



شركة مصفاة الدقم والصناعات البتروكيماوية  
DUQM REFINERY AND PETROCHEMICAL INDUSTRIES COMPANY

# Socio-Economic Report 2022



thisisoq8



نصنع رخاءاً. نبني إرثاً.  
FUELLING PROSPERITY. BUILDING LEGACIES.

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# MESSAGE FROM THE CEO



I am honoured to present our first socio-economic review showcasing OQ8's performance in 2022 and highlighting some of our achievements, which were driven by the dedication of our employees and stakeholders.

Our vision is to become a world-class business, and this aspiration to be world-class drives everything we do, especially in our pursuit of ESG (Environment, Social and Governance) ambitions. Whilst our industry often receives significant attention for emissions concerning the environment, we take pride in presenting a comprehensive ESG narrative, showcasing our achievements across the entire spectrum of environment, social and governance.

For **Environment**, we have implemented various initiatives that address our environmental obligations comprehensively, including water usage, biodiversity, air quality, waste management, and more. Our focus on reducing our carbon footprint through aligned emissions strategies is significant, as every molecule we save from burning as part of our Scope 1 & 2 emissions represents potential revenue. In fact, our total GHG emissions decreased by 58.9% in 2022 compared to 2021. Being one of the most modern refineries globally, we boast one of the lowest carbon footprints relative to our peers. Nevertheless, we are committed to pursuing further energy efficiency through operational excellence and continued investment in technology.

For **Social** impact, we have a proud and compelling story of positive outcomes in this remote and developing region. Over the past decade, we have established a proven track record of building capabilities and providing high-skilled, well-paying, permanent employment opportunities to members of the community. Furthermore, with the aim of benefiting the surrounding community, we invested nearly USD 270,000 in 2022 towards social investment projects covering OQ8's main pillars: environmental management, economic prosperity, education, and health. At OQ8, we value our partnerships with local communities and other stakeholders, as they allow us to deliver meaningful social benefits.

We also recognise the value of ICV (In-country Value) and its contribution to Oman's economy. In 2022, our contribution reached nearly USD 185 million in support of local suppliers, goods and services.

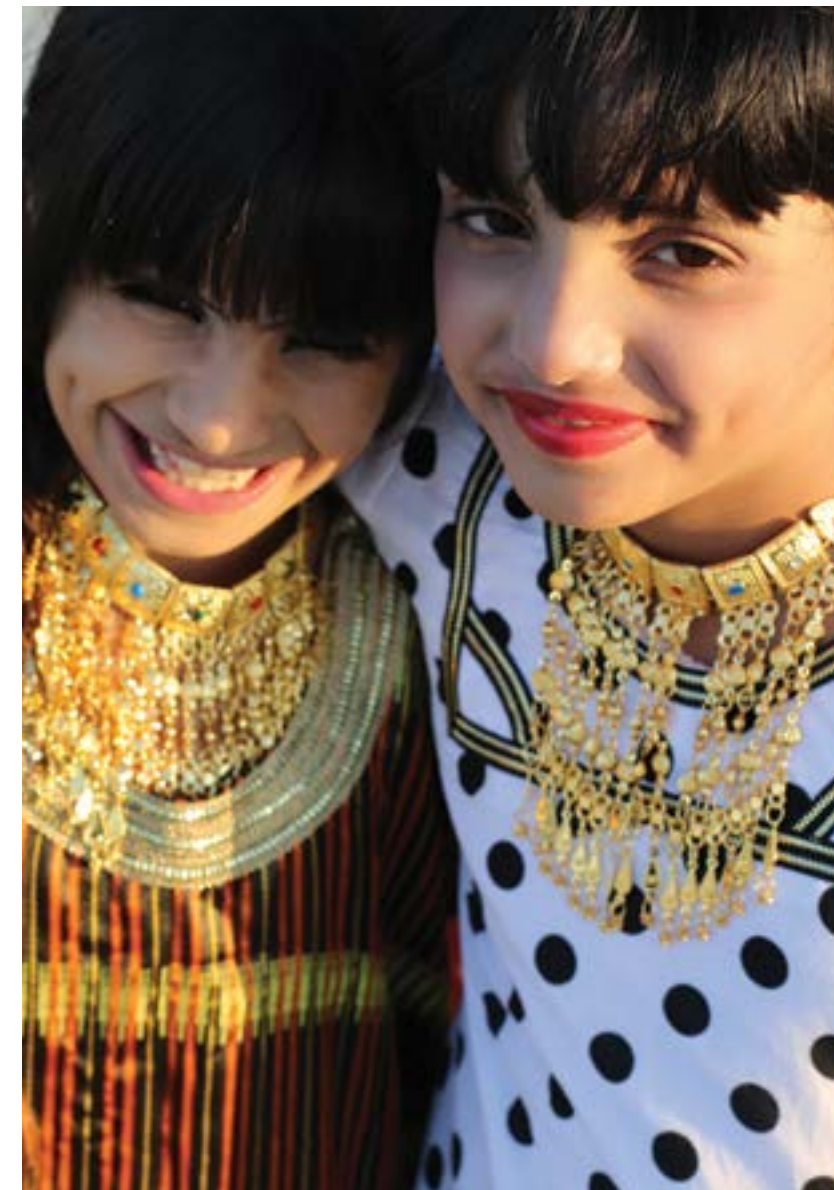
Our overall HSSE (Health, Safety, Security, and Environment) performance has shown steady improvement over the years, with HSSE observations decreasing by an impressive 61.6% in 2022 compared to 2021. We firmly believe that all incidents are preventable through the elimination of hazards, risk reduction, and threat prevention.

For **Governance**, we are proud to be backed by two world-renowned shareholders, OQ and KPI. Together with our shareholders, we operate our business under a complete and world-class governance framework, including a board with independent members, and an independent audit and risk committee, amongst others.

It is worth mentioning that we are project financed and insured by a portfolio of international partners who also provide significant assurance and audit oversight of our initiatives. This ensures a tangible demonstration of how our comprehensive ESG initiatives deliver meaningful outcomes.

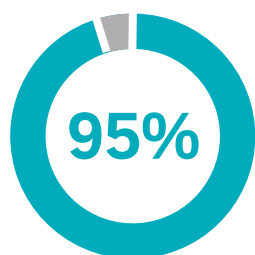
I would like to extend my gratitude to the governments of Oman and Kuwait, our shareholders, our board, management team, and all employees for their unwavering pride in our company and their continued dedication to enhancing our impact. As OQ8 builds legacies and fuels prosperity, their commitment plays a pivotal role in our success.

**David Bird**  
OQ8 Chief Executive Officer



# HIGHLIGHTS

United Nations SDGs Adopted



Overall spending on **local suppliers**

**\$184m+**

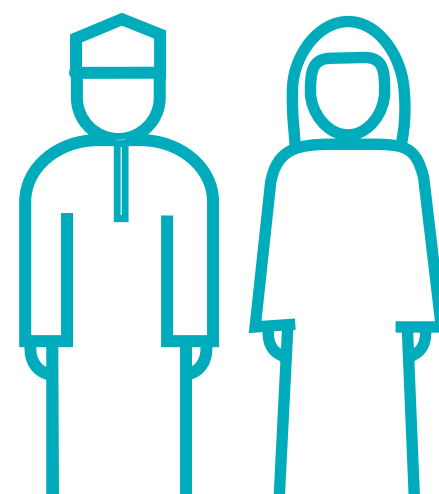
Spent on **local suppliers** / local goods and services

**\$267k+**

Spent on **social investment** projects

**55,270**

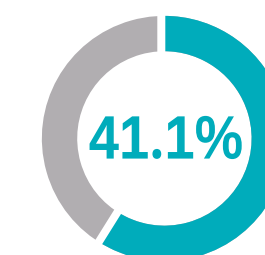
people **benefited** from **social investment** projects



**28**  
Nationalities  
in our workforce

**784**  
Total  
employees

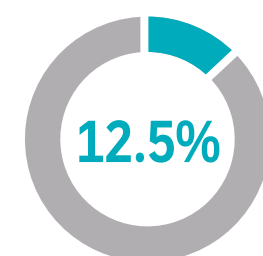
GHG emissions  
decreased by



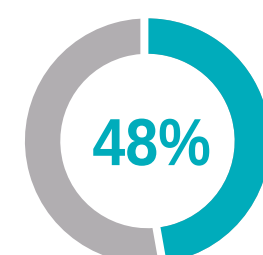
**563,301m<sup>3</sup>**  
water treated/ recycled

**3** Biodiversity  
offsetting sites

**Female** representation  
in the leadership team



Nationalisation\*



\*Nationalisation includes Omani and Kuwaiti employees



# OUR BUSINESS



## ABOUT THE COMPANY

Duqm Refinery and Petrochemical Industries Company LLC (OQ8) is a Joint Venture (JV) between OQ S.A.O.C (50%) and Kuwait Petroleum International (50%) located in the Southeast Al Wusta Governorate of the Sultanate of Oman. This gives

the project a strategic maritime location and a competitive advantage in the path of international shipping lines in the Indian Ocean and the Arabian Sea, thus easing the process of transport in and out of the region.

### The project consists of three (3) main EPC packages:



#### 1 EPC Package

Includes the main processing units of the refinery.



#### 2 EPC Package

Includes utilities and offsite.



#### 3 EPC Package

Consists of three sub-packages as follows:



Storage and export facilities for liquid and bulk petroleum materials in the Port of Duqm.



Crude oil storage facilities in Ras Markaz.

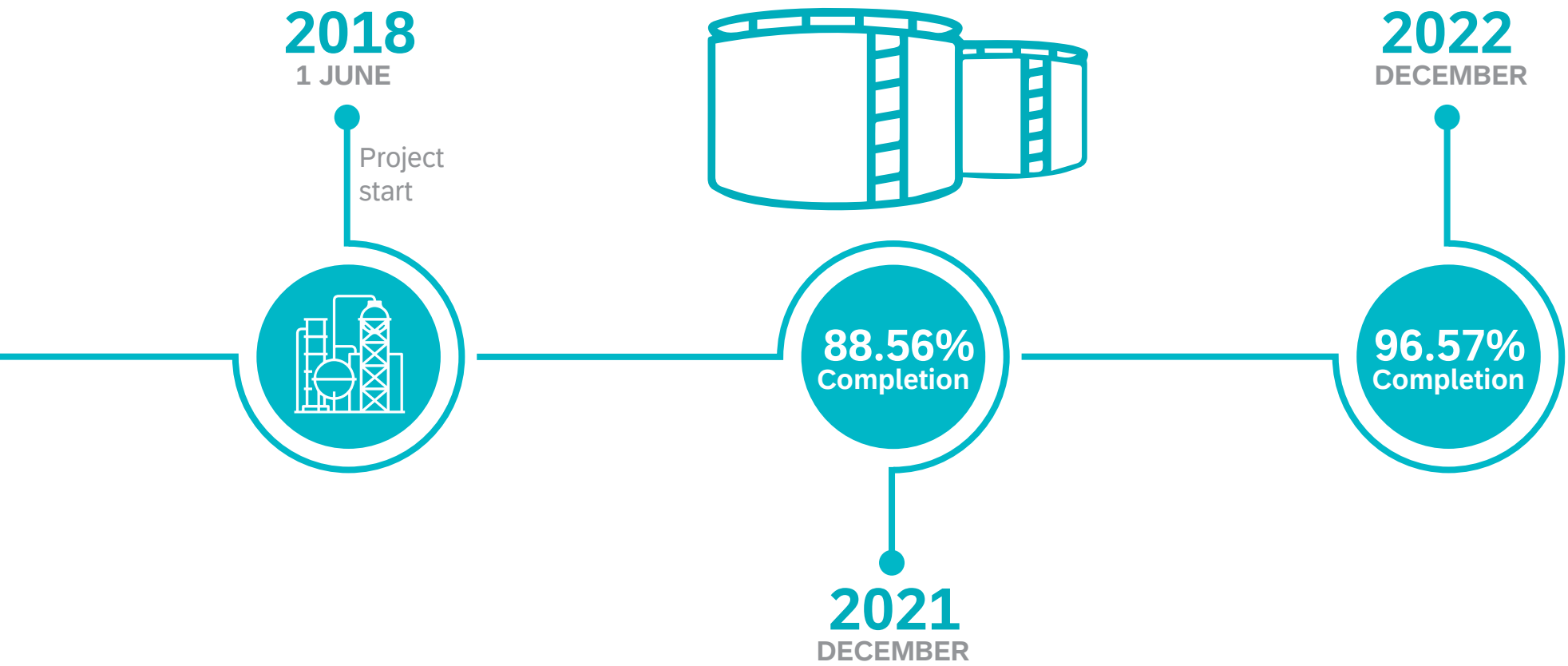


The 81-km pipeline transfers crude oil from Ras Markaz to the Duqm Refinery complex.

Once operational, the Refinery will have a nominal capacity of 11.5 million (M) tons per annum, approximately 230,000 barrels per stream day. The Refinery will produce several products for

the export market that will conform to international standards, including liquefied petroleum gas (LPG), naphtha, diesel, kerosene jet fuel (Jet A-1), petroleum coke, and sulphur.

Main Refinery EPC Packages Timeline





## OUR APPROACH TO SUSTAINABILITY



At OQ8, we recognise the urgent need for sustainable practices and responsible resource management in today's era of profound environmental challenges. As we navigate this crucial journey, we are committed to integrating sustainability into every aspect of our operations, driven by the belief that environmental stewardship and socioeconomic progress are interconnected.

Understanding the pivotal role we play in sustainability, we actively collaborate with our stakeholders, including communities, employees, suppliers, customers, shareholders, government, and regulatory authorities, to build a robust sustainability strategy.

The sustainability strategy will serve as a comprehensive roadmap, guiding our business efforts. It will outline the principles, goals, and action plans we intend to adopt to minimise our ecological footprint while maximising positive societal impact, adhering to the latest global best practices.

Our aim is to strike a balance between meeting present needs by supplying outstanding oil products and aligning with the imperative transition to a lower-carbon future. This commitment aligns with the goals of the Paris Agreement and Oman's National Plan to achieve net-zero carbon emissions by 2050.

For us, sustainability is about building a better future and creating long-term value for all our stakeholders. By embedding guidance and targets across the business through our sustainability strategy, we can effectively monitor our sustainability performance and effectively manage our material issues.

While our sustainability strategy is still in development, we have already begun taking tangible steps towards sustainability integration. We have formed cross-functional teams dedicated to sustainability initiatives and sought guidance from external experts to develop a comprehensive and robust strategy. Ambitious goals will be set, progress will be tracked, and our sustainability efforts will remain a central tenet of our business vision.

As we embark on this ongoing process, we eagerly anticipate sharing our finalised sustainability strategy, accompanied by transparent reporting on our achievements, challenges, and the valuable lessons we learnt along the way. Together, we can create a future that harmonises socioeconomic progress with environmental well-being.

## GOVERNANCE

Our corporate governance policy has been meticulously crafted to adhere to international best practices and comply with the legislation of the Sultanate of Oman. We have implemented diverse processes, procedures, and systems to ensure seamless collaboration amongst all parties operating under OQ8, fostering a culture of integrity, respect, and professionalism.

The board of Directors recognises the paramount importance of corporate governance and its indispensable role in driving sustainable development and prosperity for our business.

### Our Board of Directors



**Hilal Al Kharusi**  
Chairman



**Waleed Al Ben Ali**  
Board Member



**Abdullah Al Ajmi**  
Board Member



**Shafi Al Ajmi**  
Deputy Chairman



**Kamil Al Shanfari**  
Board Member



**Nabil Al Ghassani**  
Board Member

## CODE OF CONDUCT

Our standards enable us to compete at the highest levels globally. In September 2022, we relaunched our code of conduct, which applies to all personnel, officers, and executives of OQ8, as well as any agents or individuals working under contract in either permanent or temporary positions within our organisation.

This code of conduct forms an integral part of OQ8 and serves as a steadfast foundation in our journey to achieve our vision and goals.

Throughout the year, we conducted two sessions to raise employee awareness about the code of conduct, encouraging them to remain committed to compliance and the effective implementation of the policy.



**ZERO**  
Fraud and  
corruption  
incidents were  
reported in  
2022





# OUR CONTRIBUTION TO OMAN'S ECONOMY



## IN-COUNTRY VALUE (ICV)

At OQ8, we have implemented the government's laws based on the procurement and tendering policy, along with the specified regulations of the Special Economic Zone at Duqm (SEZAD). Our procurement practices ensure a fair selection of suppliers and service providers.

We are committed to promoting the growth of local suppliers and maximising the retention of our total spend within the Sultanate. To achieve this, our ICV practices focus on strategic investments in capital fixed assets, contributing to the nationalisation of our workforce, especially in skilled and professional categories, and boosting the Sultanate's economy through local sourcing of goods and services.



### ICV Highlights 2018-2021

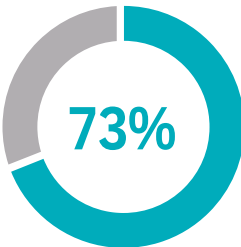
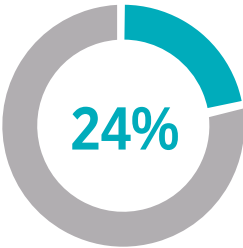
**\$ 1.89**  
billion  
spent on **local suppliers**

**\$458**  
million  
allocated to support SMEs

**\$250**  
million  
invested in goods **made-in-Oman**

**\$22**  
million  
earmarked for enterprises in **Al Wusta**

**Nationalisation** of project workforce

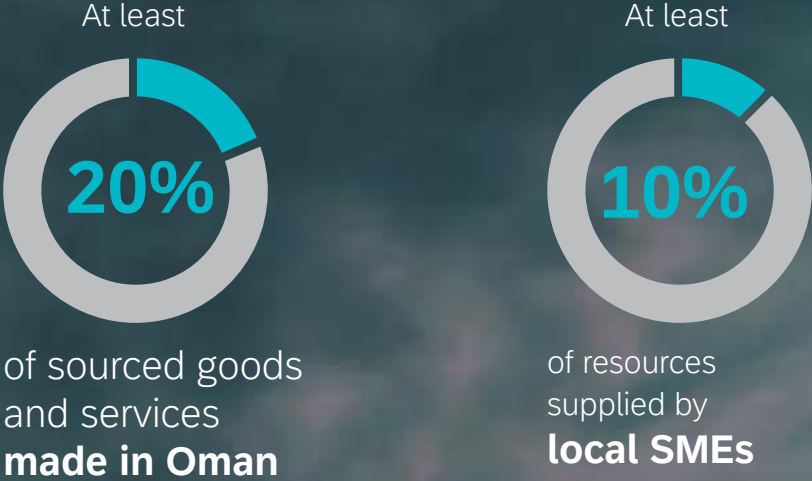


of nationalised workforce from **Al Wusta**



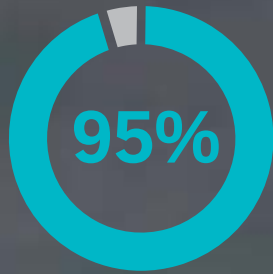
We have set ambitious targets to optimise our ICV performance and extract maximum benefits. To achieve this, we have outlined minimum mandatory requirements for each identified element of our ICV policy to guide our sustainable growth and prosperity, whilst strengthening our bonds with the local community and economy.

# ICV HIGHLIGHTS 2022



**\$196**  
million  
Total project spent

**\$184**  
million  
Spent with **local suppliers**

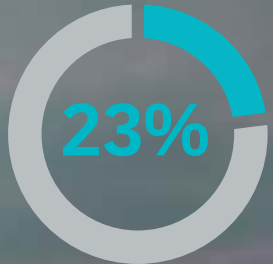


Total spending on **local suppliers**

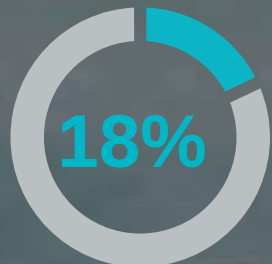
**17%**  
increase  
from **2021**



## PROJECT WORKFORCE



**Nationalisation**  
contribution



from  
**Al Wusta Region**



# OUR COMMITMENT

Health, Safety, Security and Environment



Health, safety, security, and environment form the fundamental pillars of our business philosophy. Our employees are committed to upholding the highest safety standards to safeguard themselves and their co-workers. At the core of our values lies the commitment to protecting people, the environment, assets and local communities in which we operate.



## Our HSSE aspirations are:



Zero incidents



No harm to people



Minimize the impact of our activities on people, environment and society



Safeguard our assets and facilities



Preserve integrity of processes

A dedicated HSSE policy was developed and approved by our management in May 2022 and is available in both languages (Arabic/ English) to ensure an inclusive roll-out. At OQ8, we firmly believe that all incidents are preventable through the elimination of hazards, risk reduction and threat prevention.

In 2022, we launched ‘Aman’, our HSSE software reporting system. This comprehensive system addresses all aspects of a

top-performing safety program, enabling us to meet our safety goals.

We ensure that all our stakeholders including employees, contractors, and sub-contractors, are well-informed about our policies and best practices in HSSE. By promoting awareness and understanding, we foster a collective commitment to safety throughout our operations.

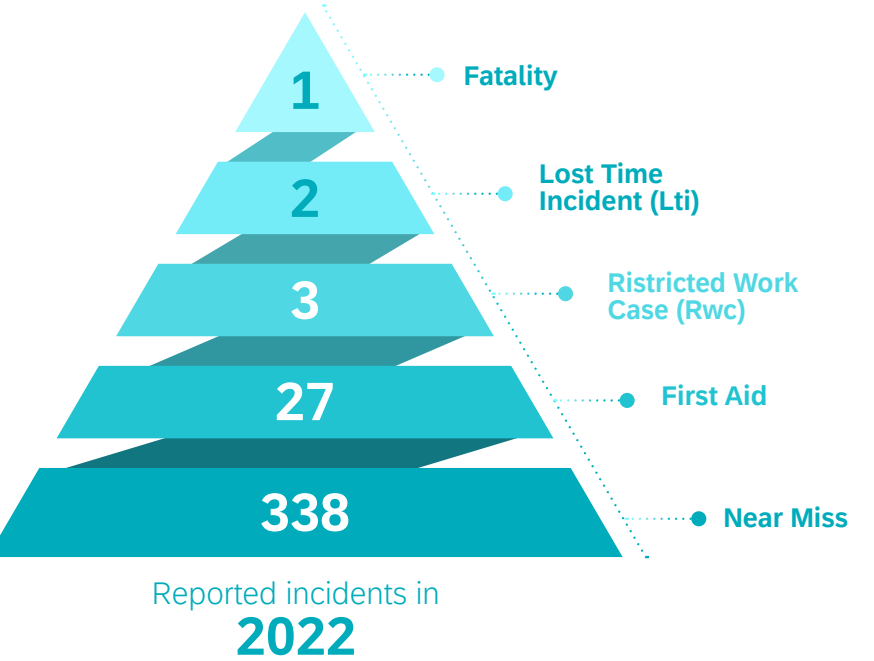
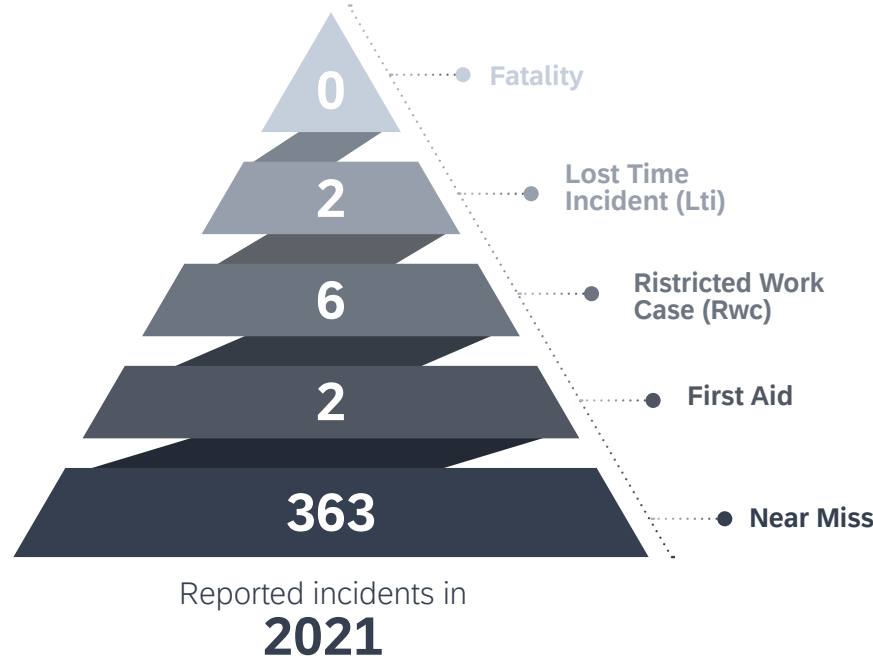


## SAFETY

No harm to people is at the core of our business aspirations. Therefore, we are committed to establishing robust HSSE performance standards, measuring results, investigating incidents, and thoroughly assessing our performance to ensure that valuable lessons are captured, and potential recurrences are avoided.

In 2022, a total of 51.1 million man-hours were spent on the OQ8 project, and we are pleased to report that our overall HSSE performance improved in this period.

However, we must acknowledge that there was 1 fatality and 5 recordable incidents reported in 2022. We take these incidents seriously and remain resolute in our efforts to continuously enhance safety measures and processes to prevent such occurrences in the future.





## Environment

As our Refinery ranks approximately 9 in the Nelson Complexity Index, we have demonstrated a strong commitment to technological advancement, surpassing the average complexity compared to other refineries in the Middle East. By embracing complex technologies, we aim to provide superior refined products, whilst operating in a more energy-efficient manner.

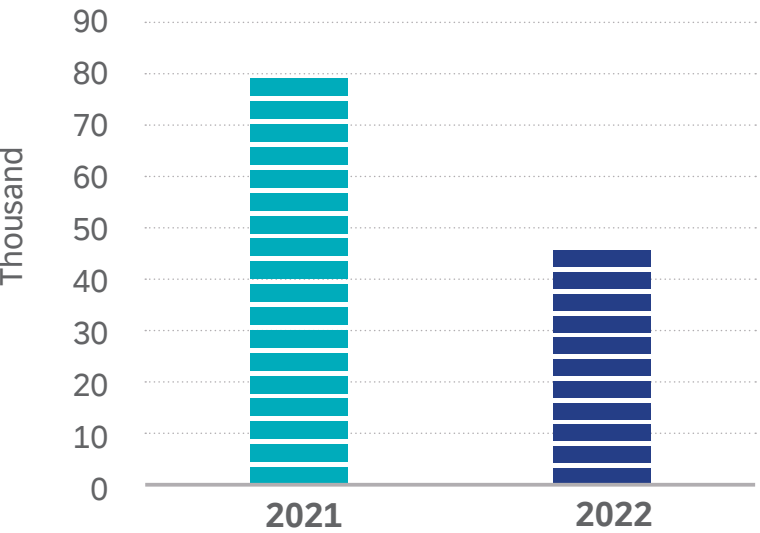
At OQ8, our commitment to reducing potential environmental impacts drives us to invest in ways to enhance our operational energy efficiency. Therefore, we are constantly exploring and investing in the best available technologies and seeking the latest advancements to ensure overall environmental improvement.

We are pleased to report that our efforts in 2022 have yielded positive results. Our total GHG emissions decreased by 41.1% compared to 2021, highlighting significant progress in reducing our carbon footprint.



Our total GHG emissions decreased by **41.1%** in 2022 compared to 2021.

GHG emissions (tons)



### Zero Routine Flaring

In line with Oman's directive to achieving zero routine flaring by 2030, OQ8 has committed to this initiative, and a flare gas recovery system has been installed as part of the refinery design to address greenhouse gas emissions. The flare gas recovery system is a specialised compression package that recovers and repurposes gases and emissions that would typically be burned during the flaring process.



## SOLAR ENERGY

To reduce our carbon footprint, OQ8 has embraced solar energy to meet our energy needs. We have utilised all available roof space and streetlights for the installation of solar panels, amounting to a total of 3.8 Megawatt peak (MWP). The system has been fully operation since January 2023.

## WATER MANAGEMENT

To enhance our environmental footprint, we established a Wastewater Treatment Plant (WWTP) to recycle the overall consumed water.

The WWTP includes primary, secondary, and tertiary treatments, enabling us to reuse wastewater within the process and discharge it to the sea via Marafiq.

Additionally, we are exploring potential options for reusing our treated wastewater to maximise its recovery.

The wastewater is treated to MD159 standards and then discharged to the common outfall via Marafiq, situated east of the Refinery site.


An analyser and conductivity meter have also been installed within the facility to monitor water quality and identify any contamination, allowing us to divert the contaminated condensate to the WWTP.


**563,301**<sub>m3</sub>  
Total water treated in 2022




## WASTE MANAGEMENT

At OQ8, we are committed to reducing any waste generated during the commissioning phase. We partner with relevant authorities to collect, dispose of and treat the generated waste in a safe and compliant manner, ensuring no negative impact on the environment during the process.

**85%**   
of our liquid hazardous waste was treated and recycled

**3%**   
of our solid hazardous waste was treated and recycled

**6%**   
of our non-hazardous waste was treated and recycled

The remainder of all waste was disposed of in the final disposal locations (Be'ah facilities and approved landfills).

## Biodiversity

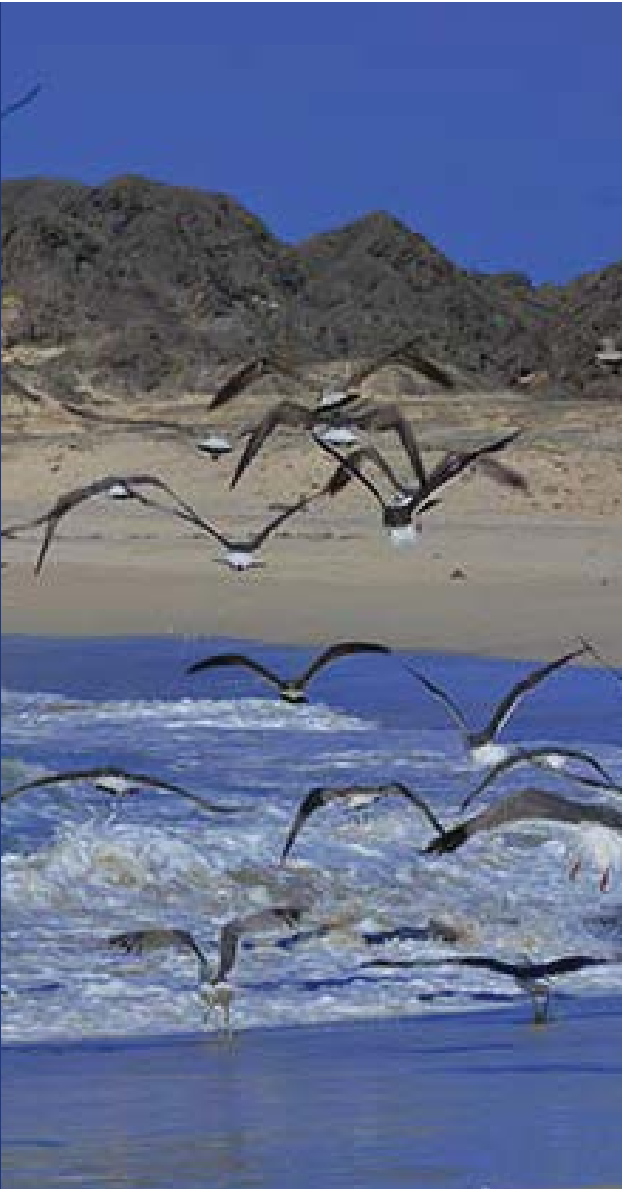
We remain dedicated to protecting Oman's natural environment where we operate. The refinery facilities are located within close proximity to an important bird area. To assess our impact on the local and surrounding biodiversity, an assessment study was conducted during the project's early stages. In alignment with the International Financial Corporation Performance Standard 6 on Biodiversity Conservation and Sustainability Management of Living Natural Resources, we developed an operational Biodiversity Offsetting Strategy to offset the residual impact. As a result, three offsetting sites were identified within the Special Economic Zone at Duqm (SEZAD). In 2022, we extended the allocation of our agreement with SEZAD for an additional 25 years.



Creating new habitat targeting migratory birds  
**One site** will be created



Enhancement of natural habitats  
**Two sites** will be enhanced



## ENVIRONMENT INITIATIVES

With the aim of reducing beach pollution at Duqm, the HSSE department organised a clean-up challenge targeting six locations within the Wilayat of Duqm: Nafoun beach, Al Antoot beach, Duqm Cliff beach, Crowne Plaza beach, Duqm tourist beach and Shuwayr beach. The challenge outcomes are listed below.







We recognise our employees as our most valuable asset, and we understand that achieving our goals is possible only through the dedication of our people. At OQ8, we are committed to ensuring equal employment opportunities and enabling our employees through capacity building programmes.

**784** Employees

**753** Duqm-based employees

**31** Muscat-based employees

**607** Direct employees

**177** Indirect employees

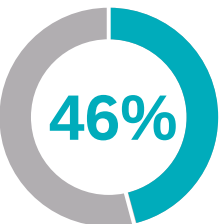
(including secondees as well as employees given temporary long-term or short-term contracts)





Currently, females represent 2% of our total workforce, primarily due to the technical nature of most positions, which are male dominated. Across all operations, except in corporate functions, OQ8 has a higher number of male employees than female employees.

Omani employees represent



of our total workforce

28

Nationalities in our workforce

**In our commitment to hiring and empowering our local workforce, we aim to provide various opportunities to increase the participation of Omani labour in the country's economic growth. Whilst we acknowledge the utilisation of experienced expats to support our commissioning and start-up phase, we have been simultaneously investing in building and developing a significant local workforce, with the goal of ultimately taking over the majority of operations.**

We are committed to advancing social equity and inclusive growth and stand firmly against bias, discrimination, and racism. At OQ8, we value diversity and welcome personnel from various cultures and races.

**We believe that diversity and inclusion bring a wealth of insight and experience.**

We foster a culture of open dialogue, encouraging the sharing of thoughts and ideas to continuously enhance our business at all levels. In line with OQ8's commitment to promoting well-being in the workplace and creating a positive working environment, we have initiated an engagement and culture survey.

The results of the survey are promising, with a satisfaction and motivation score of 78% and a loyalty score of 87%. These scores are higher than the GELx Middle East and Global Energy and Resources benchmarks, indicating the high levels of emotional commitment our employees have towards OQ8 and their willingness to go above and beyond during challenging periods. Such dedication not only contributes to their personal growth, but also enhances overall employee satisfaction, engagement, and productivity.





# SOCIAL INVESTMENT

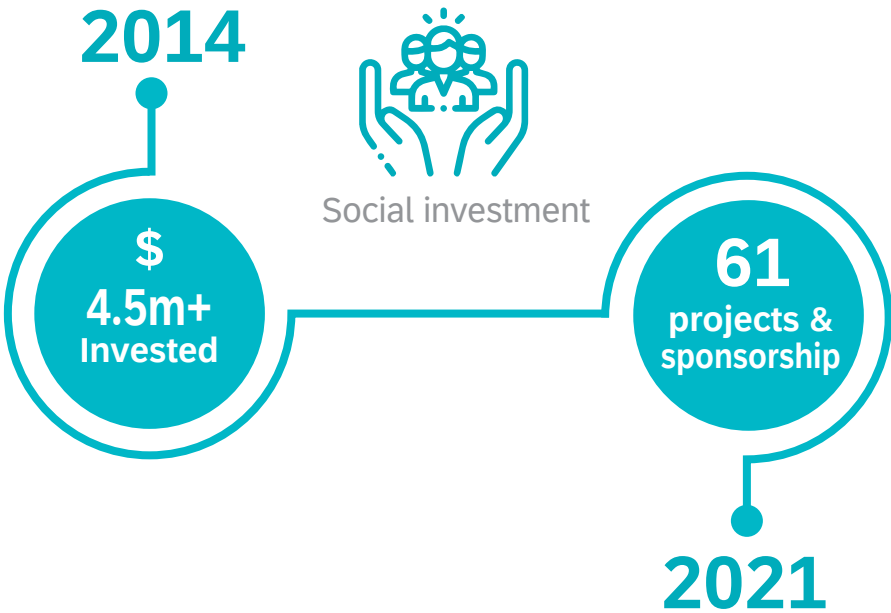


Social investment is a fundamental aspect of our objectives and overall culture. Our social investment vision is to integrate social responsibility in a way that benefits both society and the business, aiming to position the Refinery as a leading company in social responsibility, recognised locally, nationally, and internationally for delivering meaningful positive impacts.

Our social investment policy was relaunched in May 2018, with the goal of delivering meaningful and valuable social benefits through building partnerships with local communities and other stakeholders.

## Social Investment Highlights 2014 - 2021

Taking a proactive approach to social investment, the first social investment projects were implemented in 2014, further solidifying our commitment to becoming a leading company in social responsibility.





# SOCIAL INVESTMENT HIGHLIGHT 2022

Our social Investment strategy consists of three main pillars, including



Education and Health



Economic Prosperity



Environmental Stewardship

**\$267m+**

Total investment



**51.8 %**

increase  
from 2021

**22**

Projects and  
sponsorships initiated

**16**

Projects

**6**

Projects through  
Tawasul Foundation

**55,270**

Total beneficiaries



# DHAHAR FRIDAY MARKET PROJECT

In collaboration with the Wali of Duqm office, OTTCO and OPAZ, we completed the construction of the Friday Market in 2022, located in Dhahar, Al Wusta Governorate. This traditional Omani concept serves as an engagement platform for local business owners and SMEs to:



Promote their products and services.



Network with other business owners within Duqm and other Wilayats.



# OQ8 ENGLISH DEVELOPMENT PROGRAM

The OQ8 English Development Program targets school student in Duqm to enhance their English literacy. The program was delivered by the British Council where students were divided into different groups based on their age, gender, and level of English. The program's main objectives include:

- Developing the students' English literacy and communication skills.
- Developing and enhancing the students' interpersonal skills, such as time management and leadership skills.
- Preparing the students for their higher education journey and enhancing their chances of receiving scholarship opportunities offered by Duqm Refinery or Ministry of Higher Education.



**60**

School Children



**120**

Adult Students



**32**

Weeks



**12**

Hours per week

# COLLABORATIVE EFFORTS

In addition to our annual corporate social responsibility agenda, EPC contractors also implement social initiatives as part of their commitment. These initiatives are designed based on local needs and cover two main pillars: social and environmental impact, with the aim of maximising economic and social benefits of the OQ8 project.



**66**

Initiatives implemented



**19**

Campaigns implemented



# WATER STATION FOR THE COMMUNITY

The project's main objective is to provide the local community with a sustainable source of water using solar energy. The project was implemented in two locations based on site surveys and water analysis studies to identify suitable locations. In addition to the construction of the water stations, two local individuals were trained to ensure their ability to operate the station.



WOOD DISTRIBUTION

Wood distribution is one of the green initiatives implemented by EPC contractors. Through this initiative, EPC contractors reuse wood waste in Bedouin activities such as fencing. Due to the increase in demand, this project has been implemented for three consecutive years.

First Year  
**Dhar**  
**80** tons

Second Year  
**Saddah**  
**120** tons

Third Year  
**Saddah**  
**40** tons

Playing an active and positive role as a good neighbour



Building strategic alignment between OQ8's business direction and Stakeholders



Considering local communities' needs and concerns

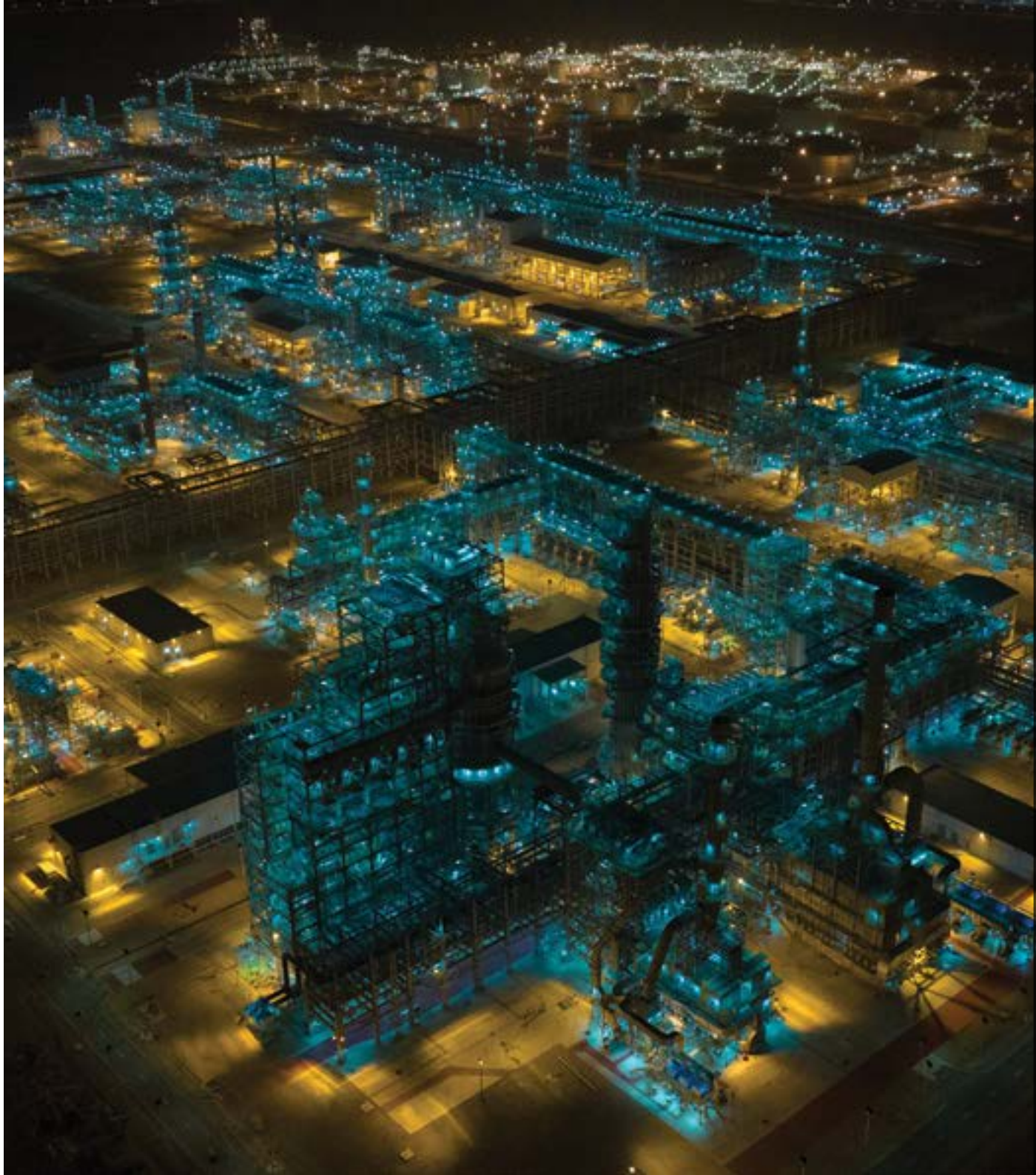


STAKEHOLDER ENGAGEMENT

To build strategic alignment with our stakeholders, we conduct monthly meetings, fostering continuous open dialogue as a key tool to achieve a mutually beneficial relationship with local communities. Our commitment is deeply rooted in the belief that the local community is a key enabler of the successful delivery of the project, and our commitment to generating prosperity extends to both shareholders and the surrounding community. Safely managing and delivering the refinery project depends on obtaining the necessary official permits from authorities, and just as importantly, the informal consent and support from the communities living in and around Duqm.

**156**  
EPC contractor engagements with key stakeholders

**122**  
OQ8 Social Investment team engagements with key stakeholders



Feedback

Communicating our performance to our stakeholders is an important outcome of this report.

We look forward to receiving your feedback on this report and our performance.

Please direct communications via the following outlets:

PO Box 144  
PC 102,  
Muscat  
Sultanate of Oman

e-mail: [comms@oq8.om](mailto:comms@oq8.om)  
Tel: + 968 22187442  
[www.oq8.om](http://www.oq8.om)



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