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ANNUAL REPORT

Mesaieed
Petrochemical
Holding Company



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شركة مسيعيد
للبتروكيماويات
القبضة

Mesaieed
Petrochemical
Holding Company

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His Highness
Sheikh Tamim bin Hamad Al Thani
The Amir of the State of Qatar





His Highness
Sheikh Hamad bin Khalifa Al Thani
The Father Amir





ABOUT MESAIEED PETROCHEMICAL HOLDING COMPANY

ABOUT MESAIEED PETROCHEMICAL HOLDING COMPANY

Mesaieed Petrochemical Holding Company Q.P.S.C. (MPHC) was incorporated as a Qatari joint stock company on May 29, 2013. The registered address is P.O. Box 3212, Doha, State of Qatar. MPHC holds 49% of the issued share capital of each of Qatar Chemical Company Limited (Q-Chem) and Qatar Chemical Company II Limited (Q-Chem II), and 55.2% of the issued share capital of Qatar Vinyl Company Limited Q.S.C. (QVC).

Head Office Functions & Management Structure

Qatar Petroleum, the founder and special shareholder, provides all of the head office functions for MPHC through a comprehensive services level agreement. The operations of the joint ventures remain independently managed by their respective Boards of Directors and senior management teams.

QATAR CHEMICAL COMPANY LIMITED (“Q-CHEM”)

Established in 1998 as a joint venture company, Q-Chem is owned by MPHC (49%), Chevron Phillips Chemical International Qatar Holdings L.L.C. (“CPCIQH”) (49%) and Qatar Petroleum (QP) (2%).

Key Products

Olefin: Ethylene

Ethylene is used as a feedstock for a wide range of chemicals. However, a significant portion of the ethylene produced is used by Q-Chem for captive consumption for the production of polyolefins.

Polyolefins: Medium Density Polyethylene (“MDPE”), High Density Polyethylene (“HDPE”)

MDPE and HDPE are linear polymers produced from ethylene through a catalytic production process, and are used primarily in moulding applications to produce bottles, drums, toys and containers. MDPE and HDPE can also be extruded into pipes and films.

Normal Alpha Olefin (“NAO”): 1-Hexene

1-Hexene is an NAO produced via on-purpose technology. The primary use of 1-Hexene is as a co-monomer in the production of polyethylene.

Pyrolysis Gasoline

Limited quantities of pyrolysis gasoline are produced and sold locally.

QATAR CHEMICAL COMPANY II LIMITED (“Q-CHEM II”)

Established in 2005 as a joint venture company, Q-Chem II is owned by MPHC (49%), CPCIQH (49%) and QP (2%). Q-Chem II has an effective ownership interest of 53.85% in the capacity rights to the ethylene cracker and pipeline owned by Ras Laffan Olefins Company Limited (RLOC), a joint venture company, which supplies ethylene to Q-Chem II. RLOC is owned by Q-Chem II (53.31%), Qatofin Company Ltd. (45.69%) and QP (1%).

Key Products

Olefin: Ethylene

Ethylene is used as a feedstock for a wide range of chemicals. However, a significant portion of the ethylene produced is used by Q-Chem II for captive consumption for the production of polyolefins.

Polyolefins: Medium Density Polyethylene ("MDPE"), High Density Polyethylene ("HDPE")

MDPE and HDPE are linear polymers produced from ethylene through a catalytic production process, and are used primarily in moulding applications to produce bottles, drums, toys and containers. MDPE and HDPE can also be extruded into pipes and films.

Normal Alpha Olefins ("NAO"): Multiple Fractions

Q-Chem II produces NAO in multiple fractions, ranging from C4, C6 ("1-Hexene"), C8, C10, C12, C14, C16, C18, C20 to 24, C24 to 28, and C30+. NAOs or their derivatives are used extensively as polyethylene co-monomers, plasticisers, synthetic motor oils, lubricants, automotive additives, surfactants, paper sizing and in a wide range of specialty applications.

Pyrolysis Gasoline, C3 / C4

Limited quantities of pyrolysis gasoline are produced and exported, while C3 / C4 are sold locally.

QATAR VINYL COMPANY LIMITED (QVC) Q.P.J.S.C.

Incorporated in 1997 as a joint venture, it is currently owned by MPHC (55.2%), Qapco (31.9%) and Qatar Petroleum (12.9%).

Key Products

Caustic Soda

Caustic soda is a colourless, viscous, corrosive liquid with a neutral odour. It is used in numerous industries including paper-making, water treatment, soaps and detergents, textiles and in the production of alumina. The majority of the produced Caustic is exported, while a minor part is sold domestically in Qatar.

Ethylene Dichloride (“EDC”)

EDC is a colourless to yellowish liquid with a faint chloroform-type odour. It is used primarily in the production of vinyl chloride monomer (“VCM”). The majority of EDC produced is used for captive consumption for the production of VCM, with the remainder exported.

Vinyl Chloride Monomer (“VCM”)

VCM is a colourless gas with a faint odour. VCM is used primarily in the production of polyvinyl chloride (“PVC”) - a versatile plastic with a wide range of end-uses. Over 80% of global demand for PVC is in long-term durable applications for infrastructure development, such as pipes for water and sewer distribution to wire and cable, home siding, windows, doors and flooring. The total production of Vinyl Chloride Monomer is exported.

Hydrochloric Acid (“HCl 32% solution”)

Hydrochloric Acid is a colourless to yellowish-green, clear corrosive liquid with a pungent, irritating odour. It is used in oilfield chemicals, household cleaning products, the pickling of steel, and water treatment. The Hydrochloric acid produced is sold in Qatar.





Our Marketing Agency:
**QATAR CHEMICAL AND PETROCHEMICAL MARKETING
AND DISTRIBUTION COMPANY**

(MUNTAJAT)

Qatar's gateway to the exports of
chemicals, petrochemicals, fuel
additives, fertiliser and steel products

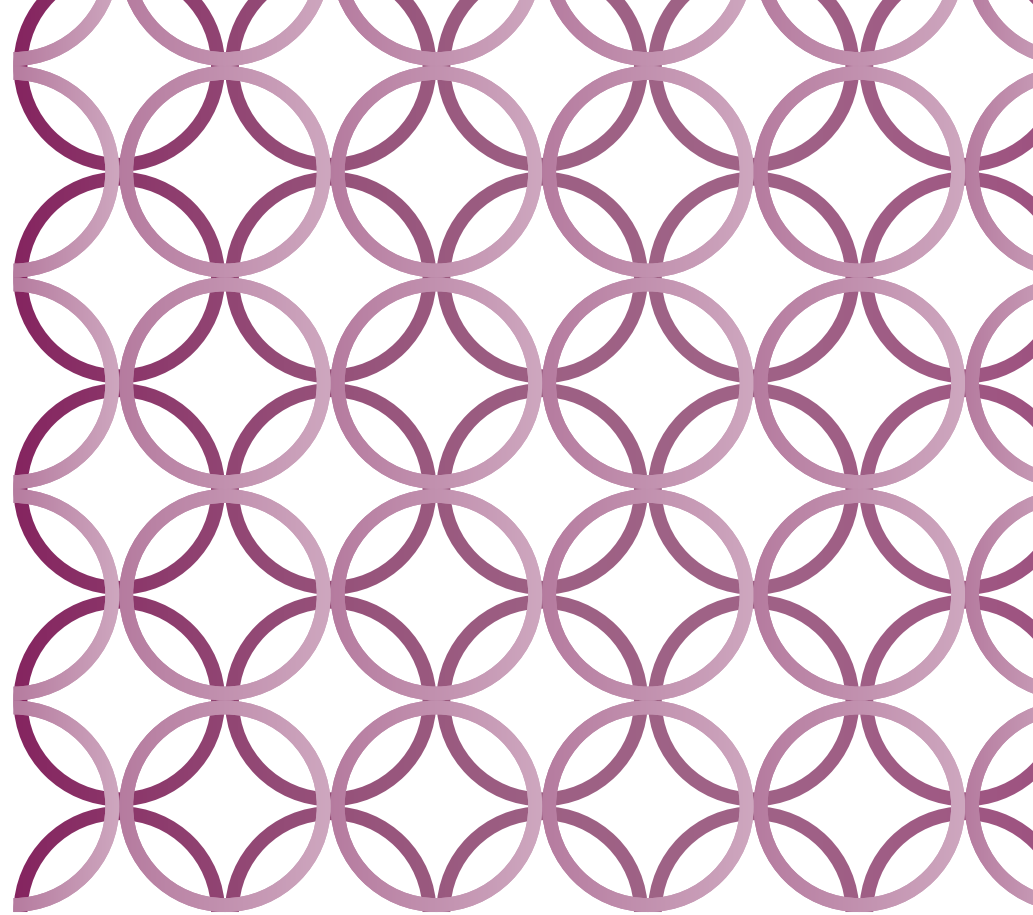
MUNTAJAT – COMPANY PROFILE

Muntajat (Qatar Chemical and Petrochemical Marketing and Distribution Company Q.P.J.S.C.), recognised as a leader in the market, is a state-owned company established in 2012 to serve as the exclusive marketer, distributor and seller of over 16 million metric tons per year of downstream products.

Muntajat offers a diversified portfolio of high quality polymer, chemical, fertiliser and steel products from renowned producers in the industry to more than 3000 customers in 135 countries efficiently and reliably. Muntajat delivers value to Qatar's downstream industries, capitalising on its unique business model, economies of scale, capturing new opportunities, expanding the reach of its trusted brand globally and providing world class customer service.

With 18 offices around the world and a multinational team of experts, Muntajat B.V. headquartered in The Hague, Netherlands is responsible for marketing Muntajat's portfolio of products and is committed to continuously monitor local conditions and trends to better serve customers' requirements and future needs. Furthermore, Muntajat B.V. has established itself as an 'Only Representative' (OR) for REACH in Europe.

Muntajat continues to grow and expand its portfolio through the addition of sulphur to the fertiliser products portfolio on 1 January 2018 and through the addition of steel products produced by Qatar Steel and Q-Coat on 1 May 2018. These additions are major milestones for Muntajat and evidence of our recognition as a strong and trusted marketing leader with a robust global network. Muntajat is now the sole marketer and distributor of Industries Qatar (IQ) and Mesaieed Petrochemical Holding Company Q.S.C. (MPHC) finished products.



Muntajat has rapidly accumulated a number of key milestones on its extraordinary journey towards recognition today as a global leader within the downstream industry. We are strongly committed to continue delivering high quality products and excellence in customer service while expanding our reach and building on our strong partnering strategy with key players in the industry.

Muntajat's products are enriching people's everyday lives everywhere.





BOARD OF DIRECTORS



Ahmad Saif Al-Sulaiti
Chairman



Mohamed Salem Al-Marri
Vice Chairman



Abdulrahman Ahmad Al-Shaibi
Member



Mohammed Essa Al-Mannai
Member



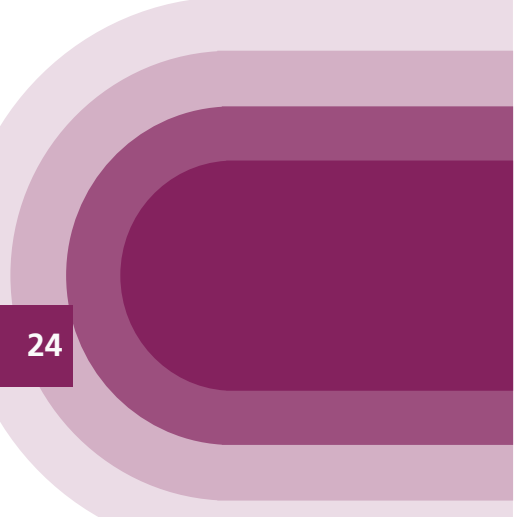
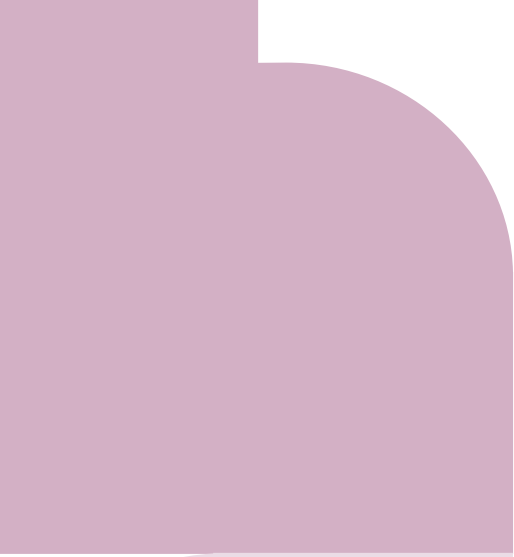
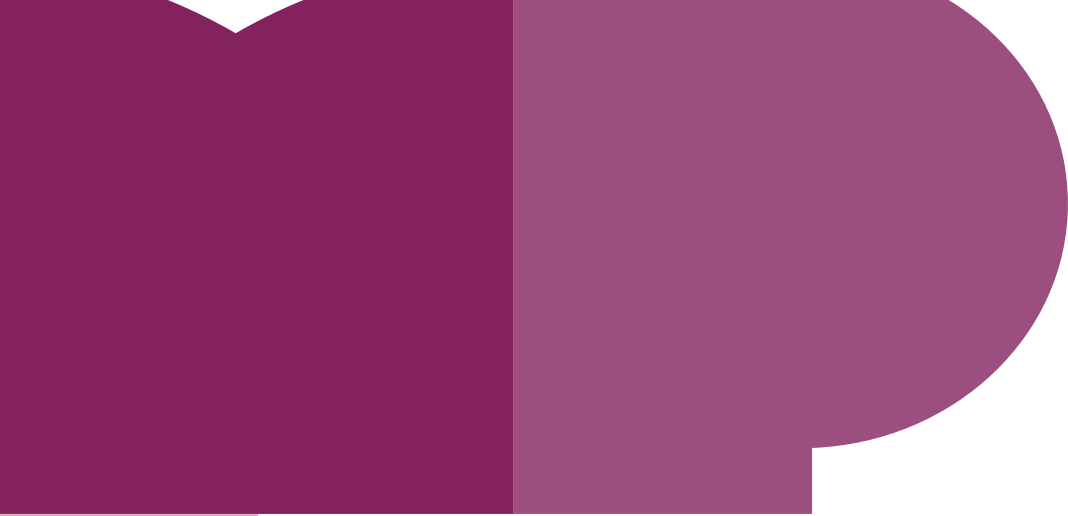
Abdulaziz Mohammed Al-Mannai
Member



Ali Nasser Telfat
Member



Abdulaziz Jassim Al-Muftah
Member



CHAIRMAN'S MESSAGE

Dear Shareholders

It gives me immense pleasure to welcome you to the Annual General Assembly Meeting of Mesaieed Petrochemical Holding Company (MPHC), one of the region's premier diversified petrochemical conglomerates. 2018 was a commendable year with a surge in profit compared to the previous year. The company witnessed another year of stupendous financial and operational performance.

Financial Results

MPHC recorded a robust net profit of QR 1.4 billion during the year, signaling a solid continued commitment of the Board of Directors towards adding value to its shareholders.

Some of the key operational and financial performance highlights of 2018 are:

- Product prices of group companies' products remained robust, with overall improvement in prices by 10% on the previous year;
- Sales volumes of group companies' products were up by 4%, as the previous year witnessed planned maintenance in QChem;
- Subsequent to seamless integration of Qatar Vinyl Company's support and core facilities with Qatar Petrochemical Company (QAPCO) Q.P.J.S.C., MPHC realized the synergies in operations and support functions resulting in about 5% reduction in fixed costs in 2018 compared to previous year;
- Net profit surged by 28% to reach QR 1.4 billion, driven by higher revenue;
- Total assets closed at QR 15.3 billion, with a solid liquidity position as cash held by the company stood at QR 1.9 billion as at 31 December, 2018.



Strategic Plan

As mentioned in the previous year, MPHIC developed a broad strategic plan encompassing the strategic goals and target KPIs.

The key strategic goals are to protect the assets, enhance operational excellence, optimize costs and maximize returns to shareholders.

The Board closely monitors and measures the KPIs towards achievement of MPHIC's vision, mission and goals.

Cost Optimization

Optimization of costs on processes, operations and assets are planned over a five year horizon that will reap additional value to MPHIC's shareholders. The Qapco-QVC integration resulted in further efficiencies in costs.

Investments

We believe that continued investment in operating assets are essential to remain competitive in the market. These investments will further strengthen the group's competitive position in the region.

Competitive advantages

MPHIC possesses several competitive advantages some of which are as follows:

- A strong and reliable asset base;
- Robust liquidity position and ability to generate solid operating cash flows;
- Access to a diverse base of worldwide client through its marketing agent, Muntajat;
- Competitive product prices through professional marketing agent;
- Qualified and highly trained workforce and a professional senior management team;
- Excellent cost positioning largely due to competitively priced feedstock;
- Synergies through integrated production and export operations; and
- Alliance with reputed joint venture partners.

I am confident that the Board of Directors of Mesaieed Petrochemical Holding Company can build on these core strengths to mitigate any risks and challenges.

Proposed Dividend Distribution

Considering the necessity of maintaining adequate funds for meeting the group's working capital requirements, debt repayment and capital expenditure and the principles of financial prudence, the Board of Directors is pleased to recommend a total annual dividend distribution for the year ended 31 December, 2018 of QR 1.0 billion, equivalent to a payout of QR 0.8 per share representing 72% of the group's profit as compared to the payout of QR 0.7 per share representing 81% of the group's profit in the previous year.

Award of Incentive Shares

I am pleased to announce that Qatar Petroleum completed the distribution of the first tranche of free incentive shares to eligible shareholders of Mesaieed Petrochemical Holding Company (MPHIC) who have fulfilled eligibility conditions as at the close of trading in Qatar Stock Exchange on Monday 31 December 2018. The distributed shares are equivalent to 50% of those allotted to shareholders at the time of the MPHIC initial public offering (IPO). It comes in accordance with the mechanisms set forth in the MPHIC IPO Prospectus, and in line with Qatar Petroleum's announcement when the shares of MPHIC were issued for subscription in December 2013.

The free shares' dividends declared for 2018 will be distributed to the registered shareholders on the day of convening the meeting of the company's ordinary general assembly, which will approve the dividend distribution.

All such shareholders will also receive the annual dividends for 2018 provided they have held the shares until the Annual General Assembly meeting.

The distribution of the second set of free incentive shares will take place on 31 December 2023. These shares will be distributed to eligible shareholders who meet the distribution conditions of keeping 50% of the allotted shares at the time of the IPO and according to the mechanisms set forth in the Company's IPO Prospectus.

Conclusion

In conclusion, I would like to express my sincere gratitude to His Highness Sheikh Tamim bin Hamad Al-Thani, the Amir of the State of Qatar, for his vision and wise leadership. Gratitude is also extended to our shareholders for their tremendous confidence and support, and my fellow members of the Board of Directors, the senior management teams and to the staff of our group companies for their hard work and commitment.



Ahmad Saif Al-Sulaiti
Chairman, Board of Directors



BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT

Introduction

On behalf of the Board of Directors, it is my pleasure to present the 2018 Board of Directors report of Mesaieed Petrochemical Holding Company.

2018's financial and operational performance were commendable and significantly exceeded the previous year. Upon successfully integrating Qatar Vinyl Company's support and core functions with Qatar Petrochemical Company (QAPCO), the group continued to realize the anticipated synergies.

Revenue and Profits

MPHC's share of revenue of the companies within the group for the year ended December 31, 2018 was QR 3.6 billion, a moderate increase of 14% versus 2017, primarily due to improvement in selling prices by 10% and increase in sales volumes by 4% of the group companies' products.

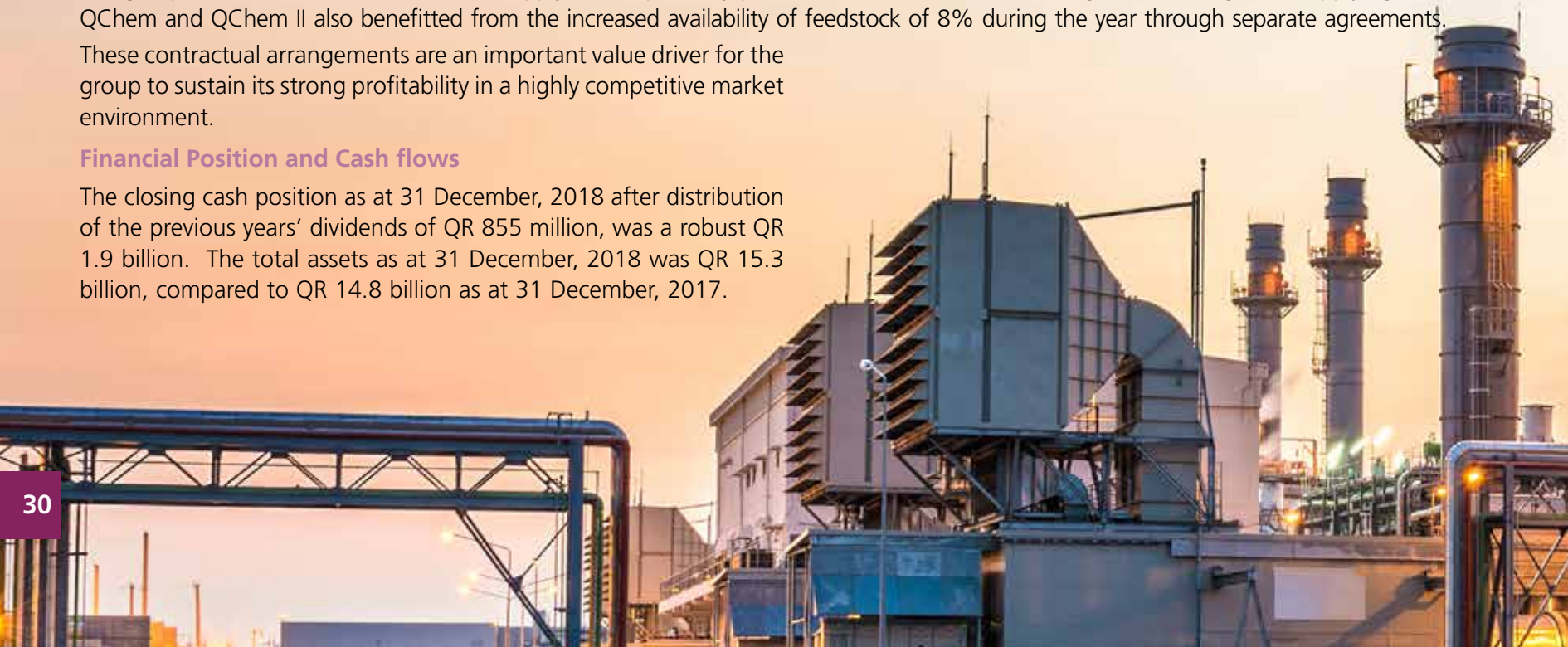
MPHC posted a robust net profit of QR 1.4 billion for the year ended 31 December, 2018 with earnings per share of QR 1.11, outperforming its previous year's net profit of QR 1.1 billion with earnings per share of QR 0.87 by QR 306 million or 28%. The year-on-year surge in profit was due to higher group sales volumes and selling prices. The profit for the year was also aided by the recognition of a tax refund of approximately QR 169 million during the year.

The group continued to benefit from the supply of competitively priced Ethane feedstock and Fuel gas under long-term supply agreements. QChem and QChem II also benefitted from the increased availability of feedstock of 8% during the year through separate agreements.

These contractual arrangements are an important value driver for the group to sustain its strong profitability in a highly competitive market environment.

Financial Position and Cash flows

The closing cash position as at 31 December, 2018 after distribution of the previous years' dividends of QR 855 million, was a robust QR 1.9 billion. The total assets as at 31 December, 2018 was QR 15.3 billion, compared to QR 14.8 billion as at 31 December, 2017.



Strategy and Future Plans

MPHC's strategy for the next five years is to improve efficiency via the on-going cost optimization programs and to invest selectively in capital projects in accordance with the approved investment policy and thereby adding value to our esteemed shareholders. Additionally, the group will continue to focus on market development in order to broaden its customer base.

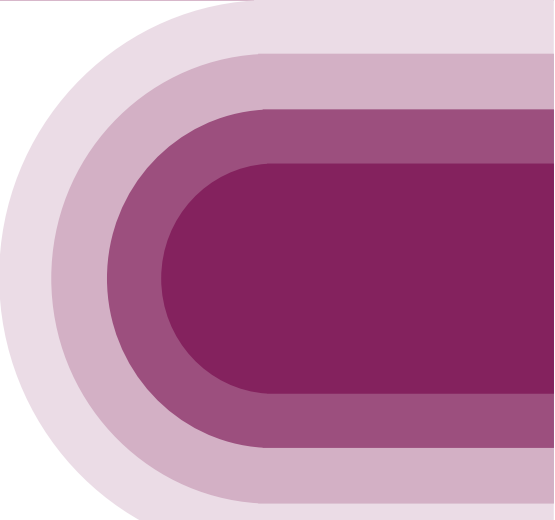
Proposed Dividend Distribution

The Board of Directors therefore recommends a total annual dividend distribution for the year ended 31 December, 2018 of QR 1.0 billion, equivalent to a payout of QR 0.8 per share representing 72% of the group's profit. The distributions since inception including the proposed distribution for 2018 amounts to QR 5.3 billion.

Conclusion

MPHC's Board of Directors would like to express its deepest gratitude to His Highness Sheikh Tamim bin Hamad Al-Thani, the Amir of the State of Qatar, for his wise leadership and guidance. Our gratitude is also extended to the Chairman of the Board of Directors, Mr. Ahmad Saif Al-Sulaiti, for his vision and leadership. The Board of Directors also expresses its appreciation to its esteemed shareholders for their continued confidence in MPHC, senior management and employees of the group companies for their continued dedication and support. We also would like to thank our esteemed shareholders for the great trust you place in us.





INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MESAIEED PETROCHEMICAL HOLDING COMPANY Q.P.S.C.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Mesaieed Petrochemical Holding Company Q.P.S.C. (the "Company") present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards .

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key audit Matter Revenue recognition

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Key audit matter

Revenue Recognition

As disclosed in note 3.ii, the Company's share of the combined results of the joint ventures (QChem, Q-Chem II and QVC) of QR 1,188 million for the year ended 31 December 2018 represents 96% of total revenues of the Company

The results of operations of these joint ventures of QR 2,393 million for the year ended 31 December 2018 represent 32% of sales revenue generated by these joint ventures. The majority of the joint ventures' sales are made to one customer "Qatar Chemical and Petrochemical Marketing and Distribution Company" ("Muntajat").

According to the revenue recognition policy applied by each of the joint venture companies, revenue from sales of products is recognised when the joint venture has transferred the control of the products to the customer at the point of delivery, where terms of delivery are specified in the contracts governing such supplies.

We focused our audit on the sales revenues of the joint ventures because of the large product volumes and consequent high values of individual shipments, as we determined that errors in the timing of revenue recognition at the joint venture company level could result in material misstatements in the financial statements of the Company when it recognises its share of each investee's net income under the equity method of accounting.

How our audit addressed the Key audit matter

Our procedures in relation to revenue recognition from sales made by the individual joint ventures included:

- Reviewing the terms of the offtake agreements with Muntajat.
- Evaluating the joint venture companies' accounting policies in relation to revenue recognition to determine whether or not they dealt appropriately with the sales made under offtake agreements.
- Understanding, evaluating and testing internal controls over revenue recognition at the joint venture level, including the timing of revenue recognition.
- Inspecting, on a sample basis, the sales statements received from Muntajat and agreeing them to the joint ventures' accounting records.
- Performance of cut-off testing of sales transactions, on a sample basis, to test whether the revenue of each entity had been recognised in the correct period.

Other information

The management is responsible for the other information. The other information comprises the Board of Directors' Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Company's Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance

in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, we report that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The Company has maintained proper books of account and the financial statements are in agreement therewith;
- The financial information included in the Board of Directors' report is in agreement with the books and records of the Company; and
- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 December 2018.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155



Mohamed Elmoataz

Auditor's registration number 281
Doha, State of Qatar
14 February 2019







FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

	As at 31 December	2018	2017
ASSETS			
Non-current assets			
Investments in joint ventures		13,161,558	13,162,384
Current assets			
Other receivables		31,718	12,518
Tax receivable		169,603	190,556
Deposits and other bank balances		1,735,247	1,346,714
Cash and cash equivalents		176,417	50,239
Total current assets		2,112,985	1,600,027
Total assets		15,274,543	14,762,411
EQUITY AND LIABILITIES			
EQUITY			
Share capital		12,563,175	12,563,175
Legal reserve		57,600	37,020
Retained earnings		2,443,892	1,984,611
Total equity		15,064,667	14,584,806
LIABILITIES			
Current liabilities			
Trade and other payables		201,436	169,703
Due to a related party		8,440	7,902
Total liabilities		209,876	177,605
Total equity and liabilities		15,274,543	14,762,411

The financial statements were approved and authorised for issue by the Board of Directors on 14 February 2019 were signed on its behalf by:



Mohamed Salem Al-Marri
Vice Chairman



Abdulrahman Ahmad Al-Shaibi
Board Member

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

For the year ended 31 December	2018	2017
Share of results from joint ventures	1,188,347	971,682
Interest income	51,120	30,483
Other income	4,829	1,705
Gross profit	1,244,296	1,003,870
General and administrative expenses	(19,476)	(16,423)
Profit for the year before tax refund	1,224,820	987,447
Tax refund	169,316	100,796
Net profit for the year	1,394,136	1,088,243
Other comprehensive income	-	-
Total comprehensive income for the year	1,394,136	1,088,243
Earnings per share		
Basic and diluted earnings per share (expressed in QR per share)	1.11	0.87

STATEMENT OF CHANGES IN EQUITY

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

For the year ended 31 December

	Share Capital	Legal Reserve	Retained Earnings	Total
Balance at 1 January 2017	12,563,175	25,364	1,689,021	14,277,560
Profit for the year	-	-	1,088,243	1,088,243
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,088,243	1,088,243
Social and sports fund contribution	-	-	(27,206)	(27,206)
Transfers to legal reserve	-	11,656	(11,656)	-
Transaction with owners in their capacity as owners:				
Dividends declared	-	-	(753,791)	(753,791)
Balance at 31 December 2017	12,563,175	37,020	1,984,611	14,584,806
Balance at 1 January 2018	12,563,175	37,020	1,984,611	14,584,806
Profit for the year	-	-	1,394,136	1,394,136
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,394,136	1,394,136
Social and sports fund contribution	-	-	(34,853)	(34,853)
Transfers to legal reserve	-	20,580	(20,580)	-
Transaction with owners in their capacity as owners:				
Dividends declared	-	-	(879,422)	(879,422)
Balance at 31 December 2018	12,563,175	57,600	2,443,892	15,064,667

STATEMENT OF CASH FLOWS

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

	For the year ended 31 December	2018	2017
Cash flows from operating activities			
Net profit for the year		1,394,136	1,088,243
Adjustments for:			
- Tax refund		(169,316)	(100,796)
- Interest income		(51,120)	(30,483)
- Share of results from joint ventures		(1,188,347)	(971,682)
		(14,647)	(14,718)
Working capital changes:			
- Due from a related party		-	98,098
- Due to a related party		538	(264)
- Trade and other payables		(214)	(133)
Cash (used in) / generated from operations		(14,323)	82,983
Interest received		31,920	25,621
Tax refund received		190,269	-
Social and sports fund contribution		(27,206)	(24,866)
Net cash generated from operating activities		180,660	83,738
Cash flows from investing activities			
Dividends received from joint ventures		1,189,173	958,463
Placement of fixed term deposits		(2,907,963)	(3,150,220)
Maturity of fixed term deposits		2,543,730	2,794,410
Net cash generated from investing activities		824,940	602,653
Cash flows from financing activities			
Dividends paid to shareholders		(855,122)	(727,107)
Movement in unclaimed dividends account		(24,300)	(26,684)
Cash used in financing activities		(879,422)	(753,791)
Net increase / (decrease) in cash and cash equivalents		126,178	(67,400)
Cash and cash equivalents at beginning of year		50,239	117,639
Cash and cash equivalents at end of year		176,417	50,239



CORPORATE GOVERNANCE REPORT 2018

CORPORATE GOVERNANCE REPORT 2018

1. INTRODUCTION

Mesaieed Petrochemical Holding Company (hereinafter referred to as “MPHC” or “the Company”), a Qatari public shareholding company listed on the Qatar Exchange, was duly established in accordance with the provisions of its Articles of Association and the Commercial Companies Law promulgated by Law no. 5 of 2002, especially Article 68 thereof. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of the Commercial Companies Law promulgated by Law no. 11 of 2015, and in line with the specific nature of its incorporation.

Qatar Petroleum, the founder, special shareholder and 65.50% majority shareholder, provides Mesaieed Petrochemical Holding Company with all the required financial and head office services under a service-level agreement signed between them. As a result, MPHC applies some of QP’s rules and procedures. As part of its Board of Directors’ efforts aimed at complying with the principles of corporate governance and applying generally recognized best practices, MPHC independently developed a Corporate Governance Framework in line with the specific nature of its incorporation. The Framework was approved by the Board on 25/11/2015.

2. SCOPE OF IMPLEMENTATION OF THE GOVERNANCE AND COMPLIANCE WITH ITS PRINCIPLES

Out of a firm belief in the importance and need for establishing the principles of good governance to enhance the value added to shareholders, MPHC Board of Directors is firmly committed to implementing the principles of governance set out in the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA) pursuant to QFMA Board decision no. 5 of 2016, consistent with the provisions of the Company’s AoA. MPHC Board of Directors attaches greater importance to achieving justice and equality among stakeholders, enhancing transparency and disclosure and providing timely information to stakeholders in a way that enables them to make their decisions and properly conduct their work. The Board is also committed to upholding the values of corporate social responsibility, putting the public interest of the Company and its stakeholders ahead of any other interest, performing roles and responsibilities in good faith, integrity, honor and sincerity and taking the arising responsibility to stakeholders and community.

The Board of Directors always ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance implementation whenever required. The Board is also committed to updating the Company’s Code of Ethics that reflects the values held by the Company.

Taking into account the provisions of Article no. 2 of QFMA Governance Code, and as part of its efforts to comply with the provisions of this Code and bring its official documents into conformity with it, the Company has convened an Extraordinary General Assembly meeting on 06/03/2018 to amend certain Articles in its AoA.

3. BOARD OF DIRECTORS

3-1 Board Structure

Mesaieed Petrochemical Holding Company was established by Qatar Petroleum, a Qatari state-owned general corporation established by Emiri Decree no. 10 of 1974, as a parent company of a group of companies that have been operating for decades in the petrochemical industries. Mesaieed Petrochemical Holding Company went public by Qatar Petroleum in 2003 to serve as a mechanism to distribute wealth to Qatari nationals. This was primarily achieved via the discounted IPO price. All shareholders receive sufficient dividends in proportion to their existing shareholdings.

MPHC listing on the Qatar Exchange was phenomenal, as all shareholders were promised to be given 100% free incentive shares in order to promote saving culture among Qatari nationals and to ensure that they receive maximum benefit from MPHC activities. In addition, an Emiri grant was given to the underprivileged.

Recognizing the specific nature of MPHC's activities and its strategic position and taking into account the public interest, the Company's Board shall consist (contrary to Article no. 6 of QFMA Governance Code) of no less than five (5) and no more than eleven (11) Directors, all of whom shall be appointed by the Special Shareholder. The Special Shareholder shall, as it may deem appropriate to include independent Directors, take all reasonable steps to ensure that at least one-third of the total number of Directors shall be appointed as independent directors.

The Special Shareholder (Qatar Petroleum) may appoint Board Directors for the following reasons that show how closely the Company's financial and operational performance is connected to Qatar Petroleum, making it vital to maintain aligned strategy and vision:

- Qatar Petroleum is the founder, special shareholder and 65.50% majority shareholder.
- Mesaieed Petrochemical Holding Company and its subsidiaries depend on Qatar Petroleum for supply of feedstock and infrastructure.
- Mesaieed Petrochemical Holding Company and its subsidiaries depend on Qatar Petroleum for technical and technological support.
- Qatar Petroleum provides all financial and head office services to the Company under a service-level agreement. These services are provided as and when requested to ensure that the operations of Mesaieed Petrochemical Holding Company are fully supported.

Except for those matters that are decided by shareholders as determined by the Company's Articles of Association, the Board of Directors has the widest powers to give full effect to the objects of the Company. The Board may delegate any such power to any one or more of the Directors.

3-2 Board Composition

Directors are appointed for renewable terms of three (3) years or such shorter periods (being no less than one (1) year). Pursuant to Qatar Petroleum's decision no. 7 of 2018 dated 07/03/2018, MPHC Board of Directors was reconstituted on 07/03/2018 in accordance with Article no. 22 of the Company's Articles of Association. Accordingly, seven (7) Directors were appointed by Qatar Petroleum. According to the definition of the independent Director in QFMA Governance Code, the current Board of Directors does not include independent directors as they are representatives of a legal person that owns more than 5% of the Company's share capital.

Qatar Petroleum appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. Qatar Petroleum makes timely disclosure of its decisions on Board formation or any change thereto (Directors' bios are attached).

3-3 Key roles and responsibilities of the Board

As one of the most important pillars upon which the implementation of the governance at Company level rests, the Board of Directors is accountable to shareholders for exercising due diligence in managing the Company in an effective manner, as well as establishing the principles of good governance at all levels to serve the interests of the Company, its shareholders and stakeholders for the greater good. Accordingly, the Board developed a Board Charter under the Corporate Governance Framework in accordance with the best practices of corporate governance. The roles and responsibilities of the Board and the duties which must be fully performed by its Directors are specifically identified in the Charter, which is reviewed and amended following any relevant new changes made by regulators.

According to Board Charter, which is available on the Company's website, the Board provides the strategic direction to MPHIC by reviewing the Company's vision and mission, approving and supervising the implementation of the Company's strategic directions, main objectives and business plans. The Board develops and supervises proper internal control systems and risk management, ensuring that effective Executive Management is in place and in succession, and that it achieves MPHIC's goals and objectives to increase value in a profitable and sustainable manner.

The Board of Directors oversees the overall corporate governance of MPHIC, monitors its effectiveness and amends it as needed. It also reviews the Company's policies and procedures to ensure compliance with the relevant laws, regulations and the Company's Articles of Association.

The Board may delegate some of its functions or authorities to Board Committees or Special Committees.

Special Committees are constituted to undertake specific tasks with written and clear instructions. In any event, the Board remains liable for all of its functions or authorities so delegated.

In accordance with the Company's AoA, all Directors shall be jointly and individually liable for any fraudulent act, abuse of power, negligent errors in management or violations of the Articles or Law.

3-4 Board Chairman

The Chairman is primarily responsible for the proper management of the Company in an effective and productive manner, making available for Board Members all data and information in a timely manner. The Corporate Governance Framework includes the Chairman's job description (roles and responsibilities). As described in detail within the Governance Framework, these roles and responsibilities, whether strategic, operational or administrative, are well aligned with the Chairman's main objective of protecting shareholders' rights and achieving the Company's vision and strategic objectives profitably and sustainably.

The Chairman is not a member of any Board Committee referred to in QFMA Governance Code. The Chairman does not hold any executive position at the Company. In this regard, the Company's management ensures that:

- No one person in the Company should have unfettered powers of decision at the time of developing the Company's Manual of Authorities and the relevant regulations.
- The Chairman in his capacity as the Chairman or as the Managing Director is not a member in any of the Board Committees or Special Committees.
- The roles and responsibilities of the Chairman are separated from those of the rest of Board members and members of the Company's Executive Management.

3-5 Board members

Board members are committed to exercising due diligence in managing the Company and complying with the relevant regulations and laws, including Board Charter and the Code of Ethics, and to work in accordance with the ethical principles of integrity, respect, objectivity, accountability, excellence, sustainability and confidentiality to ensure upholding the interests of the Company, its shareholders and other stakeholders to be priority before any other interest.

3-6 Board meetings

The Board of Directors convenes for the conduct of business, adjourn and otherwise regulates its meetings as it thinks fit. As part of its efforts to implement governance standards, the Company has convened an Extraordinary General Assembly meeting on 06/03/2017 to amend the frequency of Board meetings to become at least six (6) meetings during the financial year.

Three months must not elapse without convening a meeting. In accordance with the provisions of Article (30/1) of the Company's Articles of Association, the Board has met for the required number of times during the year.

In accordance with Board Charter and the Company's Articles of Association, all Board meetings are conveyed by a notice from the Chairman or, in his absence, the Vice Chairman (if any), or any two Directors or such other Director as is duly authorized by the Chairman. Meeting agenda and invitations are given to every Director not less than seven (7) days prior to the date set for the meeting.

The actual practice of the Board of Directors is consistent with the provisions of QFMA Governance Code. However, the Company in its endeavor to bring its official documents in line with such Code has convened an Extraordinary General Assembly meeting on 06/03/2018 to amend two Articles of its AoA on Quorum and Vacation of Office of Directors to read respectively as follows:

- Board meeting shall not be valid unless attended by the majority of Directors thereof, provided that the Chairman or the Vice Chairman is amongst them.
- The office of a Director shall be vacated by such Director: if he absents himself from three (3) consecutive or four (4) non-consecutive Board meetings (during his term of office) without an excuse being accepted by the Board.

In accordance with the Company's Articles of Association, an absent Director may appoint a Director to represent him in attendance and voting, provided that no Director may represent more than one Director.

To ensure full participation of all Directors in Board meetings, Director has the right to use any secure technological means of communications to enable him to hear and actively participate in discussing Board agenda items and passing resolutions. A participating Director in such a manner shall be considered as personally present at the meeting and counted in the quorum, and shall be entitled to vote.

3-7 Board resolutions

In accordance with the Company's Articles of Association and bylaws, the Board shall pass its resolutions by majority votes of attendants and representatives at duly constituted Board meetings with the required quorum in attendance. In the event of a tie, the Chairman shall have a casting vote. The Board shall keep minutes of all resolutions and proceedings of Board meetings and those absent from and attending such meetings. The Chairman, Secretary and all attendants shall sign on the minutes. Any objecting member shall enter his objection in the minutes of meeting.

The actual practice of the Board of Director is consistent with the provisions of QFMA Governance Code with regard to passing resolutions in writing by circulation. However, the Company has convened an Extraordinary General Assembly meeting on 06/03/2018 to amend its

AoA. The new amendment reads as follows: “The Board of Directors may, in case of necessity and on urgency grounds, pass resolutions in writing by circulation subject to written approval on such resolutions by all Directors. The resolution shall be deemed in force and effective for all purposes as if it was adopted at a duly called meeting of the Board. In all cases, the written resolution shall be submitted at the next meeting of the Board, to be included in the minutes of the meeting.”

3-8 Board Secretary

Pursuant to Article no. 43 of the Company’s Articles of Association, the Board or the Special Shareholder may take a decision to appoint a Board Secretary (Company Secretary) for such period and on such terms as it may decide and may revoke such appointment . The Board shall decide on the duties of the Company’s Secretary and on the scope of his authority and his annual remuneration.

The detailed roles and responsibilities of the Board Secretary are set forth in detail in the Corporate Governance Framework Board of Directors Job Descriptions. These roles and responsibilities fit the main role objective of providing comprehensive and confidential administration and support services to the Board of Directors. The Secretary keeps safe Board documents and coordinates among Board members in a timely and appropriate manner.

The Secretary ensures that Board documents are safely maintained and Board meeting agendas, invitations, other required documents, meeting minutes and resolutions are distributed and safely maintained. The Secretary is also responsible for providing orientation material and scheduling orientation sessions for the new Board members.

The current Board Secretary has a legal experience that spans more than 10 years. In addition, the Secretary has long experience in handling the affairs of listed companies.

The Secretary may, as he/she deems appropriate and upon approval of the Chairman, delegate to a representative any of his duties, powers or discretionary authorities. However, the representative shall not have the right to delegate such duties, powers and authorities to another person.

3-9 Board Committees

In implementing governance, the Board of Directors established Board Committees and Special Committees and delegated to these committees some powers and authorities to carry out certain functions and conduct Company’s business. The Board of Directors remains liable for all the powers and authorities so delegated. Board Chairman is not a member of any Board Committee or Special Committee. Board Committees are as follows:

3-9-1 Audit Committee

The Board Audit Committee (BAC) was originally formed pursuant to Board resolution no. 8 of the fourth meeting of MPHIC Board of Directors of 2014. The current BAC was formed by virtue of resolutions no. 2 and the second meeting of 2018 following Board reconstitution. The BAC presently comprises of 3 members, chaired by a Board Director, all of whom have the required experience necessary to effectively perform their duties and exercise the functions of the Committee. Committee Chairman is not a Chairman or a member of any other Committee.

According to the definition of the independent member in QFMA Governance Code, the composition of the BAC does not include independent members (contrary to Article no. 18 of QFMA Governance Code), as they are members of the Board of Directors appointed by the special and majority shareholder (owning 65.50%). No one of the current members has directly or indirectly conducted external audit for the Company during the two years prior to their membership in the Committee.

BAC Terms of Reference, which form part of the Corporate Governance Framework, were prepared in line with QFMA Governance Code and the leading governance practices. Committee responsibilities include financial aspects, external and internal audits, internal controls, compliance, risk management and all other aspects within the competence and mandate of the Committee.

BAC Committee periodically report to the Board of Directors on its activities, issues and related recommendations, particularly with regard to the review and endorsement of the quarterly, semi-annual and annual financial statements, as well as internal and external audit reports, internal control system and risk management.

In accordance with Committee's Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Committee Chairman and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting. To comply with the provisions of QFMA Governance Code, the Board of Directors at its first meeting of 2018 has reviewed and approved Committee's amended Terms of Reference. Meeting frequency was also amended to become (6) meetings instead of (4) meetings. During 2018, Committee met 4 times.

The BAC presently comprises of three Board members. The members of the BAC are:

Name of BAC member	Role
Mr. Abdulrahman Ahmad Al-Shaibi	Chairman
Mr. Abdulaziz Jassim Al-Muftah	Member
Mr. Mohammed Essa Al-Mannai	Member

3-9-2 Remuneration Committee

As part of its efforts to comply with the provisions of QFMA Governance Code, the Company established a Remuneration Committee pursuant to Board resolution no. 2 of 2018.

The Committee presently comprises of three members, chaired by a Board Director and the other two are members of the Company's Executive Management, all of whom have the required experience to efficiently perform their duties and exercise the function of the Committee.

Committee Chairman is not a Chairman of any other Board Committee, and the BAC Chairman cannot represent a member of the Remuneration Committee.

Committee's Terms of Reference were prepared in line with QFMA Governance Code and the leading corporate governance practices. The responsibilities of the Committee include setting the foundations of granting remunerations for the Chairman and Board members, and any remunerations, allowances or incentives to be paid to the senior Executive Management, taking into consideration the requirements of relevant regulators.

When determining the proposed remuneration, Committee takes into account the duties and responsibilities of Board Directors and members of the senior Executive Management' respective functions, the Company's performance and benchmarking with the best practices of the similar companies listed on the Qatar Exchange.

Committee reports to the Board of Directors on its activities, issues and related recommendations.

In accordance with Committee's Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Chairman of the Committee and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting.

Remuneration of Board of Directors

The Company has developed a periodically revisited remuneration policy for Board members. The policy has fixed component for Board membership and attending meetings and performance-related variable component. The main principles of this policy are set forth in the Corporate Governance Framework. The proposed remuneration of Board members shall be presented to the General Assembly for approval.

Remuneration of senior management

All financial, administrative and head office services are provided by resources from Qatar Petroleum under a service-level agreement. Accordingly, the salary and remuneration of the Managing Director, who represents the Executive Management, are determined by the Board. During 2018, the Managing Director remained in office until the Board was reconstituted with Directors appointed by Qatar Petroleum pursuant to resolution no. 7 of 2018 passed on 07/03/2018. No Managing Director was appointed in the newly reconstituted Board. The Managing Director is not entitled to receive a salary in his capacity. During 2018, the Managing Director received an exceptional remuneration of QR 165450 for his outstanding performance during 2017.

Committee presently comprises of three members. A meeting was held to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board recommended that a remuneration of QR 5.900.000 to be given to all directors as approved by the General Assembly held on 06/03/2018. As for Board Committees, no remuneration or allowance is given for membership or attending meetings. The members of the Committee are:

Name of Committee member	Role
Mr. Abdulaziz Mohamed Al-Mannai	Chairman
Mr. Mohammed Jaber Al-Sulaiti	Member
Mr. Ahmed Aly Mohamed	Member

Committee Chairman is a Board member. The other two members have long and extensive experience that is required to properly carry out their duties and effectively perform the functions of the Committee. Mr. Mohammed Jaber Al-Sulaiti is the Manager of the Privatized Companies Affairs Department, Qatar Petroleum. Mr. Ahmed Aly Mohamed serves as Governance and Compliance Lead, Qatar Petroleum.

3-9-3 Nomination Committee

No Nomination Committee was established (contrary to Article no. 18 of QFMA Governance Code), as MPH Board of Directors, in accordance with the Company's Articles of Association, shall consist (contrary to Article no. 6 of QFMA Governance Code) of no less than five (5) and no more than eleven (11) Directors, all of whom shall be appointed by the Special Shareholder for the aforementioned reasons that show how closely the Company's financial and operational performance is connected to Qatar Petroleum.

3-10 Assessment of Board Performance

The Board of Directors conducts an annual self-assessment to ensure that Directors are efficient, honor their commitments, make the most efforts possible and exchange experiences. The assessment takes into account several factors that are consistent with the long-term interests of the shareholders and meet their following expectations:

1. Independence and impartiality in presenting views and ideas while avoiding conflicts of interest.

2. Directors' knowledge and experience that are relevant to the Company's activity.
3. Commitment, participation and team working at the Board and its committees.
4. The role of the Board and the extent to which it achieves the objectives set, including the outcome of the business and the achievement of the Company's strategy.
5. Communication between the Board on the one side and its committees and the Executive Management of the Company on the other side.
6. Decision-making mechanisms and the accuracy and adequacy of the required information
7. Providing constructive opinions, suggestions and recommendations and ideas in the best interest of the Company.

During 2018, the Board has performed the tasks and dispensed business decisions within its authorities as provided in Board Charter. The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate as set out in its Charter.

4. COMPANY'S CONTROL SYSTEM

The primary purpose of internal controls is to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. To achieve this, the Company adopted an internal control system that consists of policies and operating procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.

The internal control framework is overseen by the senior Executive Management, the Audit Committee and the Board of Directors to discuss observations on the internal controls. The Internal Auditor periodically makes and submits reports in this regard.

To ensure that best standards are applied in developing internal control systems, Board Audit Committee has decided that the Internal Auditor should conduct a benchmarking study of the components of the Company's current internal control system against the internationally recognized COSO framework of internal control with a view to apply it as a benchmark framework. COSO framework on Internal Control over Financial Reporting consists of inter-related areas, which are control environment, risk assessment, control activities, information and communication, and monitoring.

Internal control is an integral part of MPHC's corporate governance which involves the Board, Board Audit Committee, Senior Executive Management and employees on all organizational levels. It is a process which includes methods and processes to:

1. Safeguard MPHC's assets.
2. Ensure the reliability and correctness of financial reporting.
3. Secure compliance with applicable legislation and guidelines.
4. Ensure that objectives are met and continuous improvement of operational efficiency.

The objective for MPHC's financial reporting is to be in line with the highest professional standards and to be full, fair, accurate, punctual and understandable.

Further, the benchmark framework will enable the management to establish and maintain an internal control system and for auditors to perform their duties in accordance with Article (24), in particular with regard to the assessment of the appropriateness and effectiveness of the applicable control systems.

To comply with the provisions of Article no. 4 of QFMA Governance Code, Mesaieed Petrochemical Holding Company should:

1. Establish and maintain adequate and effective internal controls over financial reporting to mitigate the risk of significant misstatements.
2. Evaluate and assess the adequacy and effectiveness of the internal controls over financial reporting to mitigate the risk of significant misstatements.

To achieve this, the Company has requested the Internal Auditor to evaluate and assess the Company's internal controls over financial reporting. A top down approach was used in designing and testing of the Company's framework wherein it begins at the financial statement level and with the understanding of the overall risks to internal financial controls over financial reporting.

The Internal Auditor team completed a risk assessment for all business processes based on the MPHC's 2017 standalone financial statements. Further, the Internal Auditor applied the "Materiality" on MPHC's 2017 standalone financial statements based on external auditor input and the best practices to determine the material business processes, significant accounts and disclosures and their relevant assertions within the Company. These internal controls are grouped as follows:

1. Entity Level Controls (ELCs) – present across the Company and include measures taken by management to equip staff to adequately manage risks through raising awareness, providing appropriate knowledge and tools as well as developing skills.
2. Information Technology General Controls (ITGCs) - The ITGC on Company's general IT infrastructure and systems.
3. Business Process Controls - both manual and automated, are embedded in business processes applicable to financial transactions. These controls may change over time due to changes in the Company's business processes.

This approach directs attention to accounts, disclosures, and assertions that present a reasonable possibility of material misstatement to the financial statements and related disclosures. The next activity involves understanding of the risks in the Company's processes and selects for testing those controls that sufficiently address the assessed risk of misstatement to each relevant assertion. This process can be summarized as follows:

Risk assessment:

1. Identifying and assessing the risks of material misstatement.
2. Determining materiality while planning and performing the audit, risk, and other factors relating to the determination of material weaknesses.
3. Identifying classes of transactions, account balances and disclosures that need to be considered for test of design and operating effectiveness.

Perform walkthrough:

A walkthrough involves following a transaction from origination through the Company's processes, including information systems, until it is reflected in the Company's financial records, using the same documents and information technology that Company personnel use. Walkthrough procedures usually include a combination of inquiry, observation, inspection of relevant documentation.

Following the risk assessment, the Internal Auditor conducted control testing on each of the processes to assess if they are operating effectively. Control testing encompasses three components: design effectiveness testing, operating effectiveness testing, and ongoing monitoring. At this stage, testing of design effectiveness is carried out and the operating effectiveness will be evaluated later.

Testing controls - Testing of Design Effectiveness:

Testing the design effectiveness of controls involves determining whether the Company's controls, if they are operated as prescribed by persons possessing the necessary authority and competence to perform the control effectively, satisfy the Company's control objectives and can effectively prevent or detect errors or fraud that could result in material misstatements in the financial statements. This will conclude if the Company has an adequate internal financial controls system over financial reporting in place.

Testing the design effectiveness includes a mix of inquiry of appropriate personnel, observation of the Company's operations, and inspection of relevant documentation.

As agreed with the Company's External Auditor, operating effectiveness testing of the controls will be tested later to assesses if the key controls (identified during testing of design effectiveness) are operating as intended during the entire period of financial statement reporting.

Evaluating identified deficiencies:

A 'deficiency' in internal financial control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. Evaluation of the severity of each control deficiency should be made to determine whether the deficiencies, individually or in combination, are significant deficiencies or material weaknesses as of the balance sheet date.

The Company's management recognizes that a significant deficiency or weakness in internal controls over financial reporting increases the possibility that a misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis, which is important enough to merit attention of those charged with management and governance.

A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

Remediation Testing:

The Company ensures that any issues or deficiencies either relating to design or operative effectiveness of specific controls are remediated. Once a new control is in place or remediated, it should be given enough time for its operations to validate the control's operating effectiveness. The amount of time that a control should be in place and operating effectively depends on the nature of the control and how frequently it operates.

Based on its assessment of the Company's current internal controls over financial reporting and Testing of Design Effectiveness, the Internal Auditor believes that the Company has developed an appropriate internal control framework that meets the requirements of the internal control over financial reporting. Further, Internal Auditor and MPH Senior Management believes that the developed framework is suitable to form the basis for compliance with the requirements of Qatar Financial Markets Authority in this regard. However, the Internal Auditor has identified improvement opportunities to strengthen and ensure Company's internal control over some support service business processes (Human resources and IT systems and operations management), which are currently provided by Qatar Petroleum based on a service-level agreement.

The following are the main elements of the Company's internal control framework:

4-1 Risk management

As a service provider under a service-level agreement, Qatar Petroleum' rules and regulations on risk management are applied. However, the Board of Directors endeavors to maintain an appropriate risk management framework. Risk management is an integral part of the governance of the Company as expected by shareholders.

This framework takes into consideration pursuing an integrated process for continuous risk management, starting from risk identification, assessment, measurement, management to monitoring as follows:

- Risk identification and assessment involve identifying and assessing all risks facing the Company. Risks are classified into four main categories: strategic, operational, financial and compliance related. For each risk, there must be measures to address it effectively, as well as a set of indicators to monitor changes in the overall risk structure and landscape. Risk are simulated in several scenarios in order to develop proper remedies and assess their cumulative impact on the performance of the Company.
- Risks are then measured based on the impact and possibility of their occurrence.
- Risks are managed with the possibility that their level is increased, decreased or maintained in a manner consistent with the determined level of risk accepted by the Company. During treatment, the Company takes into consideration that risks have a life cycle, ie. before, during and after the occurrence. The Company ensures protection and that regulations, operational procedures and controls are developed in accordance with the best practices to minimize and mitigate related risks.
- Risks are then monitored to ensure that any related problems are quickly identified and properly addressed.

4-2 Audit

4-2-1 Internal Audit

Mesaieed Petrochemical Holding Company periodically floats a tender for the engagement of an independent consultant to provide internal audit services in accordance with the tendering procedures. Offers are received by a formed Tender Committee. Upon considering the technical and commercial offers, the Tender Committee makes its recommendations to the relevant officials on selecting the appropriate consultant. A consultant was appointed on 01/01/2018 to provide the Company and its subsidiaries, as instructed by the Board Audit Committee, with internal audit services as a "service provider". The Internal Auditor considers risk assessment at both the Company and subsidiaries levels, then they draw up an appropriate audit plan and follow up on the implementation of the outstanding observations and related corrective management plans.

The Internal Auditor has access to the Company's activities and all data are provided as and when requested. The Internal Auditor verifies control systems, financial oversight and risk management.

The Internal Auditor also verifies the extent to which the Company is committed to applying internal control systems and complying with the relevant laws and regulations, including Company's compliance with the rules and provisions that govern listing and disclosure to the stock market.

Internal audit reports are prepared by the Internal Auditor in accordance with the international auditing standards. All reports and recommendations are quarterly presented by the Internal Auditor to the BAC and subsequently submitted to the Company's Board of Directors as part of the BAC periodic report on audit results, follow up and current status of the Executive Management' plans of the corrective actions to address any weaknesses in the internal controls, risk assessment results and the applied systems. The Executive Management shall receive a copy of the report to take the necessary corrective actions as instructed by the Board Audit Committee.

4-2-2 External Audit

The Board Audit Committee examines and evaluates offers received from external auditors registered in QFMA external auditors' list. Thereafter, Committee submits its recommendation to the Board on selecting an external auditor for appointment. Immediately after the Board approves the recommendation, it shall be included in the agenda of the Company's General Assembly.

The General Assembly shall appoint an external auditor for one year, renewable for a similar period or other similar periods up to a maximum of five consecutive years, provided that no re-appointment shall be made before two consecutive years are passed. The agreement between the Company and the External Auditor provides that the External Auditor's employees are required to strictly maintain confidentiality. Under relevant regulations and laws, the External Auditor is prohibited from combining between its assigned business, functions and duties and any other business in the Company, and from working at the Company before at least one year from the date of relations end with such Company.

The External Auditor provides assurance that the financial statements were properly and fairly prepared in accordance with the international accounting and auditing standards. The External Auditor reports on observations made on significant financial issues and applied financial controls.

The External Auditor attended and submitted its report to the General Assembly of 2017 held on 06/03/2018.

Taking into account the requirements of Article no. 24 of QFMA Governance Code, Mesaieed Petrochemical Holding Company made an agreement with the External Auditor, Pricewaterhouse Coopers, to perform the required audits in accordance with the aforementioned article. The External Auditor's activities include internal control and performance assessment, particularly with regard to appropriateness and effectiveness of the applicable internal control systems and internal controls over financial reporting and Company's adherence to its Articles of Associations and compliance with the provisions of the Law and QFMA's relevant legislations, including the provisions of the Governance Code for Companies and Legal Entities Listed on the Main Market. The External Auditor's report for 2018 in this regard will be submitted to QFMA and the Company's management to take the required corrective actions, if any.

4-3 Compliance

MPHC Board of Directors is strongly committed to maintaining full compliance with all applicable regulations, including QFMA requirements for listed companies. The Board makes every effort to ensure that a governance structure based on best practices, standards and regulatory governance requirements is developed and implemented.

The main responsibility of the Compliance Section is to assist the Board of Directors, Board Audit Committee and the Company's management to comply with governance rules, and to manage and monitor risks by ensuring that relevant policies and procedures are in place to protect the Company, as a listed entity, against exposure to the risks of non-compliance.

The Compliance Section continuously monitors changes to governance regulations and best practices, and periodically informs the Board of any changes to governance practices / regulations.

As and when the Company is required to update its governance structure due to new changes to corporate governance regulations and leading practices, Compliance Officers are required to prepare and submit proposals on governance changes to the Board for approval. At subsidiaries level, which is not the subject of the report, each group subsidiary is independently managed, in accordance with the agreements under which it was established with other partners, by a Board of Directors having the necessary powers to manage and exercise its duties in full accordance with its fiduciary responsibility, guaranteeing the protection of all shareholder rights of different classes.

Each subsidiary also has its own systems and internal controls, including risk management systems, which are overseen by the subsidiary's Board of Directors, Board committees and other relevant executive committees, such as audit committees, institutional risk management committees and governance and compliance committees. All of this contributes positively to creating a control environment in line with the best standards and practices.

Moreover, Mesaieed Petrochemical Holding Company appoints only qualified and eligible Directors – its representatives to subsidiaries - who are sufficiently experienced to perform their duties effectively in the best interest of the subsidiary and dedicated to achieving its goals and objectives. Upon appointment, a Director will be fully responsible to the subsidiary, in which he holds a seat on its Board, and shall be held accountable for his decisions to Mesaieed Petrochemical Holding Company as a shareholder in the General Assembly meeting, thereby increasing the level of independence from the appointee and non-interference in the management.

5. DISCLOSURE AND TRANSPARENCY

5-1 Disclosure

The Company complies with disclosure requirements, including A) financial reports and notes thereto as disclosed to the regulators, published in the local newspapers and posted on the Company's website (www.mphc.com.qa), B) number of shares owned by the Chairman, Board Directors and members of the senior Executive Management, and C) major shareholders. The Company also complies with the requirements of disclosing information on the Chairman, Directors, Board Committees, Chairman and Directors' qualifications and experience as noted from their bios, and whether any of them is a member of the Board of Directors of other listed company, a member of its senior Executive Management or its Board committees.

During 2018, no violations were committed and no fines or penalties were imposed by a regulator. No legal case was filed by or against the Company.

Disclosure by the Company is made in accordance with specific procedures approved by the management. These procedures include ways of dealing with rumors by proving false or true, and how to clearly disclose in writing in a manner that is consistent with QFMA relevant regulations.

The Board takes appropriate measures to ensure that all disclosures are made in accordance with the instructions and rules of the relevant regulatory authorities, and that accurate and non-misleading information with the required quality and quantity is provided to all shareholders in an equitable manner to enable them to take informed decisions.

5-2 Conflict of Interest

The Board complies with the principles of QFMA Governance Code in terms of disclosing any dealings and transactions the Company enters into with any «Related Party», in which such Related Party has an interest that may conflict with the Company's interest. In all cases, any transactions with Related Parties are disclosed in the notes to the Company's financial statements, which are published in the local newspapers and posted on the Company's website.

The Company also seeks the approval of the General Assembly before entering into a major deal or transaction, as defined by QFMA, with a Related Party. Such deal or transaction must be put on the agenda of the next General Assembly to complete the procedures for conclusion.

Further, the Company developed a policy on Related Party transactions in its Corporate Governance Framework. Such policy takes into

account the following:

- Review of these transactions, if any, by the Board Audit Committee and the Board of Directors to ensure compliance with relevant regulations.
- Ensure that all transactions with, or for the benefit of, any related party are on terms and conditions that are acceptable and within safe and sound practices and fulfil the adequacy condition of the required documents and the appropriate levels of the approval authority.
- Ensure that a transparent process, when applicable, is in place with adequate disclosure of related party transactions to shareholders.
- Price in a manner consistent with the recognized market practices, or on an appropriate basis, being arms-length.
- Adequate documentation, and such documentation may take the form of, for example, a services agreement, sale and purchase agreement, loan agreement etc., as appropriate, and that the terms and conditions contained therein are consistent with market practices.

5-3 Transparency and upholding the interest of the Company

The Board of Directors recognizes that the risk of conflict of interest may arise from the fact that a Director or a member of the Executive Management is a «Related Party», or access to Company's information by employees, service providers and any other stakeholder. In order to avoid this, the Company adopted a conflict of interest policy within its Corporate Governance Framework to identify, as far as possible, conflict of interest situations, and to prevent losing objectivity by adhering to the appropriate professional conduct and establishing the principles of transparency, fairness and disclosure.

Pursuant to the Company's regulations and Conflict of Interest policy, if a Related Party is in a conflict of interest situation, it shall not be entitled to attend the discussion, cast vote, or pass a resolution in this respect.

In general, a Related Party shall avoid any situation that may involve or result in actual or potential conflict of interest. In all cases, all related decisions must serve the Company's interests.

Moreover, Directors and employees / service providers understand that all information related to Mesaieed Petrochemical Holding Company, its subsidiaries and customers is confidential and only used for the Company's purposes. Using such information for personal or family purposes or for other benefits is considered unethical and illegal conduct.

5-4 Disclosure of share trading

The Company adopted procedures and rules that govern insider trading. These procedures and rules take into account the definition of the insider, whether permanently ex officio or temporarily in carrying specific duties for the Company. By virtue of his office, the insider has access to material information about the Company that could have a positive or negative impact on the investment decisions that can be taken by those who trade Company's share at Qatar Exchange.

The Company updates Qatar Central Securities Depository (QCSD) with details of the insiders, Directors and members of the Company's Executive Management, so that Qatar Exchange could ban their trading on the Company's shares according to the applicable rules in this regard, and to disclose these tradings on a daily basis.

In general, insiders are not allowed to benefit directly or indirectly from the use of inside information that has not yet been disclosed. Trading Company's shares on the basis of inside information, regardless of trade size, is a serious violation of the Company's ethical standards and policies. In addition, the insider may not assist others to trade the Company's shares by improperly disclosing inside information to them.

6. STAKEHOLDER RIGHTS

6-1 Equal rights of shareholders

Shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the Law, regulations and relevant decisions.

The Company's Articles of Associations provide for the procedures and guarantees needed for all shareholders to exercise their rights, particularly the rights to receive the determined dividends, attend the General Assembly and participate in its deliberations and vote on decisions, as well as the right to access information and request it with no harm to the Company's interests.

According to the Company's AoA, should a Shareholder or a group of Shareholders reach an agreement to sell Shares in the Company equal to or exceeding fifty percent (50%) of the Company's market capitalization, such agreement shall not be enforceable unless an offer is extended to the remaining Shareholders to exercise, at such Shareholders' discretion, their Tag-Along Right.

The Board of Directors and the Company's employees are making efforts to establish constructive relationship and maintain communication with shareholders and investors so that they can make the right investment decision by (a) ensuring fair and transparent disclosure of the Company's information both in quality and quantity in accordance with applicable laws and regulations; b) arranging meetings to discuss their queries on the Company's performance, (c) attending events and conferences, and (d) establishing and maintaining strong partnerships with newspapers and other media.

6-2 Register of shareholders

The register of shareholders is kept and updated by Qatar Central Securities Depository (QCSD). Under the agreement between Mesaieed Petrochemical Holding Company and QCSD, the latter undertakes the tasks of registering, maintaining and depositing of securities, clearing and settlement, entering dealings in securities, whether purchase, sale, transfer of ownership, registration or pledging in the respective registers.

6-3 Shareholder rights to access information

The Company's Articles of Association provide for the procedures to be followed by shareholders for accessing information permitted to be disclosed to enable them to exercise full rights without prejudice to other shareholders' rights or adversely affect the interests of the Company.

In 2017, the Company launched its revamped and updated website (www.mphc.com.qa) in line with the modern display techniques to better serve its shareholders and all related parties. All disclosures, including financial reports, press releases and corporate governance reports, are published on the website.

Qatar Stock Exchange and Qatar Financial Markets Authority are provided with the details of contact person. Further, an email account (mphc@qp.com.qa) was created to receive any inquiries or questions from the Company's shareholders. The Company has a dedicated team to meet with shareholders to discuss its financial and operational performance. The Company also seeks views and consider assessments and suggestions from the institutional and individual shareholders, with whom it maintains regular communication.

Company representatives ensure that all information provided to shareholders / investors is of the kind that is allowed to be disclosed to the public. Providing confidential information or favoring a shareholder more than another is strictly prohibited.

6-4 Shareholder rights to General Assembly

6-4-1 Attendance and invitation

In accordance with QFMA instructions, each shareholder, whose name is entered in the shareholders' register at the close of the business on the same day of the General Assembly of the Company and who is present in person or duly represented by a proxy, is entitled to attend the General Assembly meeting. Such shareholder shall have one vote for each share held by that shareholder. However, the Company, in its endeavor to bring its official documents in line with the new QFMA Governance Code, has convened an Extraordinary General Assembly meeting on 06/03/2018 to amend its AoA by adding the following:

- The right of the registered shareholder to attend the General Assembly meeting, in person or by a proxy or legal deputy, at the end of trading session on the day on which the General Assembly is convened.
- The right of the shareholder to appoint by a proxy executed in writing another shareholder who is not a Director to attend the General Assembly on his behalf; provided that shareholder by proxy shall not own more than (5%) of the Company's share capital.
- The right of minors and those who are in custody to attend the General Assembly meeting by their legal representatives.
- The right of the shareholder (s) who owns at least (10%) of the Company's share capital, for serious grounds, to request an invitation to convene General Assembly. The right of the shareholders representing at least (25%) of the Company's share capital to invite Extraordinary General Assembly to convene pursuant to the procedures prescribed by the Law and the regulations in this regard.

6-4-2 Effective Participation

The Company saves no effort to ensure that shareholders have the opportunity to participate effectively, vote in General Assembly Meetings and be informed of the rules, including voting procedures, which govern general shareholder meetings. In achieving this, the Company:

- Provides the shareholders with sufficient information in quality and quantity on the date, location and agenda of the general meetings, as well as complete and timely information regarding the matters to be discussed at the meeting to enable them to make a decision.
- The Company announces the agenda for its meeting in the local newspapers and on its own website. It also communicates the agenda to Qatar Exchange for announcement on its website.
- Enables shareholders to directly pose questions to Board members, place items (if any) on the agenda of the meeting, and to propose or object to resolutions, subject to the procedures established by law and applicable regulations in this regard.
- Provides shareholders with a mechanism to vote in person or in proxy. Equal effect should be given to votes whether cast in person or in proxy.

As part of the efforts made to bring its official documents in line with QFMA Governance Code, the Company has convened an Extraordinary General Assembly meeting on 06/03/2018 to amend its AoA by adding the following Article:

"Shareholder may object to any resolution deemed for the interest or harm of a certain group of shareholders; or brings personal benefits for Directors or others without regard to the Company's interests. Shareholder is entitled to enter such objection into the record of the meeting and to invalidate the objected resolution without prejudice to the provisions of these Articles in this regard."

6-4-3 Election of Board Directors

As previously indicated, MPH Board of Directors, in accordance with the Company's amended Articles of Association, shall consist of no less than five (5) and no more than eleven (11) Directors, all of whom shall be appointed by the Special Shareholder for the aforemen-

tioned reasons that show how closely the Company's financial and operational performance is connected to Qatar Petroleum. Accordingly, the Company's AoA make no explicit provisions on the election of Directors and the procedures for nomination, voting and appointment. Qatar Petroleum appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. Qatar Petroleum makes timely disclosure of its decisions on the composition of the Board of Directors or any change thereto.

6-4-4 Dividend distribution

In accordance with the provisions of the Company's Articles of Association amended by the resolution of the Extraordinary General Assembly held on 06/03/2017, pursuant to the resolution of the Extraordinary General Assembly held on 06/03/2018 and without prejudice to the Company's ability to fulfill its obligations towards third parties and pursuant to a resolution of the General Assembly, dividends of not less than five (5) percent of the net profits of the Company after deducting legal deductions shall be distributed to registered shareholders at the end of trading session on the day on which the General Assembly is convened, provided that the dividend shall not exceed the amount recommended by the Board.

The main lines of the dividend distribution policy, as described in the Company's Corporate Governance Framework, are explained in the attachments to the meeting agenda of the Company's General Assembly.

In general, such policy requires the Company to balance shareholders' expectations with its operational and investment needs by considering the following factors before presenting the proposed dividend distribution to the General Assembly:

- Cash flow constraints: It is not obligatory on MPHIC to distribute full profit to the shareholders. MPHIC shall keep sufficient cash for its operational requirements before dividend distribution.
- Lenders Constraints: MPHIC shall satisfy the financial requirement of lenders, if any
- Legal constraints: Any legal reserves shall be reserved before distributing the dividend.
- Future investment plan: investment plans of MPHIC shall be considered and sufficient cash shall be retained before dividend distribution unless it has been decided to fund the investment through additional share capital or bank financing.

The proposed annual dividend distribution is subject to the final approval of the General Assembly.

The Company, through its agreement with a local bank, makes it easier for the entitled shareholders to receive their dividends for the current year and previous years. Shareholders can visit any of the bank branches to receive their dividends in cash, transfer these dividends to their accounts or receive dividend cheques.

The Company's website is periodically updated with unclaimed dividends and required documents for collection.

6-5 Conducting Major Transactions

The Company is committed to treat all shareholders equitably. Shareholders of each class of shares are equal and have all the rights arising from the share ownership in accordance with the provisions of the relevant law, regulations and decisions. The Company ensures that minority shareholders are protected against abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.

Therefore, the Company ensures that all shareholders are equitably treated at the General Assembly meeting, and that voting process is facilitated without prejudice to the provisions of its AoA.

As part of the efforts made to bring its official documents in line with QFMA Governance Code, the Company has convened an Extraor-

dinary General Assembly meeting on 06/03/2018 to amend its AoA by adding the following Article:

“Shareholders in general and Minorities in particular may, in the event that the Company conducts Major Transactions that might harm their interests or prejudice the ownership of the Company’s share capital, object and enter such objection into the record of the meeting and to invalidate the objected transaction without prejudice to the provisions of these Articles in this regard.”

The Company’s capital structure is disclosed in the financial statements and herein. Additionally, Qatar Stock Exchange discloses the Company’s major shareholders on its website.

With the exception of some selected entities identified in the Company’s Articles of Association, no person or entity, shall hold either directly or indirectly (or be beneficially entitled to) shares of a nominal value exceeding 2% of the Company’s capital. Pursuant to Board resolution no. 5 of 2018 issued on 02/04/2018, the maximum ownership of the company’s share capital is 2%. Qatar Central Securities Depository (QCSD), the entity charged with managing the register of the Company’s shareholders, ensures that this maximum ownership limit is maintained.

Moreover, the Company has convened an Extraordinary General Assembly meeting on 06/03/2018 to amend its Articles of Association by adding an article on the mechanism for determining the Non-Qatari ownership percentage to a maximum of forty- nine percent (49%) of the portion of the shares listed on the Qatar Exchange.

Details of shareholdings in MPHC share capital could be obtained from Qatar Central Securities Depository as per the register of shareholders. Details of major shareholdings as of 31 December, 2018 are as follows:

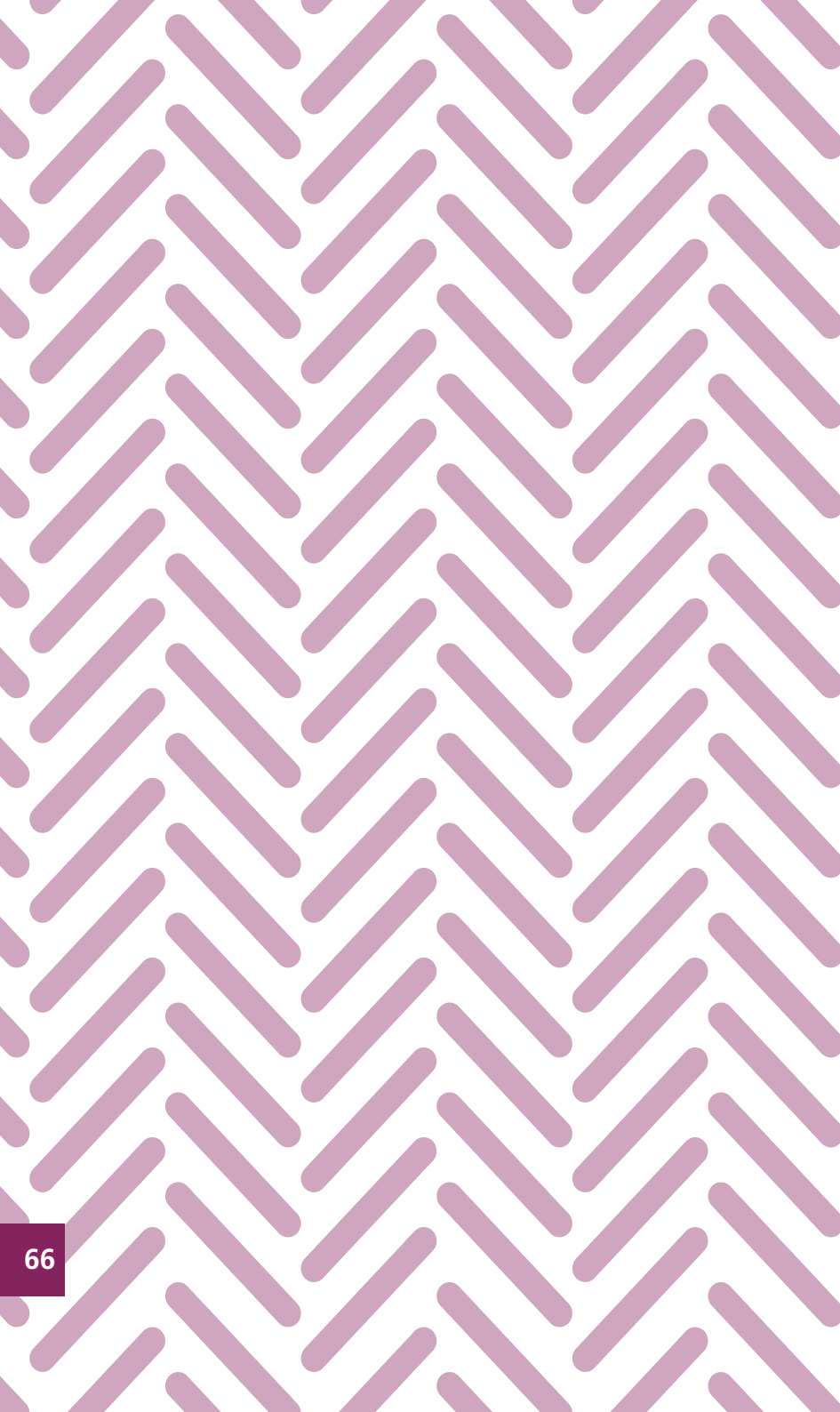
Shareholder	Percentage of Shares (%)
Qatar Petroleum	65.50%
Qatar Investment Authority	1.23%
Military Pension Fund	0.92%
Pension Fund - General Retirement and Social Insurance Authority	0.42%
Other Shareholders	31.93%
Total	100%

MPHC will continue to rely on QCSD to obtain valid up-to-date record of shareholdings. As per the information obtained from QCSD dated 31 December 2018, no shareholder has exceeded the limit specified in the Company’s Articles of Association, except as expressly provided therein.

6-6 Stakeholder rights (non-shareholders)

Mesaieed Petrochemical Holding Company safeguards and respects its stakeholders’ rights. Each stakeholder may request the information related to his interest with attaching a proof-of-capacity. The Company is committed to provide the requested information in a timely manner and in a way that does not threaten others’ interests or prejudice its interests.

A whistleblowing policy and related procedures were adopted within the Company’s Corporate Governance Framework. Under the policy, MPHC assigns a member of the Board Audit Committee to address whistleblowing concerns. The assigned Committee member ensures that issues raised through whistleblowing are raised and reported to the Board Audit Committee according to the materiality of the issue.



A whistleblowing hotline (+974) 4013-2803 was established and provided on the Company's website (www.mphc.com.qa) to report malpractice, unlawful or unethical behaviour.

Mesaieed Petrochemical Holding Company recognizes that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. MPHIC will not tolerate harassment or victimization and will take action to protect the whistle-blower that raises a concern in good faith.

6-7 Community right

Mesaieed Petrochemical Holding Company was established by Qatar Petroleum as a parent company of a group of companies operating in the petrochemical industries. The Company has gone public in 2013. MPHIC listing on the Qatar Exchange was phenomenal, as all shareholders were promised to be given 100% free incentive shares in order to promote saving culture among Qatari nationals and to ensure that they receive maximum benefit from MPHIC activities. In addition, an Emiri grant was given to the underprivileged. Two equal sets of incentive free shares will be distributed to eligible shareholders, the first set was distributed on 31/12/2018, while the second will be given on 31/12/2023.

Qatar Petroleum completed the distribution of the first tranche of free incentive shares to eligible shareholders of Mesaieed Petrochemical Holding Company (MPHIC) who have fulfilled eligibility conditions as at the close of trading in Qatar Stock Exchange on Monday 31 December 2018 in accordance with the mechanisms set forth in the MPHIC IPO Prospectus.

The free shares were allocated from QP's share, which decreased from 74.2% to 65.5%, a reduction of 8.7%. Qatar Petroleum relinquished approximately 109.3 million share with a market value of QR 1.6 billion as at the close of trading in Qatar Stock Exchange on Monday 31 December 2018. In addition, Qatar Petroleum waived any distributions proposed by the Board for the financial year ended 31/12/2018.

Qatar Petroleum, the founder and special shareholder, ensures, through its technical and head office support provided to the Company and its subsidiaries, that only appropriate investment opportunities which could add financial, economic, social and environmental value are explored in support of the country's pursuit of economic diversification.

CONCLUSION

Through its Board of Directors, Mesaieed Petrochemical Holding Company is committed to implementing corporate governance principles and best practices, maintaining by-laws and internal procedures to achieve the highest levels of governance and create anticipatory (proactive) compliance environment aimed at safeguarding its assets and capital, protecting the interests of its customers and shareholders and preserving the Company's integrity and image.

The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate during 2018 as set out in its Charter and relevant legislation. The Board exercises due diligence and care in managing the Company in an effective and productive manner to achieve the interest of the Company, all shareholders and stakeholders in a balanced manner.



Ahmad Saif Al-Sulaiti
Chairman



BOARD OF DIRECTORS' BIOGRAPHIES

AHMAD SAIF AL-SULAITI

CHAIRMAN

Non-Executive / Non-Independent



Qualifications and Experience:

Mr. Ahmad Saif Al-Sulaiti graduated from Carlette Park College – UK in 1984 with a Higher Diploma in Mechanical Engineering.

Mr. Al-Sulaiti joined Qatar Petroleum in 1976. He has extensive management experience of large oil and gas fields operations in QP. He has 32 years of extensive experience in Oil and Gas Fields Operations and Petrochemicals, Re-development of existing fields, Major projects commissioning, Organizational restructuring, Manpower management, and Economic evaluations and acquisitions.

Mr. Ahmad Saif Al-Sulaiti is currently Executive Vice President - Operations in QP.

Other positions*:

- Chairman, Woqod
- Vice Chairman, Nakilat

70 Number of shares in MPHIC:

4899



MOHAMED SALEM AL-MARRI

VICE CHAIRMAN

Non-Executive / Non-Independent

Qualifications and Experience:

Mr. Mohamed Salem Al-Marri earned a Bachelor of Science Degree in Natural Gas Engineering in 1991.

Mr. Al-Marri began his career in QP 1991 and held various engineering positions and was a member in projects task forces in Qatargas-1 LNG Venture and NGL-4 Project.

In 2002, he joined QP Oil & Gas Ventures Directorate where he held several positions including Manager, Oil & Gas Surface Development overseeing the facilities design and the execution of the new projects such as the LNG, GTL, Gas Pipelines and Oil fields. In 2014, he was appointed as Executive Vice President, Projects, Engineering and Procurement Services.

Other positions*:

Nil

Number of shares in MPHIC:

Nil

ABDULAZIZ JASSIM AL-MUFTAH

MEMBER

Non-Executive / Non-Independent



Qualifications and Experience:

Mr. Abdulaziz J. Al-Muftah obtained B.Sc in Electrical Engineering from the University of Miami, Miami, Florida in 1986.

Mr. Al-Muftah joined Qatar General Petroleum Corporation (Offshore Operations) in 1986.

Appointed as Electrical Engineer in 1991, as Senior Electrical Engineer in 1993 and as Lead Electrical Engineer in 1994.

Promoted Head of Specialist Engineering in the Dukhan Consolidated Facilities Upgrade Project (DCFUP) in 1996. Transferred to the position of Assistant Engineering Manager (Dukhan Projects) in Engineering Department (Onshore) in 2000.

Appointed as Engineering Manager (Offshore) in 2004 and Engineering Manager (Major Projects) in 2006. Appointed as Director of Ras Laffan Industrial City in 2010 and as Director of Industrial Cities Directorate in 2012. Appointed as Executive Vice President, Industrial Cities in 2015.

Other positions*:

Nil

Number of shares in MPHC:

15745



ABDULAZIZ MOHAMMED AL-MANNAI

MEMBER

Non-Executive / Non-Independent

Qualifications and Experience:

Mr. Abdulaziz Mohammed Al-Mannai obtained Diploma in Aeronautical Engineering from Qatar Aeronautical College in 2002.

Mr. Abdulaziz joined Qatargas in 2004 as Human Resources Supervisor.

He also held the position of Head of Human Resources in the Expansion Projects and The Human Resources Manager for Qatargas.

He currently works for QP as an Executive Vice President – Human Capital where his job focuses on all aspects that relate to the “People” part of the Oil & Gas industry.

Other positions*:

Vice Chairman, Industries Qatar

Number of shares in MPHIC:

9800

ABDULRAHMAN AHMAD AL-SHAIBI

MEMBER

Non-Executive / Non-Independent



Qualifications and Experience:

Mr. Abdulrahman Ahmad Al-Shaibi obtained B.Sc. in Finance and Business Administration from the University of Arizona in 1988.

Mr. Abdulrahman Ahmad Al-Shaibi joined QP in 1989 as Financial Analyst.

He also held the position of Manager, Project Finance / Director Finance – QP.

Mr. Al-Shaibi is currently the Executive Vice President – Finance & Planning of Qatar Petroleum. He is responsible for developing and implementing finance strategies and practices in line with International Best Practice.

Other positions*:

Chairman, Qatar Aluminium Manufacturing Company (QAMCO)

Number of shares in MPHIC:

Nil



MOHAMMED ESSA AL-MANNAI

MEMBER

Non-Executive / Non-Independent

Qualifications and Experience:

Mr. Mohammed Essa Al-Mannai obtained an LLB (Hons.) Degree from the University of Liverpool In 2007 and the BVC from the College of Law in London in 2009.

Mr. Al-Mannai joined Qatar Petroleum in 2007 as Counsel within the Projects division within the Legal Department.

Mr. Al-Mannai currently holds the position of General Counsel and Board Secretary at QP.

Other positions*:

Board member, Qatar Aluminium Manufacturing Company (QAMCO)

Number of shares in MPHIC:

3268

ALI NASSER TELFAT

MEMBER

Non-Executive / Non-Independent



Qualifications and Experience:

Mr. Ali Nasser A. Telfat holds a Bachelor of Science in Electrical Engineering from Tri-State University, USA - February 1990.

Mr. Telfat joined Qatar Petroleum in 1990 as Telecommunication Engineer, and held the positions of Head of Telecommunications Service (Offshore), and Field Support Manager.

Between January 2010 and September 2012, he served as Corporate Training Manager. He also served as A/Manager of Public Relations and Communications, and as Director, Office of Qatar Petroleum's Chairman and Managing Director.

Mr. Telfat currently holds the position of Corporate Manager, Office of Qatar Petroleum's President and CEO. He is also the Director of the office of the Minister of State for Energy Affairs.

Other positions*:

Nil

Number of shares in MPHIC:

9266

*Positions of Board Members on the Boards of other companies listed on the Qatar Exchange. MPHIC Board members may also have positions in other entities / companies.

