-Days** (quarterly): Most department managers hold away-days for their Groups to focus on departmental KPIs and internal issues;
- **Translating Words into Action - Vision 2015:** A special series of events were held, in the first quarter of 2010, for each Group, hosted by the CEO and the COOs of each Group, to engage with employees on the corporate business plan, the journey to achieve our 2015 Vision, and how to translate the high level business plan, into a cascade of personal objectives – to 'Translate the Words into Action';
- **Graduates Connecting to the Qatargas 2015 Vision' workshop** (bi-annual): Following the CEO Forum where interest for Graduates in learning more about the Qatargas Vision 2015 was expressed – a workshop was designed and delivered by the L&D Department. This event was successful and will be run twice a year on an ongoing basis (see case study).

Case Study: Annual Qatargas CEO Forum

The annual CEO Forum for trainees and graduates gives nationals the opportunity to share experiences directly with the CEO of Qatargas. This unique Forum greatly assists in Qatarisation efforts, providing face-to-face interaction, and open acknowledgement of the value Qatargas places upon the national trainees and graduates.

The theme of the 2010 Forum was 'Taking Responsibility - Small Things that Make a Big Difference.' The event focused specifically on national trainees and graduates playing their parts in achieving the Qatargas Vision 2015. The event was attended by over 200 Qatargas national graduates and



trainees, department managers, supervisors, and the entire management leadership team. It was designed and facilitated by the company's Qatarisation and National Development Division, in the L&D Department.

Case Study: Graduates Connecting to the Qatargas 2015 Vision and Business Plan

A one day workshop was designed and delivered, by the L&D Department, to ensure all national graduates have a thorough understanding of the company's Vision and how it is aligned with Qatar's 2030 targets.

The business plan and corporate key performance indicators were explained, together with an overview of the challenges for the company's management leadership team, their strategic importance for the business, and the part that

all national graduates can play in the company's success. It included a business game to develop graduates' appreciation of 'big picture/strategic thinking', and their understanding of the current strategic issues facing the leadership team.

This will be run twice yearly, on an ongoing basis, to ensure new joiners are included, and to ensure all graduates understand any changes in corporate KPIs as well as the company's latest standing in 'best-practice benchmarking'.

Qatargas also recognises every year some of its long-serving employees at a special ceremony. In 2010 it was held in May where certificates of appreciation and gifts were presented to 162 staff members who have completed fifteen, ten or five years of service with the company.

Key issues raised by employees in 2010 through the engagement strategy include absenteeism, accommodation issues, education issues, payment of dues by ex-employees and disciplinary issues (including termination). Issues were addressed and actions taken by the relevant departments e.g., employees relations staff, housing committee, personnel administration, etc.

Employee Opinion and Grievance

During the induction process, all newcomers are acquainted with the Qatargas policies relating to employee rights and privileges and channels to address grievances and concerns. Our Direction Statement explicitly commits to ethical practices, transparency in communication, and leveraging employee diversity as a source of strength.

Employees are encouraged to speak out without fear of retaliation on any issue concerning them as a preface to Town Hall meetings, quarterly performance review meetings, employee surveys, and other channels of communication. Women's Forums, annual trainee and graduate Forums encourage active and honest feedback on issues of concern to the parties involved.

Employees are also provided with an anonymous "hot line" to the CEO through the intranet portal

enabling them to raise any issue or concern to the highest level with a defined and guaranteed response time. Employees have the right to appeal against disciplinary action for dismissal and to escalate grievances to higher authority within Qatargas.

This non-retaliation and grievance system covers all Qatargas employees. 79 issues were raised through this system in 2010. Common issues related to absenteeism/lack of punctuality, non-payment of dues by ex-employees and various disciplinary issues.

Most issues were resolved through facilitated face-to-face negotiations with the parties concerned by personnel administration. Other more complex cases required additional involvement by medical, audit, legal, and other internal resources with special and relevant expertise. Certain cases requiring sanctions against the employee are conducted in confidence with all due process and a series of scaled sanctions are applied, including termination of contract in a handful of cases.





4



QATARGAS IS COMMITTED TO THE DEVELOPMENT AND CAPACITY BUILDING OF NORTHERN COMMUNITIES OF QATAR, AND TO MANAGING ANY IMPACT OF ITS ACTIVITIES ON THE COMMUNITY. QATARGAS DEVELOPED AND IMPLEMENTED IN 2010 ITS SOCIAL INVESTMENT POLICY AND PROCEDURE WITH A FOCUS ON EDUCATION, COMMUNITY AND ENVIRONMENTAL PROGRAMMES.¹



SOCIETY

<i>Management of Society Aspects</i>	74
<i>Local Community Impacts and Engagement</i>	74
<i>Indigenous People and Involuntary Resettlement</i>	76
<i>Social Investment</i>	76
<i>Corruption</i>	80
<i>Public Policy</i>	81
<i>Anti-Competitive Behaviour</i>	81
<i>Compliance with Laws and Regulations</i>	81

MANAGEMENT OF SOCIETY ASPECT

Society aspects at Qatargas are covered by the Social Investment Policy and Procedure for social and community investment activities, the Code of Business Ethics Policy and other company procurement, contracting and financial policies for corruption, anti-competitive behaviour and legal compliance aspects.

Social investments are managed by the public relations department, and the Code of Business Ethics Policy is managed by the Chief Operating Officer - Administration.

LOCAL COMMUNITY IMPACTS AND ENGAGEMENT

Qatargas is committed to the development and capacity building of northern communities of Qatar, and to managing any impact of its activities on the community. Qatargas has established a partnership with Ras Laffan Industrial City (RLIC) and Qatargas' peer RLC-based producing companies to support the northern communities through the Ras Laffan Community Outreach Programme (RLC COP).

Ras Laffan Industrial City (RLIC) is located on the northeast coast of Qatar approximately 85 km north from Doha in the municipality of Al Khor, and which has an estimated population of nearly 150,000. Several smaller local communities are located within 30 kilometres from RLIC including Al Thakhirah, Al Shamal and Al Ruwais.

RLIC is the location of the onshore facilities associated with the North Field gas and condensate development. RLIC is a State initiative to provide master planning, co-ordination, infrastructure (including a major port) and security for gas-based hydrocarbon processing and export projects. Currently there are a series of major new construction and expansion projects being developed by RLIC-based companies (referred to as end-users) through to 2014. The growth of these developments and expansion projects in combination with associated activities and resultant issues are of increasing concern to local and fence line communities in northern Qatar.

The Ras Laffan City Community Working Group was established to work with the RLIC fence line communities to implement and conduct the RLIC

Community Outreach Programme (COP). The mandate for the group's work is outlined in the RLIC COP charter. The working group consists of members from the end-user companies within RLIC: Qatargas, RasGas, Qatar Petroleum, ExxonMobil, Qatar Shell GTL, Dolphin Energy, and ORYX GTL.

The purpose of RLIC COP is to coordinate and align the community engagements of RLIC and the RLIC COP member end-users with the Al-Khor, Al Thakira and other Northern Qatar communities.

RLIC COP vision and objectives are to create a respectful, trust based partnership between industry and the community through:

- building meaningful relationships with the community and manage stakeholder expectations through continual two way dialogue;
- managing impacts of operations both real and perceived – these may include impacts such as air quality, health and workforce presence in the community;
- delivering benefits through partnerships that complement community needs and business objects,

Case Study: Establishment of a Safety Garment Factory in Al Khor'

Qatar is facing an increasing demand for industrial and professional garments, while there is a shortage in local supply. This situation has led the Social Development Centre to seek the support of the RLIC COP in the establishment of a safety garment factory in Al Khor to serve local market needs. The project aims to:

- support integration of the residents of the northern area of Qatar in the workforce;
- increase the number of employment opportunities;
- guarantee supply for garments requirements to Qatar Petroleum and its affiliates;

- reduce import of garments to Qatar and increase the potential for export;
- promote local productions and enhance consumer trust in locally available products.

The proposed project site covers an area of 3,000 m² in Al Khor and the anticipated final design will produce 1,000 pieces per day of industrial, medical and school uniforms with approximately 100 employees. The project will moreover include training and capacity building units to address the increasing need for community development and training in IT, English, etc. The project is currently at the feasibility study stage.

for example building capacity, skills development and local business participation;

- ensuring that all parties of the communities are well informed through proper dissemination of information;
- actively linking into and complement the Qatar National Vision 2030.

The community outreach office serves as the link between the industry and the community. It is an information centre that provides the community with regular updates about the latest activities of the RLIC, it offers development and capacity building opportunities and holds educational and social events that bring together all community members.

The goal is to form positive relationships that are not only determined by what a company does but also by how it

operates. Moreover, it is a record centre that collects the data about the community, the issues and the projects and activities taking place.

With the objectives set out in the RLIC COP charter and the desire and demand for greater openness in corporate behaviour, we believe that the success of the RLIC Community Working Group depends upon achieving better understanding of various perspectives of the community and reaching some form of consensus.

For this purpose, the RLIC COP has partnered with the Living Earth Foundation (LEF) - an international non-profit organisation, specialised in working with people to resolve their environmental and social concerns - to conduct a community needs assessment to help identify community issues and development opportunities.

Community Issues and Related Solutions

Community issues identified	Solution implemented
Air quality and impact on respiratory health.	Flare reduction and the Common VOC project as well as the development of the GHG Management Strategy.
Waste management in the northern area of Qatar.	A Development and implementation of waste management policy and procedures.
Influx of expatriate labour force in the northern area of Qatar.	Careful and sensitive management of access by large numbers of construction workforce to local towns and the provision of buses for employees and contractors for transportation, thereby significantly reducing vehicle numbers commuting through small towns.
Business opportunities, local content and job opportunities.	Annual career fair for the public and specific fairs held in all the universities in Qatar. Prioritising local companies in the supply procedures and policies.
Lack of communication and transparency between community and industry.	Increased communication in local publications. Increased close interaction with the local community through events such as career fairs and environment fair, as well as regular face to face meeting with local community representatives with the RLIC COP. The RLIC COP office also serves as the link between RLIC and the northern community
Capacity building of local community	Development of Social Investments Programme and Policy.

INDIGENOUS PEOPLE AND INVOLUNTARY RESETTLEMENT

No incidents of violations involving rights of indigenous people were reported in 2010. Qatargas has no formal policies, programmes and/or procedures with regard to involuntary resettlement. No case of involuntary resettlement was required by the company's activities in 2010 and there is no future plan involving involuntary resettlement.

SOCIAL INVESTMENT

Qatargas developed and implemented in 2010 its Social Investment Policy and Procedure with the objective to outline the reasons for Qatargas social investment programme and describe the operation and delivery of this programme including attracting, reviewing, developing, awarding and monitoring of the social investment projects and corporate sponsorships undertaken by the company.

This policy and procedure governs all of Qatargas operations both in Qatar and internationally and will help Qatargas to be recognised and accepted as a conscientious, responsible and responsive corporate citizen.

The benefits of a formal social investment programme include:

- strengthening our "license to operate" and broadening support for Qatargas within the communities in which we operate, particularly the northern communities;
- contributing to our vision of being known for our corporate citizenship through the development of a "premier" programme within the State of Qatar;
- creating awareness and pride amongst our employees for the work of the company in the community which may assist with employee attraction and retention, two key business objectives;
- responding to changing expectations – the community expects more from business than it did previously and the company needs to continually focus on the maintenance of a proactive relationship with the local community;
- the opportunity to make a meaningful contribution to QNV 2030 and its objectives;
- the opening of credible and effective channels of communication with audiences within the community.

Focus themes and areas of the social investment programme for the period 2010-2012 include education, community (especially Ras Laffan Industrial City and northern communities) and environment. Evaluation criteria have been developed to ensure that the best possible projects are supported by the company. Qatargas is supporting QNV 2030 through these strategic corporate social responsibility programmes.

In 2010, sponsorships and donations as part of our social investment programme – including school donations, the road safety campaign, events sponsorships, and donations to local NGO's – exceeded 6.5 million Qatar Rials.

Health and Safety Support

Ensuring the health and wellness of our own employees is an ongoing priority for Qatargas. Our commitment to a healthy and safe living extends to the community around us as well. We contribute to both major and minor programmes and events that benefit the community, including the Qatar Diabetes Association, the Al Noor Institute, Hamad Medical Corporation, Al-Jazeera Channel and the Supreme Council for Family Affairs. As in the past few years, Qatargas continued its sponsorship of the road safety campaign in 2010 (see case study).

Education Support

Qatargas is promoting engineering in Qatar through supporting educational programmes and platforms that focus on the development of the engineering field in Qatar. We are supporting education in Qatar as a major employer and contributor to the country's economy.

Since 2004, Qatargas has been the proud sponsor of a teaching chair in the Engineering department of Qatar University. Qatargas is also one of the founding members of the Gas Processing Centre established in 2007 to address the problems, challenges and opportunities facing the State of Qatar's gas processing industry.

Qatargas has established partnerships with government entities such as The Supreme Education Council (formerly Ministry of Education) to support the development of educational programmes and provide opportunities for young nationals. We believe that education initiatives such as these, and others we support in public and private schools for younger students, are an investment in the future of our company and our country. Qatargas delivered an educational seminar for students at Hamza Bin Abdul Moutalib Preparatory Independent School for Boys in Doha to teach students the importance of LNG in energy production. Qatargas has also donated a bus to the Japanese School in Doha that will be used in transporting the young Japanese students to and from the school.

Events Sponsorship

Qatargas organised and sponsored several sports and cultural events in 2010 including:

- the Qatargas Open Golf in December (see case study);
- the Women's Tennis Association (WTA) championship that took place at the Khalifa International Tennis Complex in Doha in October;
- the 2010 Qatar Junior Open golf tournament held at the Doha Golf Club in May;
- the Al Dhakhira Youth Centre Opera (see case study);
- the Eid carnival organised by Qatar Sports Club on the first day of Eid Al-Fit. Various games and entertainment programmes were held for children and adults – including songs and theatrical performances. There were also gifts and raffle draw prizes for the public, especially children. Over 5,000 people attended this event which has been supported by Qatargas for the past few years.



Case Study: Qatargas sponsors Road Safety Campaign

Qatargas has supported and sponsored the Ramadan road safety campaign, an initiative by the Ministry of Interior, Traffic department. The 2010 Ramadan road safety campaign focused on "Driving is a privilege... Be responsible." This was part of the national awareness campaign for road accident prevention with the objective to reduce the number of accidents and casualties on Qatar's roads by creating awareness of safe driving habits in the community.

The campaign started on the first day of Ramadan and included various activities targeted at people of all ages with prizes and rewards in support of a safe driving culture. Ghanim Al-Kuwari, Qatargas' Chief Operating Officer Administration said: "The Ramadan road safety campaign has been on Qatargas' corporate citizenship activities calendar for the past few years. Qatargas is very keen on being actively involved in such programmes that benefit the whole community. Road safety is an integral part of the company's corporate citizenship initiatives."

The campaign included many activities over the period of the holy month of Ramadan including the distribution of dates and light refreshments during the break of fast (at Iftar time) along with a pack of safe driving messages and tips at major intersections in Doha and nearby cities.



Qatargas employees have donated over 77,000 Qatar Rials to the victims of the devastating floods that occurred in July 2010 in Pakistan. The massive flooding that covered about one-fifth of Pakistan has left thousands dead and millions homeless. The amount was handed over to Qatar Red Crescent Society which ran a special campaign to collect aid and carry out relief activities in the affected areas.

Case Study: Donations and Sponsorships to the Education Sector

Donations for a number of education institutions were made through 2010, including:

- Carnegie Mellon University - sponsored Education City Quiz Challenge;
- Texas A&M University - general donation annually for school students for the support of their final year projects;
- Higher Education Institute - general donation annually for school students;
- Qatar School for Individuals with Hearing Difficulties - donation for school maintenance;
- The Centre for Rehabilitation of Special Needs - sponsored the Ramadan Festival;
- Al-Khor Academy - sponsored The English & Mathematics Summer School Programme;
- Al-Ka'aban Primary School for Girls - donation for school maintenance and academic year activities;
- The Ministry of Education - sponsored the Ministry's English Learning Programme;
- Al-Noor Institute - general donation annually for school students;
- Simaisma Independent School for Boys - donation for the school's academic year activities;
- Qatar University and the Gas Processing Center Engineering College of Qatar University - Chair of College of Engineering and sponsor of the Gasna Competition for school students to support their final year projects.

Case Study: Qatargas supports Al Dhakhira Youth Centre Opera

Qatargas has sponsored a musical opera performed by members of the Al Dhakhira Youth Centre in celebration of Doha Capital of Arab Culture festival, and in support of the Qatar 2022 bid and the State of Qatar's National Vision 2030.

Commenting on the company's participation in the event, Mr. Ghanim Al-Kuwari, Qatargas' Chief Operating Officer Administration, said: "Qatargas is always in the forefront to support the northern community in organising such social and cultural events as they constitute an integral part of our corporate social responsibility programme. This opera was very special as it was held in support of three prestigious occasions or initiatives the country is very proud to be associated with."

Mansour Rashid Al Naimi, Qatargas' Public Relations Manager, attended the event in which Hassan Al Thawadi, CEO, Qatar 2022 World Cup bid committee, and members of the 2022 bid committee were present, in addition to Al Dhakhira Youth Centre officials and some 400 members of the public. Some 70 youths and children took part in the opera, titled "A Nation's Dream."

On the sidelines of the event, an exhibition of cultural activities including henna drawing, traditional fashion display, Qatari food and music were also held.



Case Study: Qatargas Open Golf a huge success

The 12th Qatargas Golf Open held at the Doha Golf Club attracted as many as 400 players, up by 130 per cent from last year's figure, and was a huge success. Homar Ramirez won the two-day championship held on 3rd and 4th December in which players from Qatar Golf Association, Qatargas, its stakeholders, companies based in Ras Laffan Industrial City, banks and embassies, took part.

A special ceremony was held to celebrate the successful conclusion of the event and award prizes to the winners.

Mr. Ghanim Al-Kuwari, Qatargas Chief Operating Officer -

Administration, gave away the prizes. Addressing the players and guests, Mr. Al-Kuwari said: "We are very pleased to host and organise such a successful tournament. Qatargas Open Golf, which is now in its 12th year, is one of the most popular events in Doha's golfing calendar. Congratulations to the winners and thank you all for the wonderful participation."

Following the awards ceremony the players and invitees enjoyed the evening with a buffet dinner. Proceeds from the two days' charity sale at the tournament, plus an additional contribution from Qatargas, went to Qatar Charity Association.



CORRUPTION

Qatargas has operations primarily in Qatar and in other countries where the risks associated with bribery and corruption are deemed limited. Qatargas implements appropriate policies and controls with regard to bribery and corruption. However, no Qatargas operations have been formally analysed for risks related to corruption so far.

The Code of Business Ethics Policy provides general rules and requirements with regard to fiscal integrity to ensure that:

- there are no “off the record” accounting transactions or accounts;
- there are no false or misleading entries in the accounts or records of the company;
- no customer or vendor is over or under invoiced for any reason;
- fees and commissions to consultants, agents and other third parties are legal, proper and consistent with industry practice.

The Ethics Policy also states that employees shall neither offer nor accept any bribe in the form of either money or anything else of value for the purpose of improperly obtaining or receiving favourable treatment.

The Ethics and Conflict of Interest Committee (ECIC) is mandated to assess and investigate actual or potential situations of bribery or corruption. ECIC reporting process provides mechanisms for reporting and following up violations. Violations of the Code of Business Ethics Policy or any other company policies can lead to criminal or civil proceedings and/or disciplinary actions including termination of employment.

No anti-corruption training and awareness programmes are in place at Qatargas to date. No employee has thereof been formally trained to anti-corruption. However, every employee has to sign a Code of Business Ethics Annual Certification Statement to certify they have read and understood the principles of the Code of Business Ethics Policy – which include items related to corruption – and that they will comply with these. Moreover, ECIC has conducted training sessions on ethics policy and a regular ethics training programme is currently being developed by ECIC and the L&D Department.

Company contractors and suppliers are expected to adhere to a code of conduct equivalent to Qatargas’ Ethics Policy. Company contract staff are required to complete the annual Conflict of Interest Declaration and annual Certification Statement. Business ethics provisions are incorporated in all significant company contracts.

No employees were dismissed or disciplined for incidents of corruption in 2010, and no contracts with business partners were terminated or not renewed due to violations related to corruption. No legal cases regarding corrupt practices were brought against Qatargas or its employees in 2010.

No employees were dismissed or disciplined for incidents of corruption in 2010, and no contracts with business partners were terminated or not renewed due to violations related to corruption. No legal cases regarding corrupt practices were brought against Qatargas or its employees in 2010.

PUBLIC POLICY

Qatargas is liaising with appropriate authorities and consultants when exploring new products markets especially when associated with terminal construction. Qatargas was not involved in significant public policy development and lobbying activities in 2010.

Contribution to political parties is not allowed as per Qatargas' Ethics Policy. Political activities that employees are prohibited from doing while acting on behalf of the company include:

- contributions of company funds, cash or in-kind, or other resources in support of political activities, organisations, political candidates,

parties or officials in the State of Qatar or anywhere else in the world, unless permitted by law and approved by the Board of Directors;

- solicitation of political contributions from employees;
- political activity in the countries in which the employee is not entitled to exercise civic rights.

ANTI-COMPETITIVE BEHAVIOUR

Qatargas has implemented a firewall rule and procedure and performs regular monitoring and audit to ensure avoidance of anti-competitive behaviour.

No legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation

were brought against Qatargas in 2010.

COMPLIANCE WITH LAWS AND REGULATIONS

Qatargas' Ethics Policy states that it is the company's policy to conduct its business in compliance with all laws, regulations and other legal requirements applicable to the company in whatever world jurisdiction we are doing business.

Under Qatari Law, Qatargas is obligated to report to the appropriate State authority any breach of a Qatari law or regulation associated with any wrong doing such as employee fraud, theft, and disclosure of confidential information as part of the larger investigative process. Qatargas has not identified any non-compliance with international or national laws and regulations in 2010.



HUMAN RIGHTS

There is currently no separate human rights policy, goals and objectives at Qatargas, but human right issues are addressed as part of the Code of Business Ethics Policy.



INVESTMENT AND PROCUREMENT PRACTICES

All contracts with significant contractors and suppliers include general clauses on human rights with regard to lien and employees payment.

Qatargas performs regular audits of its contractors and suppliers to ensure compliance with these clauses. No contracts were either declined or

subject to other corrective actions as a result of human rights screening in 2010. There is currently no training on human rights aspects at Qatargas.

CHILD, FORCED AND COMPULSORY LABOUR

In accordance with the requirements of Qatari Laws, Qatargas recognises, and will maintain compliance with the laws prohibiting child and forced labour, and undertakes to suppress the use of child, forced or compulsory labour in all its forms.

Qatargas will ensure that no concession granted to private individuals or organisations with which it conducts business shall involve any form of child,

forced or compulsory labour for the production or the collection of products which such private individuals or organisations utilise or in which they trade.

SECURITY AND HUMAN RIGHTS

Qatargas is not a participant in the Voluntary Principles on Security and Human Rights (VPSHR). However, our Security department has an overall system management document that includes organisational structure, philosophy and formats for dealing with security risks and specific procedures related to security risks identified.

Qatargas Security policies and procedures include:

- General Security Policy;
- Visitor Policy;
- Security Procedures – for Projects, for Start-up, for Shutdowns, and for SIMOPS Sites;
- Security Operational Procedures – for Doha and for Ras Laffan;
- Employee Security Procedures for the Qatargas Tower in Doha;
- Physical Security Standards Procedure;
- Gate Pass Procedure;
- Restricted Safe Photography Procedure;
- Parking & Traffic Enforcement Procedure for Ras Laffan;
- Emergency entry into Ras Laffan Complex and Security Preparedness in Emergencies.

Qatargas Security policies and procedures are implemented through normal process including review and approval by appropriate authority, post on intranet and enhanced education through security awareness programme (e-learning and workshops). By end of 2010, Qatargas security personnel

included 27 permanent staff and 250 contractors who ensure security controls at gates of Qatargas facilities in Ras Laffan and Doha, deliver gate passes to employees, visitors and contractors, manage the security card access control system and address all accident, incidents and emergency calls received on a twenty four hour basis.

Permanent staff undergo a security training upon hire and are then provided with regular refresher training. In 2010, 10 members of the permanent staff were trained to security. In a joint effort to providing annual security training to contractors, all 250 contractor personnel were provided with on the job training and classroom sessions in 2010.

Qatargas is currently implementing a supply chain security risk management strategy for all its operations (see case study).

No specific issue has been encountered by Qatargas in terms of security and human rights in 2010.

Case Study: Study: Development and implementation of a supply chain security risk management strategy

Conducting business globally in the 21st century increases the security risk in various areas of day to day operations and corporate affairs related to Qatargas business. Supply chain security risk management is a common philosophy utilised by global companies to create a level of resilience within their organisations.

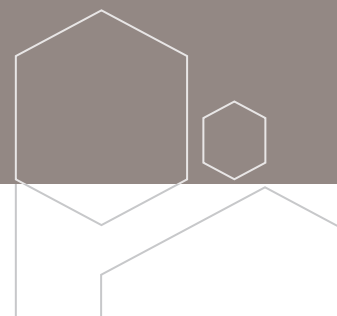
Qatargas is using the following approach for the development and implementation of its supply chain security risk management strategy:

- recognition of various operational and corporate key processes within Qatargas;
- security risk management philosophy governing threats, risk identification, risk analysis, prevention and mitigation;

- integration of security risk management into Qatargas Enterprise Risk Management programme through common approach to risk management principles (risk matrix, risk identification, risk registers, etc.);
- objective to achieve certification of ISO 28001:2007 - Security Management System for the Supply Chain.

To date, the security risk management programme has been developed for 70% of operational areas and an initial ISO 28001 audit has been undertaken.

Next steps include development of the programme for remaining operations and corporate affairs, integration into Qatargas Enterprise Risk Management programme and achievement of the ISO 28001 certification.



PRODUCT RESPONSIBILITY

There are currently no formal product responsibility policies, goals and objectives at Qatargas. Health and safety aspects of product responsibility are addressed by the Safety department, whereas marketing communication and customer satisfaction are managed by the Commercial and Shipping Group.

PRODUCTS HEALTH AND SAFETY

No formal health and safety impact assessments are undertaken on our products. However we consider possible health and safety impacts of our products along the lifecycle, from gas extraction to use of the products.

Qatargas maintains a database of Material Safety Data Sheets (MSDS) for all its products produced and used at the site so that effective risk assessment and controls are in place to manage all materials safely. The MSDS database is a live document and is continually updated to ensure that it is current and accurate. Qatargas also subscribes to Chemwatch for reference to other chemicals.

Qatargas has a total of 186 Material Safety Data Sheets, 98 of which were approved in 2010 alone. A total of six MSDS have been newly developed for Qatargas' products in 2010.

Qatargas has not identified any non-compliance with regulations and voluntary codes concerning the health and safety of products and services in 2010.

Qatargas maintains a database of Material Safety Datasheets for all its products produced and used at the site.



MARKETING COMMUNICATION

No codes or voluntary standards relating to marketing communications are applied across Qatargas. Qatargas does not sell products banned in certain markets or that are the subject of stakeholder questions or public debate.

Qatargas has not identified any non-compliance with regulations concerning marketing

communications, including advertising, promotion, and sponsorship, in 2010.

CUSTOMER SATISFACTION AND PRIVACY

Qatargas has developed key performance indicators related to late and off-specifications deliveries and handling of complaints to measure and follow-up customer satisfaction. No late or off-specifications deliveries were reported and Qatargas has not received any customer complaints in 2010.

No customer surveys are undertaken by Qatargas. Protecting customer data and privacy are crucial in the way we conduct our business. Qatargas' Ethics Policy describes rules and requirements to be applied by all employees with regard to information confidentiality and disclosure. To preserve confidentiality, disclosure and discussion of confidential information is limited to those employees who need access to the information in the course of their work. Firewalls rules and procedures are in place to ensure safeguarding of commercially competitive sensitive or confidential information. Qatargas moreover has advanced IT systems to protect data from external unauthorised access.

Qatargas has not received any complaints or notification of any breaches of customer privacy during 2010.



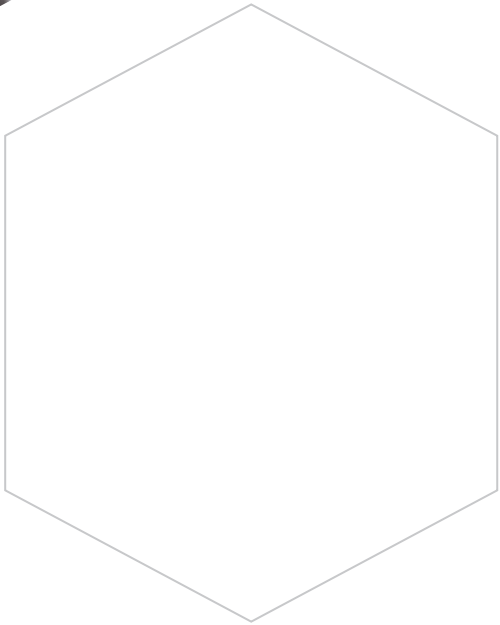
COMPLIANCE WITH LAWS AND REGULATIONS REGARDING COMPANY'S PRODUCTS

Qatargas has not received any complaints or notification of non-compliance with laws and regulations concerning the provision and use of the company's products and services during 2010.





BASED ON OUR OWN ASSESSMENT OF THIS REPORT CONTENT AGAINST THE GRI CRITERIA, WE HAVE SELF-DECLARED OUR FIRST CORPORATE CITIZENSHIP REPORT AS APPLICATION LEVEL 'A.'



INDEX

<i>GRI Compliance Verification Index</i>	88
<i>IPIECA Compliance Verification Index</i>	90
<i>Glossary of Terms</i>	91

GRI COMPLIANCE VERIFICATION INDEX

	GRI G3 Reference	Page(s) of the report
Strategy and Analysis		
	1.1	4
	1.2	19-24
Organisational Profile		
	2.1	10
	2.2	14-15
	2.3	10
	2.4	10
	2.5	10
	2.6	11
	2.7	14
	2.8	12-13
	2.9	16
	2.10	17
Report Parameters		
Report Profile	3.1	6
	3.2	N/A
	3.3	6
	3.4	7
Report Scope and Boundary	3.5	6
	3.6	6
	3.7	6
	3.8	N/A
	3.9	7
	3.10	N/A
	3.11	N/A
GRI Content Index	3.12	88-89
Assurance	3.13	7

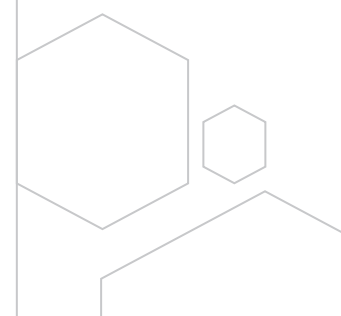
	GRI G3 Reference	Page(s) of the report
Governance and Commitments		
Governance	4.1	26-27
	4.2	26
	4.3	25-27
	4.4	26
	4.5	26
	4.6	26-27
	4.7	26
	4.8	27
	4.9	26
	4.10	26
Commitment to Ext. Initiatives	4.11	35
	4.12	29
	4.13	29
Stakeholder Engagement	4.14	31
	4.15	30
	4.16	31
	4.17	30
Economic		
	DMA	19-20
Economic Performance	EC1	32
	EC2	32-33
	EC3	33
	EC4	N/A
Market Presence	EC5	34
	EC6	33-34
	EC7	34
Indirect Economic Impacts	EC8	76-78
	EC9	34
Environmental		
	DMA	38
Materials	EN1	45
	EN2	45
Energy	EN3	39-40
	EN4	39-40
	EN5	40
	EN6	40
	EN7	40

	GRI G3 Reference	Page(s) of the report
Water	EN8	47
	EN9	47
	EN10	47
Biodiversity	EN11	49
	EN12	49
	EN13	50-52
	EN14	50-52
	EN15	50-52
Emissions, Effluents and Waste	EN16	41-42
	EN17	41-42
	EN18	43
	EN19	44
	EN20	44
	EN21	47-48
	EN22	46
	EN23	46
	EN24	N/A
	EN25	47
	Products and Services	EN26
EN27		N/A
Compliance	EN28	39
Transport	EN29	53-56
Overall	EN30	57
Labour Practices		
	DMA	60
Employment	LA1	60
	LA2	61
	LA3	61
Labour/Management Relations	LA4	66
	LA5	66
Occupational Health and Safety	LA6	62
	LA7	63-64
	LA8	65
	LA9	N/A

	GRI G3 Reference	Page(s) of the report
Training and Education	LA10	68-69
	LA11	68-69
	LA12	68-69
Diversity and Equal Opportunity	LA13	66
	LA14	66
Human Rights		
	DMA	82
Investment and Procurement	HR1	82
	HR2	82
	HR3	82
Non-Discrimination	HR4	66-67
Collective Bargaining	HR5	66
Child Labour	HR6	82
Forced and Compulsory Labour	HR7	82
Security Practices	HR8	83
Indigenous Rights	HR9	76
Society		
	DMA	74
Community	SO1	74-75
Corruption	SO2	80
	SO3	80
	SO4	80
	SO5	81
Public Policy	SO6	81
	SO7	81
Anti-Competitive Behaviour	SO7	81
Compliance	SO8	81
Product Responsibility		
	DMA	84
Customer Health and Safety	PR1	84
	PR2	84
Product and Service Labelling	PR3	N/A
	PR4	N/A
	PR5	85
Marketing Communication	PR6	85
	PR7	85
Customer Privacy	PR8	85
	PR9	85

Core indicators are identified in bold

DMA: Disclosure on Management Approach



IPIECA COMPLIANCE VERIFICATION INDEX

IPIECA Reference	Page(s) of the report
Environmental Indicators	
Climate change and energy	
E1: Greenhouse gas (GHG) emissions	41-43
E2: Energy use	39-40
E3: Alternative energy sources	39-40
E4: Flared gas	39-40
Ecosystem services	
E5: Biodiversity and ecosystem services	49-52
E6: Fresh water	47
Local environmental impact	
E7: Other air emissions	44-45
E8: Spills to the environment	46
E9: Discharges to water	47-48
E10: Waste	46
Health and Safety Indicators	
Workforce protection	
HS1: Workforce participation	62
HS2: Workforce health	64-65
HS3: Occupational injury and illness	62-64
Product health, safety and environmental risks	
HS4: Product stewardship	84-85
Process safety and asset integrity	
HS5: Process safety	35

IPIECA Reference	Page(s) of the report
Social and Economic Indicators	
Community and society	
SE1: Local community impacts	74-75
SE2: Indigenous peoples	76
SE3: Involuntary resettlement	76
SE4: Social investment	76-78
Local content	
SE5: Local content practices	33-34
SE6: Local hiring practices	34
SE7: Local procurement and supplier development	33-34
Human Rights	
SE8: Human rights due diligence	82
SE9: Human rights and suppliers	82
SE10: Security and human rights	83
Business ethics and transparency	
SE11: Preventing corruption	80
SE12: Preventing corruption involving business partners	80
SE13: Transparency of payments to host governments	32
SE14: Public advocacy and lobbying	81
Labour practices	
SE15: Workforce diversity and inclusion	66-67
SE16: Workforce engagement	70-71
SE17: Workforce training and development	68-69
SE18: Non-retaliation and grievance system	71

GLOSSARY OF TERMS

A&R	Accounting and Reporting	LNG	Liquefied Natural Gas
AMS	Aspects Management System	LOPC	Loss Of Primary Containment
API	American Petroleum Institute	LPG	Liquefied Petroleum Gas
BAT	Best Available Technique	LTI	Lost Time Injury
Bbls	Barrels	LTIF	Lost Time Injury Frequency
BOD	Board of Directors	MBR	Membrane Bio-Reactor
Bpsd	Barrels Per Stream Day	MDO	Marine Diesel Oil
CC	Corporate Citizenship	MEG	Monoethyleneglycol
CCIT	Corporate Citizenship Initiative Team	MEPC	Marine Environment Protection Committee
CDM	Clean Development Mechanism	MIC	Messaied Industrial City
CEO	Chief Executive Officer	MM	Million
CER	Certified Emission Reductions	MMScf	Million Standard Cubic Foot
CFC	Chlorofluorocarbon	MoE	Ministry of Environment
CH ₄	Methane	MSDS	Material Safety Data Sheet
CO ₂	Carbon Dioxide	MT	Metric Tonnes
COD	Chemical Oxygen Demand	MTA	Million Tonnes Per Annum
COO	Chief Operating Officer	N ₂ O	Nitrous Oxide
COP	Community Outreach Programme	NGO	Non Governmental Organisation
CPR	Cardiopulmonary Resuscitation	NO _x	Nitrogen Oxide
CTO	Consent To Operate	OHSAS	Occupational Health and Safety Assessment Series
DEFRA	UK Department for Environment, Food and Rural Affairs	OPCO	Operating Company
DG	HSE Regulations and Enforcement Directorate	P-C	Pulse Chlorination
ECIC	Ethics and Conflict of Interest Committee	PFC	Perfluorocarbon
EDMS	Environmental Data Management System	PIP	Performance Improvement Plan
EHSIA	Environmental, Health and Social Impact Assessment	PLE	Premier Leadership Event
ERM	Enterprise Risk Management	PMP	Plateau Maintenance Project
FEC	Friends of the Environment Centre	QAR	Qatar Rial
FEED	Front-End Engineering Design	QG	Qatargas
FSC	Forest Stewardship Council	QITS	Qatar Independent Technical School
GCC	Gulf Cooperation Council	QMSI	Qatargas Management System for Continuous Improvement
GHG	Greenhouse Gas	QNV	Qatar National Vision
GIS	Geographic Information System	QP	Qatar Petroleum
GRI	Global Reporting Initiative	RCS	Risk Control System
GWP	Global Warming Potential	RLIC	Ras Laffan Industrial City
HCFC	Hydrochlorofluorocarbon	RLTO	Ras Laffan Terminal Operations
HFC	Hydrofluorocarbon	ROPME	Regional Organisation for the Protection of the Marine Environment
HFO	Heavy Fuel Oil	RP	Recommended Practice
HR	Human Resources	SEQ	Safety, Environment and Quality
HSE	Health, Safety and Environment	SF ₆	Sulphur Hexafluoride
HVAC	Heating, Ventilation and Air Conditioning	SIMOPS	Simultaneous Operations
IA	Internal Audit Function	SO ₂	Sulphur Dioxide
IChemE	The Chartered Institution of Chemical Engineers	SPI	Safety Performance Indicator
IDP	Individual Development Plan	tCO ₂ eq	Tonnes Carbon Dioxide Equivalent
IET	The Institution of Engineering and Technology	TAFE	Technical And Further Education
IGU	International Gas Union	TDLC	Training and Development Liaison Committee
IIF	Incident & Injury Free	THSF	Temporary Hazardous Waste Storage Facility
IMechE	The Chartered Institution of Mechanical Engineers	THY	Temporary Holding Yard
IPCC	International Panel on Climate Change	TRIF	Total Recordable Injury Frequency
IPIECA	International Petroleum Industry Environmental Conservation Association	UK	United Kingdom
ISO	International Organisation for Standardisation	UNESCO	United Nations Educational, Scientific and Cultural Organisation
IStructE	The Chartered Institution of Structural Engineers	US/USA	United States of America
IT	Information Technology	USD	United States Dollar
JBOG	Jetty Boil-Off Gas	VOC	Volatile Organic Compounds
JVA	Joint Venture Agreement	WBCSD	World Business Council for Sustainable Development
KPI	Key Performance Indicator	WRI	World Resources Institute
L&D	Learning and Development		
LEF	Living Earth Foundation		
LES	Laffan Environmental Society		

GLOSSARY OF TERMS

Butane - Either of two isomers of a gaseous hydrocarbon, C_4H_{10} , produced synthetically from petroleum and used as a household fuel, refrigerant, and aerosol propellant and in the manufacture of synthetic rubber.

Carbon Dioxide - A colourless, odourless, incombustible gas, CO_2 , formed during respiration, combustion, and organic decomposition and used in food refrigeration, carbonated beverages, inert atmospheres, fire extinguishers, and aerosols.

Chemical Oxygen Demand - Standard method for indirect measurement of the amount of organic compounds in water.

Condensate - A straw-coloured or colourless liquid hydrocarbon mixture of over approx. 500 API gravity, which may be recovered at the surface from some non-associated gas reservoirs.

Corporate Citizenship - Continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Flaring - A process of safe disposal of waste or unused/unusable gases required to ensure the safety and integrity of the facility.

Global Warming Potential - Total contribution to global warming resulting from the emission of one unit of a given gas relative to one unit of the reference gas, carbon dioxide, which is assigned a value of 1.

Greenhouse Gas - A gas that contributes to the greenhouse effect by absorbing infrared radiation.

Hydrochlorofluorocarbon - A compound composed of hydrogen, chlorine, fluorine, and carbon atoms; used as replacement for chlorofluorocarbons because of their lower ozone depletion potential.

Hydrofluorocarbon - Compound consisting of hydrogen, fluorine, and carbon; it is a fluorocarbon emitted as a by-product of industrial manufacturing that contributes to the greenhouse effect.

LNG - Natural Gas can be liquefied, e.g., at atmospheric pressure by cooling to about $-160\text{ }^{\circ}\text{C}$ ($-256\text{ }^{\circ}\text{F}$). It consists of liquefied methane (C1) and ethane (C2) and sometimes includes propane (C3) and butane (C4).

LPG - Mixture of hydrocarbon gases (propane and butane) used as a fuel in heating appliances and vehicles. It is increasingly replacing chlorofluorocarbons as an aerosol propellant and a refrigerant to reduce damage to the ozone layer.

Methane - An odourless, colourless, flammable gas, CH_4 , the major constituent of natural gas, that is used as a fuel and is an important source of hydrogen and a wide variety of organic compounds.

Naphta - Any of several highly volatile, flammable liquid mixtures of hydrocarbons distilled from petroleum, coal tar, and natural gas and used as fuel, as solvents, and in making various chemicals.

Nitrogen Oxides - Chemical compounds of nitrogen and oxygen; produced primarily from the combustion of fossil fuels, they contribute to the formation of ground-level ozone.

Nitrous Oxide - A colourless, sweet-tasting gas, N_2O , used as a mild anaesthetic in dentistry and surgery, also known as 'laughing gas'.

Ozone Depleting Substance - A compound that contributes to stratospheric ozone layer depletion.

Propane - A colourless gas, C_3H_8 , found in natural gas and petroleum and widely used as a fuel.

Sulphur Dioxide - A colourless, extremely irritating gas, SO_2 , used in many industrial processes, especially the manufacture of sulphuric acid. It is formed naturally by volcanic activity, and is a gas produced by coal and oil combustion and by many industrial processes, such as smelting.

Venting - Process by which gas is released to atmosphere from an open pipe without combustion.

Volatile Organic Compound - Any organic compound with a steam pressure of 0.01 kPa or greater, a temperature of 293.15 Kelvin or a corresponding volatility under specific conditions of use.

For more definitions, please consult our online glossary at: <http://www.qatargas.com.qa>