



تعزيز الإستدامة في سلسلة الإمداد

GULF **SQAS**

Driving Supply Chain Sustainability



SQAS, an initiative of Cefic, was designed in order for Logistic Service Providers (LSPs) to evaluate and drive continuous improvement in their Environment, Health, Safety, Security and Quality (EHSS&Q) performance.

The Arabian Gulf initiative is being driven by GPCA's Supply Chain Committee, which has chosen to call its version of SQAS, the Gulf Sustainability and Quality Assessment System (Gulf SQAS), in recognition of how the industry is evolving, and in particular the need to adopt a longer term perspective, while also considering a broader technical coverage. GPCA and its Supply Chain Committee highly acknowledge Cefic for developing this unifying system and for providing the support and the accumulated knowledge to other regions of the world. GPCA is proud to be one of the forerunners of SQAS, driving the implementation of this important industry program in the Arabian Gulf region.

GPCA also advocates SQAS' potential to become the industry EHSS&Q standard for land-based logistics operations.

WHAT IS GULF SQAS ?

Gulf SQAS is a system to evaluate the Environment, Health, Safety, Security and Quality (EHSS&Q) performance of Logistic Service Providers (LSPs) using standardized modular assessment questionnaires, carried out by independent certified assessors. Gulf SQAS avoids multiple assessments by individual chemical companies and encourages dialogue between LSPs and chemical companies based on the assessment results. It helps companies select new LSPs and offers a tool for evaluating continuous improvement. Gulf SQAS is therefore a key element of Responsible Care® applied to logistics operations.

A Gulf SQAS assessment does not lead to a certificate, but offers a detailed factual assessment report, which a chemical company can use to compare against its own requirements. The system provides information on the strengths and weaknesses of the LSP as observed during the assessment and provides the opportunity for LSPs to take ownership of their improvement action plan. After the

evaluation of the assessment report, the chemical company can offer specific feedback to the LSP, enabling them to update their improvement action plan directly within the Gulf SQAS system. This helps in building a mutually beneficial partnership.

Benefits of Gulf SQAS

- An industry benchmark with defined requirements
- A key element in promoting continuous improvement of the EHSS&Q standards in logistics operations
- A cost-effective tool for chemical companies (less auditing) as well as for LSPs (fewer audits)
- A systematic approach focusing on issues that need attention and improvement
- An important tool for logistics EHSS&Q, Supply Chain and Procurement Managers and Professionals
- Enhances the overall image of the chemical industry

GULF SQAS AND RESPONSIBLE CARE®



Gulf SQAS expands the coverage of Responsible Care® throughout the product supply chain, focusing on continuous improvement of EHSS&Q within the Logistic Service Provider (LSP) industry partners. Responsible Care® is composed of seven codes of management practice, which set technical expectations for any

chemical or petrochemical company striving to be recognized as a leader in Responsible Care®.

Gulf SQAS adds a quality component, and is fully aligned with all seven Responsible Care® technical codes, but comprehensively addresses the expectations of the Distribution Code.

THE GOVERNANCE STRUCTURE



GPCA Board

- Approve program funding



Supply Chain Committee

- Propose and implement policy and strategy
- Ensure system integrity and principles
- Consider and approve proposals from the Gulf SQAS Committee
- Propose the cost structure and funding (GPCA Board decision)



Gulf SQAS Committee

- Develop revisions of Gulf SQAS questionnaires and guidelines
- Manage database and developer interface
- Manage training, accreditation and monitoring of Gulf SQAS assessors
- Manage system processes, documentation and system promotion
- Analyze collective results of the Gulf SQAS assessments, identifying industry trends and improvement opportunities

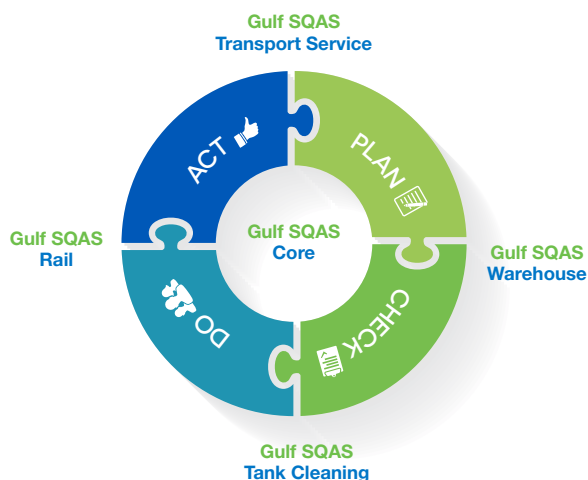
THE GULF SQAS MODULES IN BRIEF

Gulf SQAS Modules

There are four specific Gulf SQAS modules covering the different types of LSPs active in land-based logistics in close cooperation with the involved industry sectors and their associations: Gulf SQAS Transport Service, Gulf SQAS Warehouse, Gulf SQAS Tank Cleaning and Gulf SQAS Rail. The logistics modules cover services to chemical and petrochemical companies such as raw material supply and product transportation. Each of the Gulf SQAS modules is supported by a guideline, which provides a detailed explanation of the expected standard for each question. There are also a growing number of system and technical guidelines that can be downloaded via www.gulfsqas.com

The Gulf SQAS core is common across all the modules and covers Management Practices, EHS&S and Procurement of Services.

CDI (Chemical Distribution Institute) coordinates a number of assessment modules that cover the various maritime activities. CDI operates in harmony with Gulf SQAS.



Gulf SQAS Transport Services
Launched August 2014

The Gulf SQAS Transport Service module is intended to act as a “catch-all” for all types of Logistic Service Providers involved directly or indirectly in inbound and outbound transport operations, such as:

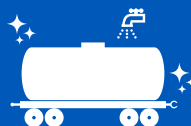
- Transport companies, operating their own vehicles and drivers
- LSPs using sub-contracted services
- Land based freight forwarders
- Logistics coordinators offering fully integrated, but sub-contracted services
- Inland transfer terminals



Gulf SQAS Warehouse
Launched in 2015

The Gulf SQAS Warehouse module has been developed to assess the storage and handling activities in packaged warehouses, with emphasis on fire protection management.

This module also covers ancillary services often provided at packaged goods warehouses, such as the unloading of tanks, containers and packages, the blending of products and the packing and loading of packages onto vehicles.



Gulf SQAS Tank Cleaning
Launch in 2016

The Gulf SQAS Cleaning module has been developed to assess tank cleaning stations for road tankers, rail tank cars (RTC), tank containers and IBCs.

The module primarily covers the cleaning activities, but also some other ancillary services such as tank heating of loaded vehicles and tank repair.



Gulf SQAS Rail
Launch in 2017

The Gulf SQAS Rail module addresses railway carriers. Only companies who operate locomotives (owned, rented, leased) are targeted. Other rail related services are covered by the Gulf SQAS Transport Service module.

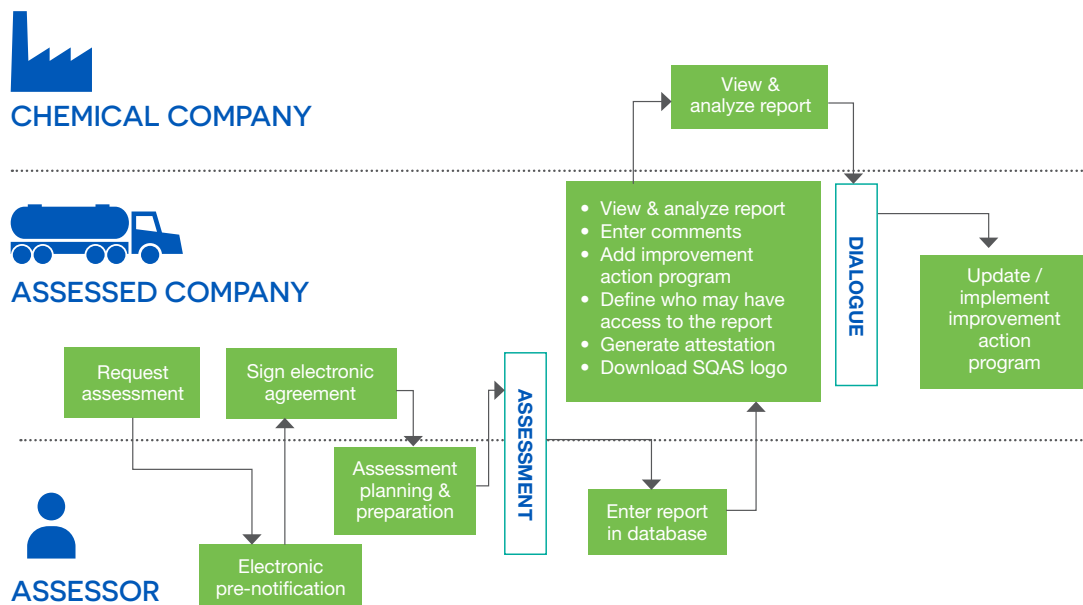
The module covers procedures, activities and equipment related to traction, marshalling yard operations and the railway’s interfaces with the carrier.

When a railway carrier also operates a maintenance workshop (typically for locomotives and wagons), this maintenance activity is also covered by a subsection of this module.

ELECTRONIC DATABASE OF ASSESSMENT REPORTS

Gulf SQAS assessment reports are stored in a central database on www.gulfsqas.com. The electronic database allows accessibility, transparency and analysis of the assessment results. Access to assessment results is limited to authorized persons only.

Chemical companies use these assessments for risk management in support of their product stewardship activities, using the reports in their selection of new service providers and for their ongoing evaluation of the EHSS&Q performance of existing service providers.



THE ASSESSMENT PROCESS

The Gulf SQAS assessment process follows a sequential step-by-step process, integrated within the Gulf SQAS database:

- The LSP selects and contacts an assessor from the list of certification bodies and agrees the assessment scope
- The LSP electronically signs an agreement authorizing GPCA to include the report on the database
- The assessor performs the “on location” assessment, carries out a closing meeting and enters the report in the database
- The assessed company has sole access to the report for the first month, during which it can add comments to its report, prepare and submit the improvement action plan directly on the database, and change access permissions as required. For each specific report, the assessor signs access permissions
- LSPs can augment their improvement action plan, including seeking feedback from their principal chemical companies. The improvement action plan is relevant for the full lifecycle of the Gulf SQAS assessment report (three years)
- GPCA manages the overall system administration

Use of Assessment Data

The assessment report remains the “intellectual property” of the assessed company who has control to the access of its report. By default, all GPCA full member companies have access to the results of the assessment.

Each report can be analyzed using various lists, queries and template facilities. The results can be graphically visualized to review the strengths and weaknesses of the assessed company in each section of the report.

The Gulf SQAS Committee analyzes the collective reports to identify industry trends and opportunities.

Accredited Assessors

Assessments are carried out by professional assessors who work for certification bodies, and have recognized qualifications and experience in certification auditing. They have been selected, trained and accredited by the Gulf SQAS Committee for each type of assessment module. Assessor performance is closely monitored by the Gulf SQAS Committee to ensure an appropriate standard and consistency across the region.

The list of certification bodies is available on www.gulfsqas.com, so that companies can contact them and engage them directly to perform their assessment. Assessors are free to work in any GCC country, provided they have the required knowledge on legislation and standards, as well as the necessary language skills.

KEY STATISTICS

Based on the 2015 World Health Organization (WHO) published statistics for the number of road traffic fatalities (per 100,000 population):

- GCC average 17.6
 - » Bahrain 8.0
 - » Kuwait 18.7
 - » Oman 25.4
 - » Qatar 15.2
 - » Saudi Arabia 27.4
 - » UAE 10.9
- Worldwide average 17.4
- UK average 2.9

Based on GPCA statistical research, there are more than :

- **650,000** registered heavy goods vehicles in the GCC
- **2.7 million** chemical/petrochemical truck movements within the GCC per annum
- **300 million kilometers** driven for chemical/ petrochemical product movements within the GCC per annum

Consolidated Transport Services module results

Based on initial Transport Service assessments, there are two key areas for regional improvement: Procurement of Services and Behavior Based Safety for Truck Drivers.



KEY ACHIEVEMENTS

- Transport Services and Warehouse modules launched
- 24 Gulf SQAS assessments completed between launch in August 2014 until March 2016
- The region's first "Carriage and Security of Dangerous Goods by Road Regulations" workshop organized by GPCA in September 2015
- Technical guidelines related to each module added to the Gulf SQAS website
- Outreach sessions held in Saudi Arabia, Kuwait, UAE and Singapore
- A regional pool of assessors trained and fully accredited

FUTURE PLANS

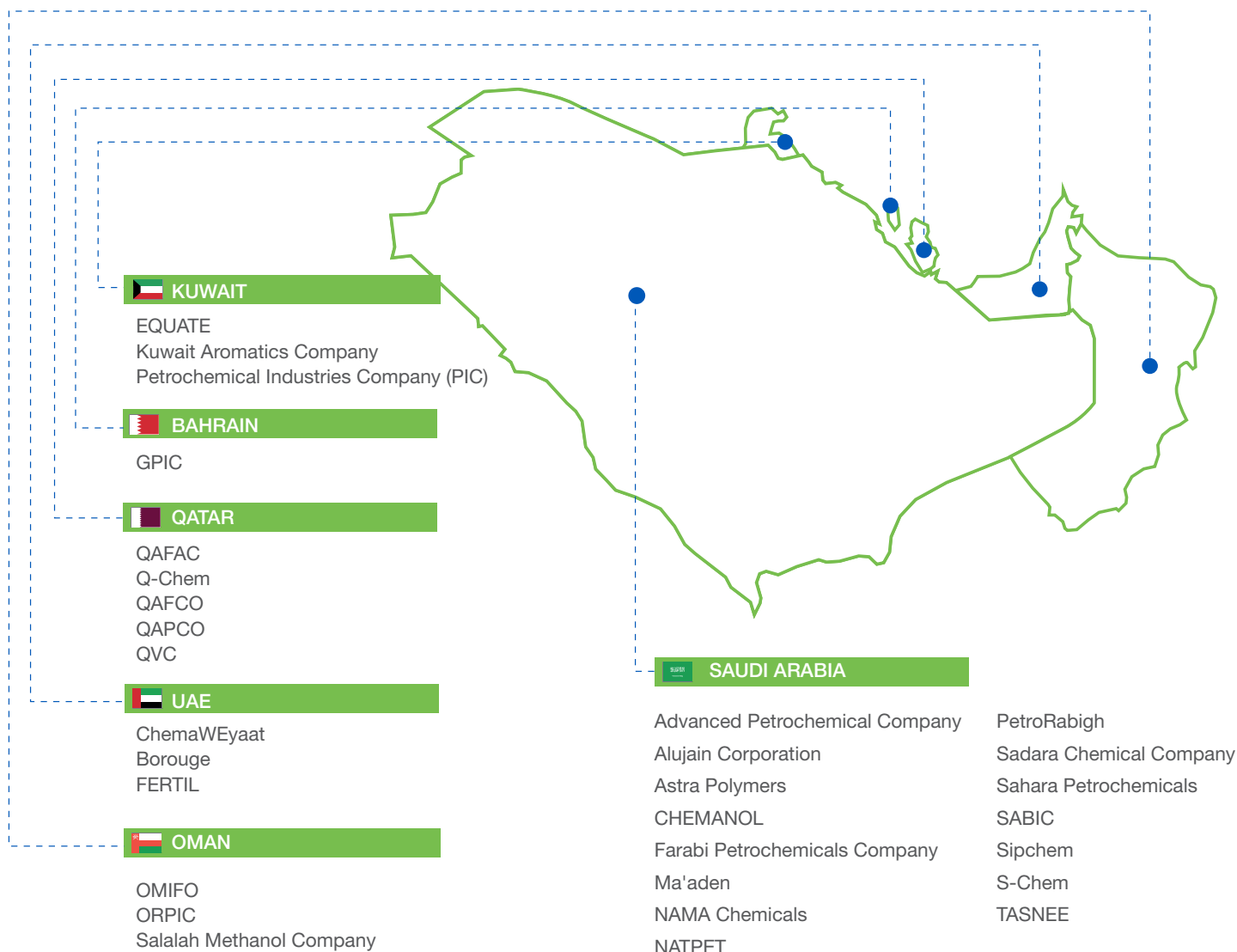
- GPCA is expanding the benefits of Responsible Care to logistics companies who are recognized as a "Gulf SQAS Assessed Company"
- GPCA task force to be established to provide support to regional authorities for the implementation of Carriage of Dangerous Goods by Road Regulations
- Tank Cleaning & Rail modules to be launched in 2016 and 2017 respectively
- Government involvement in the program will be increased
- Outreach programs will be held at target locations within the GCC

CEO DECLARATION OF SUPPORT FOR GULF SQAS

“A full member of GPCA” is proud to pledge its support for the Gulf SQAS program

As a member company we will work with GPCA to:

1. Adopt the core principles and fundamental features of the Gulf SQAS program
2. Implement procurement processes that require relevant partnering with Logistic Service Providers (LSPs) to comply with the Gulf SQAS program in all relevant aspects of their business
3. Encourage LSPs to utilize the Gulf SQAS assessment process as a means to continuous improvement in relation to the relevant aspects of Responsible Care®
4. Utilize the Gulf SQAS reports as the primary means of assessing the overall EHSS&Q and capability of LSPs
5. Allocate appropriate resources to effectively implement Gulf SQAS and support, where practical, the shared responsibilities related to the ongoing development of the Gulf SQAS program



The Gulf Petrochemicals and Chemicals Association (GPCA) represents the downstream hydrocarbon industry in the Arabian Gulf. Established in 2006, the association voices the common interests of more than 250 member companies from the chemical and allied industries, accounting for over 95% of chemical output in the Gulf region. The industry makes up the second largest manufacturing sector in the region, producing up to US\$108 billion's worth of products a year.

The association supports the region's petrochemical and chemical industry through advocacy, networking and thought leadership initiatives that help member companies to connect, to share and advance knowledge, to contribute to international dialogue, and to become prime influencers in shaping the future of the global petrochemicals industry.

Committed to providing a regional platform for stakeholders from across the industry, the GPCA manages six working committees - Plastics, Supply Chain, Fertilizers, International Trade, Research and Innovation and Responsible Care - and organizes six world-class events each year. The association also publishes an annual report, regular newsletters and reports.

For more information, please visit www.gpca.org.ae

Gulf Petrochemicals & Chemicals Association (GPCA)

P.O.Box 123055

1601, 1602

Vision Tower, Business Bay

Dubai, United Arab Emirates

T +971 4 451 0666

F +971 4 451 0777

Email: info@gpca.org.ae