



SUSTAINABILITY REPORT

2020

Mesaieed Petrochemical Holding Company



Mesaieed
Petrochemical
Holding Company

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▶ Our Vision

MPHC is committed to be globally recognized as a world-class provider in petrochemical and other complementary industries with environment consideration to sustain profitable growth in order to maximize shareholder's return and capital value.

▶ Our Mission

To increase the Group's business portfolio through gains in efficiency and capital investment projects that will result in a significant increase in production capacity and widening of product range.

Message from the Chairman

I'm pleased to present the first sustainability report of Mesaieed Petrochemical Holding Company (MPHC) and its group companies (together called as "the Group") for 2020. The Group's report highlights operational performance and commitments towards environment, social and governance issues. I would like to thank my fellow Board members and the Senior Management of MPHC and its Group Companies for their dedication and hard work in delivering resilient operational results and at the same time being committed towards safe operations, minimizing environmental impact and ensuring community well-being.

The Group is committed to responsible, sustainable operations with minimal environmental footprint and during the course of their journey since inception, the Group has made significant leaps in regard to truly integrating sustainability into their operations.

I am pleased with the achievements by the Group during 2020 wherein the Group maintained reliable and safe operations with zero tier 1 & tier 2 process safety events, zero company responsible environment events and embarkment on a journey to implement a world-class Greenhouse Gas (GHG) Accounting and Reporting (A&R) program in line with QatarEnergy approved procedure for GHG emissions.

The Group's sustainability solutions (especially Q-Chem's) have made it a role model for other petrochemical companies in the region. The Group's sustainability approach is aligned with Qatar National Vision 2030 (QNV 2030) to be a sustainable society that places high value on the environmental, economic, and human development matters. Lastly, i would like to thank all the shareholders, employees, customers and other stakeholders who continue to contribute to the sustainable journey of MPHC Group.



Ahmad Saif Al-Sulaiti
Chairman

About This Report

Through this report, we exhibit our dedication to transparency and constructive engagement with our internal and external stakeholders, providing them with informative summaries of our businesses from the perspective of governance, economic, social, and environmental aspects.

In this report we disclosed our operational & ESG performance of MPHC and its Group Companies and their operational facilities as given below:

- Qatar Chemical Company Ltd. (Q-Chem)
- Qatar Chemical Company II Ltd. (Q-Chem II)
- Ras Laffan Olefins Company Ltd. (RLOC)
- Qatar Vinyl Company Ltd. (QVC)

The sustainability aspects in this report are summarized and presented at a consolidated level for MPHC and its Group Companies. For a more detailed information and disclosures related to group companies, you may kindly refer to the individual sustainability reports published on the respective companies' websites.

REPORTING PERIOD

The report covers 2020 calendar year.

Contact Us

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Disclaimer

This report contains not only past and present facts but also includes statements that may be deemed as "forward-looking statements", which express the way in which MPHC intends to conduct its activities. Forward statements could be identified by the use of forward-looking terminology such as "plans", "aims", "assumes", "continues", "believes", or any variations of such words that certain actions, events or results "may", "could", "should", "might", "will", or "would" be taken or be achieved. We have made every effort to ensure the report is as accurate and truthful as possible. However, by their nature, forward-looking statements are qualified due to inherent risks and uncertainties surrounding future expectations that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond MPHC's ability to control and therefore do not represent a guarantee that events implied in these forward-looking statements will actually occur.



About MPHC



Mesaieed Petrochemical Holding Company Q.P.S.C. ("MPHC") was incorporated as a Qatari joint stock company on May 29, 2013 with an agreed effective date for the transfer of QatarEnergy's previous shareholding in the joint ventures of 1, September 2013. MPHC is a Qatar-based company operating in the petrochemical sector. The main activity of MPHC is to act as a holding company. 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 (QVC) Q.P.J.S.C.

Qatar Chemical Company. (Q-Chem) was established in 1997 and began operations in 2004. With its associated companies, Qatar Chemical Company II (Q-Chem II) and Ras Laffan Olefins Company. (RLOC), the Q-Chem companies produce high-value petrochemicals and derivatives from production facilities located in Mesaieed Industrial City and Ras Laffan Industrial City. QVC was incorporated in 1997 as a joint venture, it is currently owned by MPHC, QAPCO (Qatar Petrochemical Company) and QatarEnergy and now all QVC operations are managed and operated by QAPCO. Which means QVC and QAPCO operating as one company, and the core technical functions were integrated and expanded the operational synergy with full optimization under QAPCO, however, as two distinct entities, each with their own shareholders and brand name.

QATAR CHEMICAL COMPANY LTD. (Q-CHEM)

Ethylene, High and Medium Density Polyethylene, 1-Hexene and other by-products.

QATAR CHEMICAL COMPANY II LTD. (Q-CHEM II)

Polyethylene, Normal Alpha Olefins (NAO).

RAS LAFFAN OLEFINS COMPANY LTD. (RLOC)

Cracked Ethylene, C3/C4 and Pygas.

QATAR VINYL COMPANY LIMITED (QVC)

Caustic Soda, Ethylene Dichloride, Vinyl Chloride Monomer, Sulphur and Hydrochloric Acid.

Our approach to sustainability

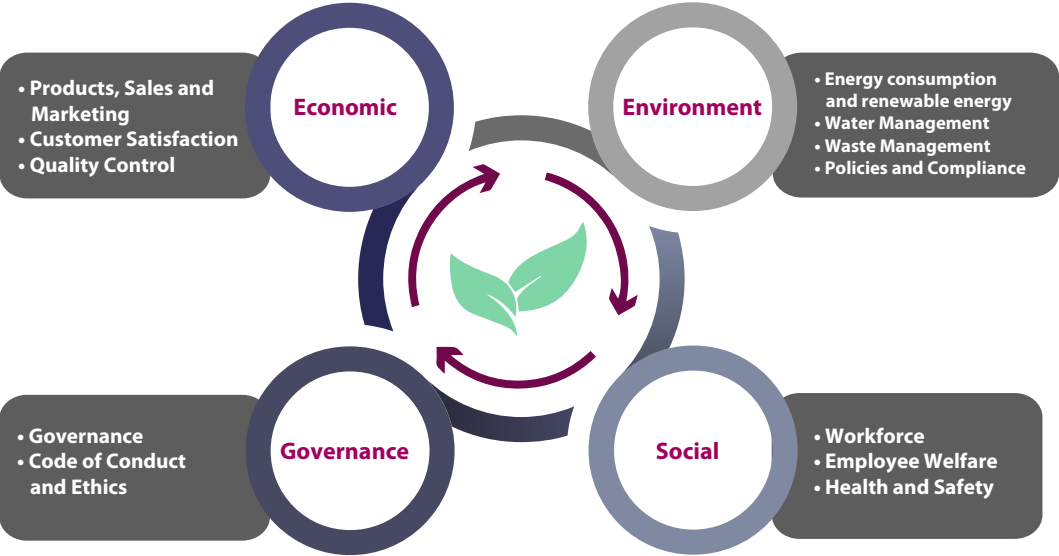
“Sustainability” takes a broader meaning to include elements such as Economic, Environment, Social, and Governance. The pursuit of excellence is embedded in MPHCs sustainability philosophy that is focused on operating at high standards of safety, preserving the environment, and promoting economic growth and community well-being.

Through our stakeholder-driven approach, we determine the relevance of matters to address and report on, considering their significance to both our business and stakeholders.

The sustainability elements aligns with Group’s corporate strategy in Petrochemical segments that MPHCC operates which also aligns with the four pillars of Qatar National Vision of 2030.



Each of the sustainability elements includes sub-elements that enable development of specific KPIs to drive value creation for its stakeholders.



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, and in line with the provisions of the Company's Articles of Association.

Board of Directors

MPHC Board of Directors attaches greater importance to achieving justice and equality among shareholders, enhancing transparency and disclosure and providing timely information to shareholders in a way that enables them to make their decisions and properly conduct their business.

The Board is also committed to upholding the values of corporate social responsibility, putting the 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.

Mesaieed Petrochemical Holding Company was established by QatarEnergy, a Qatari state-owned public corporation established by Decree Law 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 QatarEnergy in 2013 to serve as a mechanism for the distribution of wealth to Qatari nationals.

This was primarily achieved via the discounted IPO price. All shareholders receive generous dividends in proportion to their existing shareholdings.

Board of Directors

MPHC listing on the Qatar Stock 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 Amiri 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 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 (QatarEnergy) may appoint Board Directors for the following reasons that show how closely the Company's financial and operational performance is connected to QatarEnergy, making it vital to maintain aligned strategy and vision:

- o QatarEnergy is the founder, special shareholder and 65.45 % majority shareholder.
- o Mesaieed Petrochemical Holding Company and its subsidiaries depend on QatarEnergy for supply of feedstock and infrastructure.
- o Mesaieed Petrochemical Holding Company and its subsidiaries depend on QatarEnergy for technical and technological support.
- o QatarEnergy 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.

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 QatarEnergy's decision no. 7 of 2018 dated 07/03/2018, MPHC Board of Directors was reconstituted in accordance with Article no. 22 of the Company's Articles of Association (contrary to the provisions of Article no. 6 of QFMA Governance Code).

Accordingly, seven (7) Directors were appointed by QatarEnergy with effect from 07/03/2018. 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.

In accordance with the composition of the Board and its roles and responsibilities under Board Charter, Manual of Authority and Company's Articles of Association, no one or more of Directors may have control over passing resolutions.

Resolutions of the Board shall be passed by a simple majority of those Directors present and entitled to vote at the relevant meeting of the Board, each Director present having one vote.

QatarEnergy 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.

QatarEnergy ensures that all of its representatives in the subsidiaries attend appropriate training and awareness programs so that subsidiaries' boards of directors can achieve the highest levels of performance and adopt the best governance practices.

Board Committees

In implementing governance, the Board of Directors established Board Committees and some Special Committees and delegated to these committees some powers and authorities to carry out specific tasks 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. The Board also reviews and assesses the performance of the committees on an annual basis.

Board Committees are as follows:

The Board Audit Committee (BAC) was formed pursuant to Board resolution no. 8 of the fourth meeting of MPHC Board of Directors of 2014. The current BAC was formed by virtue of resolution no. 8 of 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.

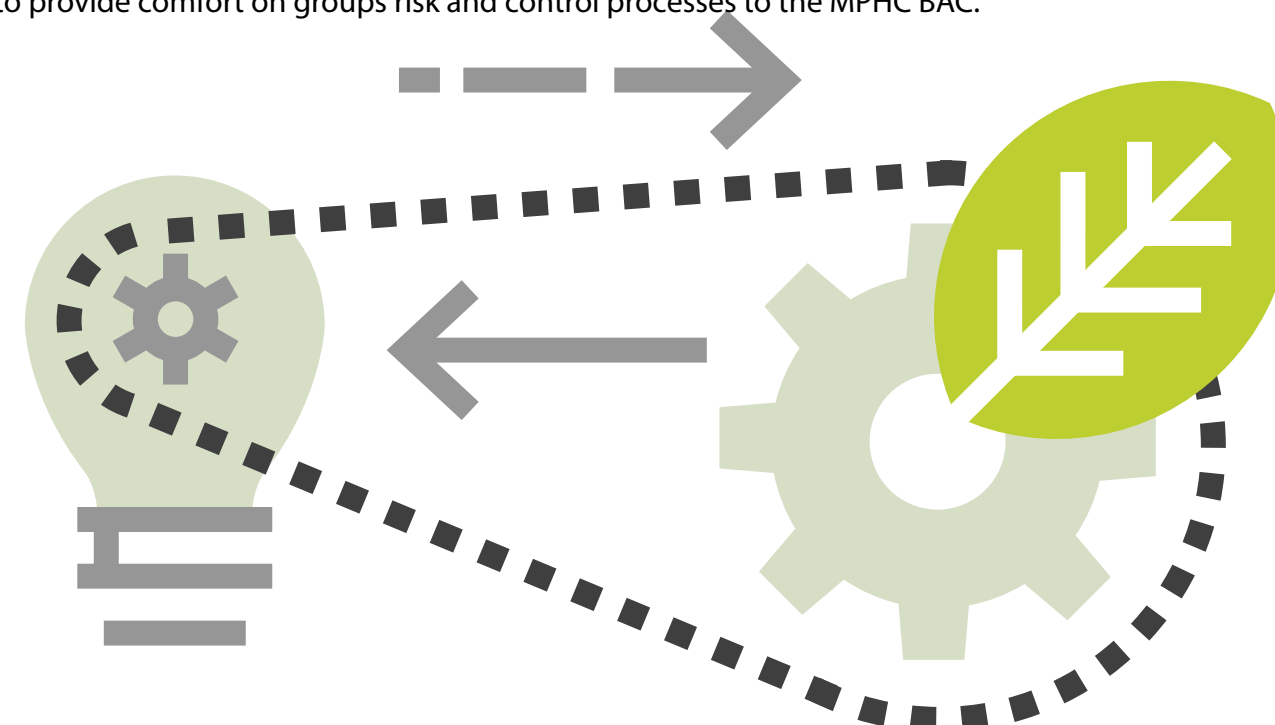
Remuneration Committee:

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 be a member of the Remuneration Committee.

Head Office Structure:

QatarEnergy is the founder, special shareholder and 65.46% majority shareholder. QatarEnergy provides financial and non-financial head office function services to the MPHC under a service-level agreement between QatarEnergy and MPHC. Head office services mainly include Financial Operations (financial reporting, management reporting, strategic business and financial planning and treasury functions), Investor relations and Communications (quarterly earnings press release, Investor presentations, earning calls, media and communications, newspaper publications, website management etc.,) and Governance and Compliance (governance framework, risk management, regulatory compliance etc.,). QatarEnergy's Privatized Companies Affairs Department as per the service level agreement exclusively manages the head office functions of MPHC with support received from other QatarEnergy departments such as Human Resource, Information and Communication Technology, Finance & Planning etc., led by Manager, Privatized Companies affairs, the department is supported by staff with varied experience in the field of Finance, Investor relations, Governance and Compliance.

Supporting the development of national employees, identifying and developing talented and capable Qataris to take permanent long term positions in the Company being one of the driving force, the Privatized Companies Affairs Department is headed by Qatari national and the ratio of Qatari employees to the total staff providing head office services to MPHC stands at a healthy 48%. QatarEnergy undertakes efforts to recruit more female employees as a commitment to diversify the workforce. Female employees currently make up 19% of the total staff providing head office services to MPHC. MPHC Board of Directors are firmly committed to implementing the principles of good governance and attaches greater importance to achieving justice and equality among shareholders, enhancing transparency and disclosure, and providing timely information to shareholders. 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. Corporate Governance framework in line with regulatory requirements and industry best practices are developed, reviewed periodically, and implemented. Processes are defined through established policies and procedures duly reviewed and approved by the MPHC Board. MPHC Board audit committee oversees the risk management and internal control system of MPHC on a periodic basis to review and discuss key risks, internal audit plans and internal control observations with the internal auditors. The Internal Auditor periodically makes and submits reports in this regard to the Board Audit Committee. BAC in turn reports to the Board on significant internal control matters and actions taken. The appointed internal auditors also carryout shareholder's audit on MPHC Group companies to provide comfort on groups risk and control processes to the MPHC BAC.



Environment

MPHC through its Group Companies is committed to integrating sustainability development principles into operations by developing and addressing environmental, health and safety aspects ensuring compliance to all legal and regulatory requirements and committing a continual improvement to operations to reduce environmental impacts. To that extent the Group Companies under MPHC develop and review periodically the environmental policies in line with the legal requirements as prescribed under consent to operate to assess, report and mitigate any environmental impacts associated with the direct or indirect effects of the Group's operations.

Efficient Energy Usage

The Group recognizes the importance of reducing energy consumption in order to minimize the environmental impacts as well as increase the company's operational efficiency. Unlike most manufacturers across the world, the group uses natural gas as a primary energy source for producing petrochemicals and derivative products (constitutes 89% of total production of the group) which is cleaner and more environmentally friendly than the other methods of generating energy.

Emission Reduction:

The Group continues to invest in environmental projects to optimize and efficiently use natural resources and reduce the generation of emissions, effluents, and waste. Through such capital investments, the Group's aim is to improve the environmental performance of operations, while enhancing the reliability and safety of operations.

Water Management:

Since we operate in a country in one of the highest water stressed regions of the world, water efficiency is an integral part of our environmental management approach. To overcome our water scarcity challenges, the wastewater treatment units at Group Companies enable to treat water and reuse it in operations and for irrigation. Group Companies also have implemented several projects including Zero or Near Zero liquid discharge projects with the aim reusing wastewater in the production process and reduce freshwater consumption.

Waste Management:

Group Companies adopt comprehensive procedures for identification, segregation, collection and disposal of waste generated from operations. A summary of all waste shipments for hazardous wastes is reported to Ministry of Municipality and Environment periodically.

Social

MPHC and its Group Companies are firmly committed to be exemplary in contributing to our community and engaging in their development. MPHC efforts are focused on raising public awareness of issues that the company considers important for the sustainable future of the country and aligned with MPHC's values.

Qatarization, continues to be one of the Group's key commitments in alignment with the Qatar National Vision 2030 and in support of the National Development Strategy group recruits, develops and retains highly competent Qatari talent. Group also believes it is important to play an active role as a community member and fulfil its social responsibility as a good corporate citizen. By leveraging its capacity, the Group can contribute to the development of the Qatari society in line with QNV 2030 and build a more sustainable and resilient community. Health and safety of employees and contractors is a top priority for the group.

The group implements various procedures and programs to support in upholding highest health and safety standards in its operations. As part of sustainable supply chain agenda and in alignment with the Economic Development Pillar of QNV 2030, the Group's focus is on procuring from local suppliers as an effort to support the growth of the local businesses in Qatar and contribute to the economic development of the country through initiatives such as the "Tawteen" program. Employees are considered the major building block which defines the Group's success.

Group has a proud legacy as an employer of choice, thanks to the enabling work environment that fosters professional growth and diversity, significant opportunities for Qataris, and uniquely strong commitment to contribute to the social, educational, and economic goals of the local community, following Qatar's National Vision 2030.

Governance

MPHC Group is committed to upholding strong governance standards and implementing sound practices to ensure that group's business is operated with integrity. MPHC Group recognizes that a robust corporate governance needs to be an integral component of the business and day-to-day operations.

The Group company's corporate governance framework includes a clearly articulated strategy and values, clear roles and responsibilities, well-defined management processes and systems, and an enterprise-wide approach to the management of risk. The Board of Directors (BoD) is the highest governing body at MPHC and its Group Companies and represents the interests of the Group and its shareholders. BOD Charters are developed at MPHC and each of the Group Companies in accordance with the Corporate Governance best practices, Qatar Commercial Companies Law, Qatar Financial Markets Authority Corporate Governance Code for Listed Companies and Company's Articles of Association.

Adequate representation of MPHC Directors is maintained in the Group Companies and each appointed representative in the Group Companies will abide by a set of guidelines or terms of reference developed and approved by the Board of MPHC, which explains his roles and duties. Guidelines/terms of reference in terms of MPHC requirements will be provided to each representative – these will include governance reporting and control requirements that the subsidiary must comply with. The BOD at each of the MPHC and its Group Companies discharge their oversight responsibility by further delegating some of its functions and constitute special committees such as the Audit Committee or Remuneration Committee or Health, Safety and Environmental Committee etc., for the purpose of undertaking specific operations on its behalf and set their authorities and duties.

BOD periodically review and approve the work of Board committees, conduct an annual self-evaluation of the performance of the Committees, including their effectiveness and compliance with its Terms of Reference. Code of Ethical Conduct drives business decisions at MPHC and its Group Companies and remains the cornerstone of the company's business conduct. The Code of Conduct provides a clear guidance to all employees on what it means to act ethically, professionally, and with integrity. It covers a wide range of topics including anti-bribery, conflict of interest, fraud, corruption, and compliance.

For more details on each Company wise performance and initiatives relating to ESG factors refer relevant Company's section below in this report.

Q-CHEM

Vision

To grow sustainably, in alignment with Qatar National Vision and become the leader of world class operators in the petrochemical industry by 2027.

Mission

We are a Joint Venture between Mesaieed Petrochemical Holding Company, Chevron Phillips Chemical International Qatar Holding LLC and QatarEnergy, operating in the petrochemical industry. We produce polyethylene, 1-hexene and normal alpha olefins in a safe and environmentally friendly manner, creating opportunities for our employees and value for our customers, shareholders and the State of Qatar.

Core Values

Safety

Safety is our core value. At Q-Chem, safety means having a safe, and healthy workplace, protecting people, the environment, and assets. Safety is every employee's and contractor's responsibility. Everyone is empowered with the authority to stop any work they believe is unsafe, because at Q-Chem we work safely or not at all.

Care & Respect For All People

It's the Q-Chem way: Q-Chem cares for and respects our people, regardless of their gender, culture, language or beliefs.

Pursuit Of Excellence

Q-Chem strives to achieve the highest standards in every aspect of our business: financial, operational, and support functions.

Accountability

Q-Chem holds full accountability in every aspect of its business.

Green Company

Q-Chem is committed in protecting and minimizing the impact of our operations on the environment

Social Responsibility

Q-Chem already carries out some corporate social responsibility activities, but aims to go beyond this and to truly engage with, and support, local communities.

Trust and Integrity

Q-Chem fosters trust and integrity among our employees, shareholders, suppliers and contractors, customers, national authorities, and regulatory agencies.

Environment

Efficient Energy Usage:

As part of Q-Chem's operational excellence, the Company aims to reduce energy usage and improve energy efficiency throughout all of Q-Chem's operations. Q-Chem's total energy consumption for all operations dropped 12% in 2020, with energy intensity also dropping a respectable 2% over last year. This was a result of several initiatives implemented to optimize energy consumption.

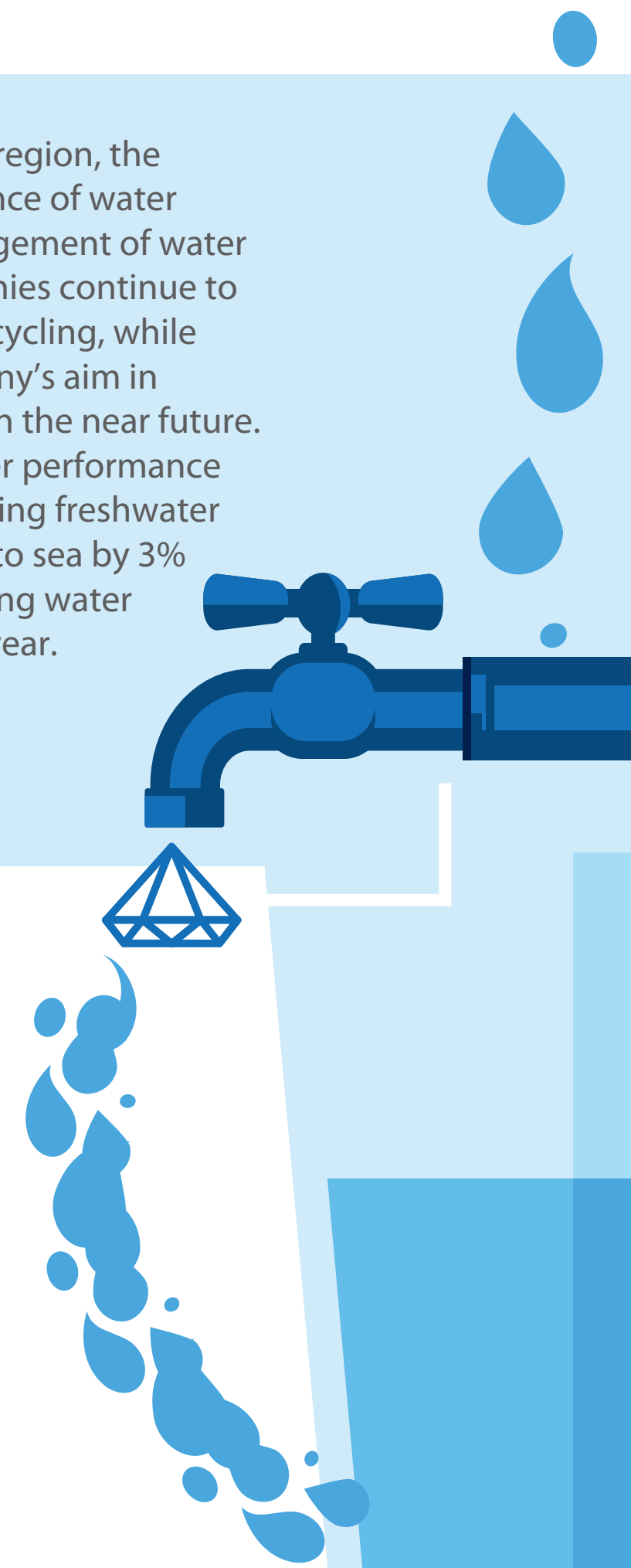
ESG factor	Q-Chem	Q-Chem II	RLOC
Energy Consumption (Total amount of energy usage in Mn GJ)	18.426	1.559	27.173
Energy Intensity (GJ/Tonne)	15.87	2.51	23.35

Emission Reduction:

In 2020, the Company has reduced its upstream responsible events by 69% compared to 2015, maintaining lowest Environmental Reportable Incident Rate (ERIR) and zero company responsible events in company's history. Q-Chem continued to improve its environmental performance, spurring innovation and ownership among employees through effective Pollution Prevention Programs that have been recently implemented to include environmental aspects, such as flaring reduction, waste minimization, energy optimization, and chemicals management. In addition, the Company started selecting monthly champions for housekeeping and waste segregation to engage employees in the process of maintaining its facilities clean and tidy. Annual champions were also selected and awarded for LDAR (Leak Detection And Repair) performance and other operational and non-operational aspects to increase motivation, maintain good ambient air quality, reduce greenhouse gases, and promote reliable environmental-friendly operations. In 2020, the total GHG emissions were reduced by 8.3% over the past year, with SO2 emissions intensity dropping by 31% compared to 2019.

Water Management

Given the water scarcity issue in the region, the Companies understand the importance of water conservation and the efficient management of water sources. In line with this, the Companies continue to increase their treated wastewater recycling, while moving forward towards the Company's aim in reaching near zero liquid discharge in the near future. Therefore, the Companies 2020 water performance was aligned with this strategy, reducing freshwater consumption and water discharged to sea by 3% and 10%, respectively, while increasing water recycling intensity by 18% over last year.



ESG factor	Q-Chem	Q-Chem II	RLOC
Water consumption (mn m3)	1.076	0.148	0.730
Water recycled/reused (mn m3)	0.115	0.227	Nil

Waste Management



Managing waste, much like managing water, is one of Q-Chem's top environmental concerns and focus areas.

Q-Chem witnessed a remarkable improvement in waste generation and treatment this year. The Company managed to decrease waste disposal by 16%, which reflected in a 2% drop in waste intensity. Simultaneously, it worked on increasing the percentage of waste recycled out of total waste generated to achieve a rate that is 27% higher than last year.

It is worth mentioning that there were no spills recorded in 2020.

2020 TURNAROUND WASTE MANAGEMENT

In support of the efforts to have a safe and cost-effective waste disposal method at Q-Chem II, an innovative waste management plan was put in place and implemented successfully with the following results in 2020: 100% of waste was disposed of safely.

Waste	Q-Chem	Q-Chem II	RLOC
Production (MT per year)	7916	3734	33679
Recycled (MT per year)	407	410	1488
Treated (MT per year)	254	538	12755
Disposed/Incinerated (MT per Year)	6037	1435	18377

Social



Qchem companies

At Q-Chem, “care & respect for all people” is one of the core values, and as such, Q-Chem strive to maintain a positive, safe, healthy and balanced work environment for its employees. Q-Chem believe that its people are its greatest asset and investing in their development and wellbeing translates to business success, productivity and shared value for all. Full time employees at Q-Chem stood at 1035 with an employee turnover of 1.40% for 2020. Out of 1035 employees, 71 of the employees were women.

Caring For Our Talents

One of Q-Chem’s top priorities is to attract and retain the most talented individuals in the industry and those who reflect Q-Chem’s corporate culture and adopt its vision of sustainability. Q-Chem achieves this by retaining low attrition rates through talent development programs, competitive incentives schemes, and high employee engagement. “As a testament to its high retention rates, turnover has been decreasing significantly over the last 4 years” and Q-Chem’s engagement survey conducted in 2018 resulted in an impressive engagement rate of 88%. The results of this survey were the cornerstone of the actions taken in 2019 to address the improvement opportunities and improve employees’ satisfaction.

Qatarization

Q-Chem strives to develop and uplift the local workforce and prioritize Qatar nationals for employment opportunities at Q-Chem. Qatarization is one of Q-Chem’s national commitments and strategic goals toward the sustainable development of the Qatar community in line with the Qatar National Vision 2030. To achieve this goal, the Company attracts, develops, motivates and retains highly competent Qatari talent from various disciplines across the organization. Q-Chem is targeting national engineers and trainees by holding an annual recruitment event to attract and recruit more Qatari talent, allowing them to pursue a fulfilling career at one of Qatar’s top companies. Q-Chem’s Qatarization rate has increased over the years. The Qatarization rate for 2020 stood at 22.3% (217 employees).

Local procurement

Procurement of materials and services for Q-Chem, Q-Chem II & RLOC is centrally managed by Commercial Group. The year 2020 was different from preceding years primarily due to the Pandemic (COVID-19) challenges affecting the global supply chains. The primary goal was to ensure uninterrupted supply of materials and services to continue smooth operations, maintain business sustainability and also smooth start-up after Q-Chem II and RLOC Turnaround.

Pursuit of excellence is one of the core values at Q-Chem. In the year 2020, the focus was to start the journey to transform Procurement by implementing global best practices, targeting strategic objectives of improving resilience in supply chains of critical material, identifying and capturing strategic long term value for the organization and building strategic execution & operational excellence. Developing local suppliers to support realization of Qatar National Vision 2030 was amongst the priority initiatives. Qualifying local suppliers to manufacture packaging materials in Qatar using locally produced ingredients is one of the success stories for 2020.

Q-Chem continued its role as one of the active participating companies in QatarEnergy led supply chain localization program - TAWTEEN. Implementation of in-country value (ICV) incentive program and committing business for local manufacturing-based supplier investment opportunities under 4Cs (Category, Consolidate Commit and Contract) program were amongst the major milestones.

Social

Health & Safety

As a major player in the national petrochemical Industry, Q-Chem strives to serve as an example for its peers by conducting its daily business in a secure, safe, injury-free, and environmentally responsible manner. In 2020, Q-Chem completed 13 years without a heat related injury/illness.

- For employees, two recordable injuries in the previous five years (2016-2020) or less than one recordable per year and fatalities are Zero.
- For contractors, eight recordable injuries in the previous five years (2016-2020) or 1-2 recordables per year and fatalities are Zero
- Total number of injuries (employees and contractors) average to 2-3 recordables per year and fatalities are Zero.



Employee Training

At Q-Chem, the Company places a high focus on leveraging its employees' awareness of safety topics and heighten that awareness with continuous training and education programs. In 2020, more than 117,000 hours of training were provided to the Company contractors to ensure that they are aware of and in compliance with its strict safety code to be ready for successful turnaround.

The Company is immensely proud to have achieved zero lost time and zero recordable injuries in the turnaround of 2020.

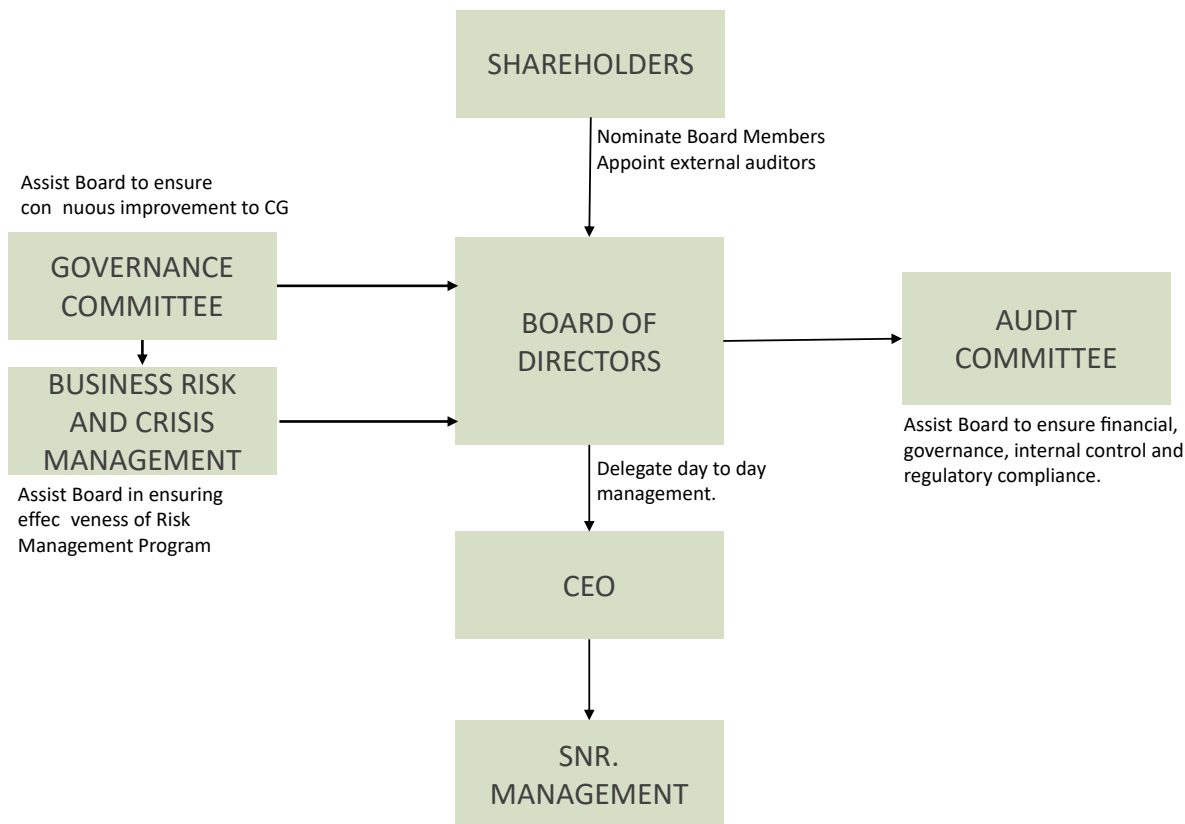
Community

Enriching society and uplifting local communities is a vital part of Q-Chem's sustainability agenda.

Q-Chem invests in community through various activities and campaigns that add value to its employees, environment, and society. Due to COVID19- pandemic and safety restrictions, the Company has focused on virtual events, these contributions have enhanced the Company's corporate social responsibility (CSR) activities and positively impacted nearly 6,088 people in Qatar. Total of 258 hours were spent on community work.



QChem - Governance



BOARD GOVERNANCE COMMITTEE:

Through special resolution the board established a Governance Committee [BGC] that is responsible to assist the Board to ensure continuous, sustainable improvement of corporate governance in the Company and in fulfilling its responsibilities in relation to monitoring compliance with legal and regulatory requirements.

AUDIT COMMITTEE:

Through special resolution the board established an audit committee [BAC]. The Audit Committee assists the board of directors in fulfilling its responsibilities in relation to financial governance, reporting and internal control. The BAC has an independent role, operating as a maker of recommendations to the board for its consideration and final approval.

BUSINESS RISK & CRISIS MANAGEMENT COMMITTEE:

Through special resolution the board established a Business Risk and Crisis Management Committee (BRC). The role of the BRC is to assist the board in ensuring the effectiveness of the enterprise risk management program within the company. The BRC has an independent role, operating as a maker of recommendations to the board for its consideration and final approval.

None of the BGC, BAC or BRC assumes the functions of Management, which remain the responsibility of the Company's management. The composition, role, responsibilities, tasks and procedures of the above Board committees are set forth in their respective terms of reference.

INTERNAL CONTROLS AND INTERNAL AUDITING:

The purpose of the company's internal controls policy is to establish a dependable system of internal controls and detect material risks to Company's condition or compliance with laws and regulations and to make appropriate corrections. The company has an effective risk based internal audit function. Internal audit supports to accomplish Company's objectives by bringing a systematic and discipline approach to evaluate application of risk management, control and governance processes. It coordinates with the relevant board committees, management and departments to improve effectiveness of these processes.

MANAGING ENTERPRISE RISKS

The company initiated an Enterprise Risk Management (ERM) process in 2014 that was embedded in all critical business activities, functions and processes. It is an integrated risk management process that combines a "Bottom-Up" Operational Risk management process and a "Top-Down" Strategic Risk management process. 2020 saw the completion of the Company's fifth annual ERM cycle, culminating in the development of key risk mitigation plans and the completion of first iteration of Q-Chem's Strategic Risk profile. The Company also developed and executed an effective Pandemic Response Plan in cooperation with the Q-Chem HSE Department to respond to COVID-19. In the area of digitalization, the Company developed and successfully rolled out an in-house Enterprise Risk Management application during 2020. The Company also initiated an improvement project to advance its Business Continuity Management (BCM) System.

CYBER SECURITY

In 2020, Q-Chem continues to improve in ensuring the confidentiality, integrity and availability of its enterprise applications, data and systems, through controls designed to mitigate specific risks and challenges faced. Q-Chem's compliance to FIFA 2022 Cybersecurity Framework and the National Information Assurance Policy (NIAP) issued by authorities of Qatar is progressing in a measured and continuous manner thereby strengthening the security posture and being resilient to cyber attacks.

INTEGRATED MANAGEMENT SYSTEM

The Company engaged a world leading consultant firm to enhance its operational performance and align its operations with industry best practices. This engagement built on the efforts invested in the Operational Performance Enhancement (OPE) Program that guides continuous improvement at Q-Chem. As a result, Q-Chem successfully achieved accredited RC and ISO certifications following an integrated management system (IMS) approach.

Projects & Future Plans



Q-Chem initiated and completed multiple projects this year with a budget of more than QAR 80 million to optimize the production, enhance the safety of its people and assets and ensure compliance with environmental regulatory requirements.

Looking forward, the Company has projects in the pipeline spanning over the next three years with an additional budget of around QAR 900 million to help the Company achieve its vision of sustainable and reliable economic performance.

QVC

Vision

Prosperity Through Innovation

Mission

Excellence Through Sustainable Growth Driven By Innovation Talent And Responsible Care

Core Values

Excellence

We are keen on continuous improvement and adaptation of best practices in all areas to ensure we effectively meet and exceed performance expectations in terms of quality and efficiency.

Safety

We persist to ensure the safety of our employees, contractors, assets and communities; taking a proactive approach to safety, we relentlessly seek ways to improve our safety performance.

Integrity

Acting ethically and honorably wins loyalty. Our behavior is matching our words and we take accountability and responsibility for our action.

Innovation

Innovation processes, creative ideas, research and development that bring together various novel ideas in way that shall an impact on society.

Stewardship

Building a strong and durable company for future generations, meeting our commitments to stakeholders, fostering freedom to act, and helping improve communication and the environment.

Environment

Efficient Energy Usage:

Natural gas makes up 99% of energy consumption at QVC, whereas the remaining is electricity supplied by Qatar General Electricity and Water Corporation (KAHRAMAA).

Measuring QVC energy intensity provides with a more representative comparison of its energy consumption by normalizing it against production. During the reporting period, QVC energy intensity was 20.40 GJ per ton of production.

Energy Consumption (Total amount of energy usage in Mn GJ)	15.006
Energy Intensity (GJ/Tonne)	20.40

Emission Reduction:

In order to identify, reduce, and mitigate environmental impacts, QAPCO (Operator of QVC plants) integrates management and oversight mechanisms at all levels of operation. QVC understands the impact of its operations on the environment; QVC leadership is committed to maintaining their status as a responsible company, driving environmental performance improvements throughout its operations.

QVC continues to invest in environmental projects to optimize and efficiently use natural resources and reduce the generation of emissions, effluents, and waste. Through such capital investments, QVC aim is to improve the environmental performance of its operations, while enhancing the reliability and safety of its operations as well.

Key 2020 Highlights include:

- CEMS RATA Implementation: RATA for all the CEMS within QVC has been implemented and RATA services were planned and conducted in coordination with operations for the installed CEMS.

2020 Plan includes:

- upgradation of QVC GTs CEMS to comply with MME requirements.
- detailed assessment groundwater contamination in the Vinyl (QVC) plant area and recommendation for remedial actions.

Water Management

Wastewater from Vinyl (QVC) treatment plant (U46) is in compliance to CTO requirements. Cooling Seawater Chlorine Exceedances are concern for Vinyl Plant.

This needs modifications in the cooling water inlet structure, which has been scheduled to be implemented during 2021 Turnaround.

ESG factor	QVC
Water consumption in mn m3	0.956
Water recycled/reused in mn m3	Nil

Waste Management

In addition to the hazardous waste disposal contract with MIC HWTC, QAPCO (operator of QVC) made long-term contracts for hazardous waste disposal with other companies to ensure timely treatment/disposal of hazardous waste. This resulted in achieving compliance with hazardous waste management regulations.



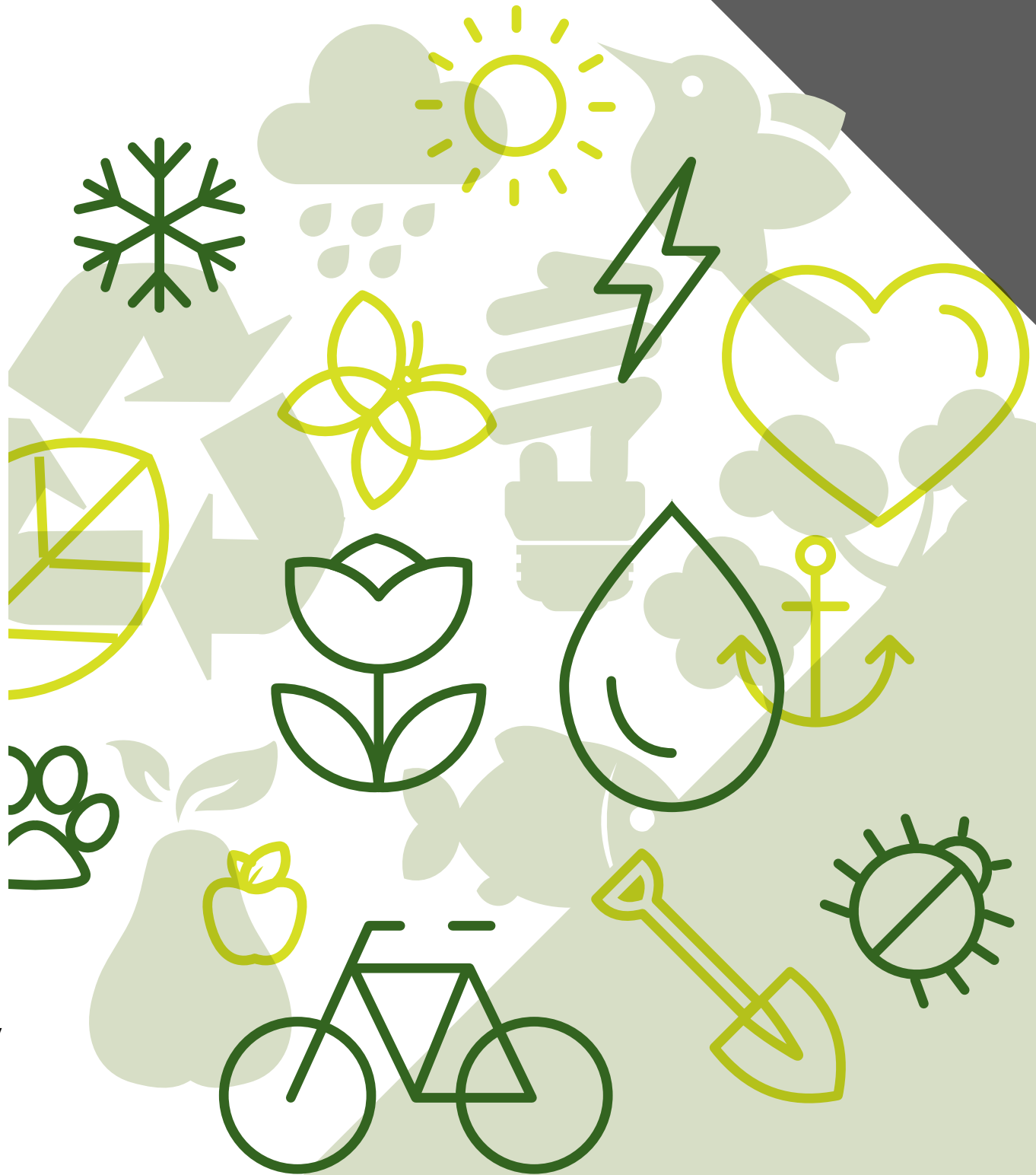
Social

Qatarization:

Within QAPCO (operator of QVC) and after the successful integration in 2017, workforce grew by 13%. The Company continuously invest in employees' personal and professional growth, as well as in the development of their skills and competencies. In line with the Qatar National Vision 2030, the Company is committed to developing a strong and capable Qatari workforce. The Company is proud to offer its Qatari employees competitive benefits and growth opportunities. At 26% in 2020, the Company's employees are at the heart of everything the Company does and enable to reach its full potential.

Local procurement:

Within QAPCO practices as QVC operator, the Company is committed to encourage and support local suppliers of goods and services and give them preferences within its procurement system in order to achieve QAPCO long term strategic goals. The Company continues to increase cost improvements while building stronger business relationships with its suppliers. The Company is committed to increase local procurement spends and act on realizing the diversification of Qatar economy. Qatari companies are given selection preferences in procurement process whenever applicable and QAPCO is working closely with the new Tawteen initiative to further improve the in-country value (ICV) of the Company's goods and services purchasing. The Company spends around 75% of its total annual spends on local procurement which shows its commitment to the growth and diversification.

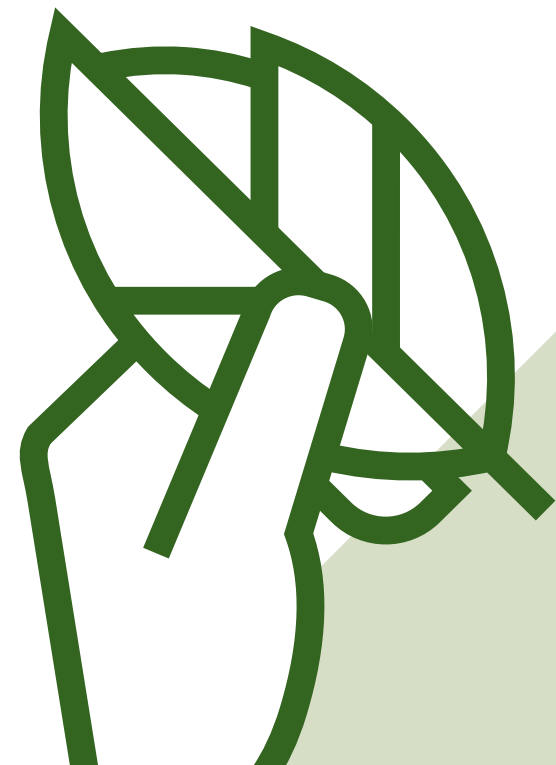


Social

Health & Safety:

Ensuring the safety and well-being of employees is at the core of everything that is done at QAPCO (operator of QVC). When it comes to decision-making, safety is always its top priority. The Company's integrated Health, Safety, Environment, & Quality (HSEQ) strategy systematically incorporates safety into all levels of its operations. As safety is a core value, the Company strive continuously to improve the overall safety performance of its employees and contractors. Together, the Company has put a lot of work, effort and focus on safety over the past year with the HPS program. This year the Company continues to implement Process Safety Management Program (SALAMAH), that will drive and improve its Process Safety culture, systems, capabilities and overall prevent major accidents from occurring.

In terms of Safety performance for the year, QAPCO (operator of QVC) had zero injuries/recordable injury for employees and contractors. There were no work-related fatalities, neither for employees nor for contractors.



Employee Training:

Employees define QAPCO's (operator of QVC) success. Through four decades of operations, the Company has developed a workforce that epitomizes the social and economic development goals of Qatar National Vision 2030. The Company employees are the driving force of everything done at QAPCO, and its success as a company is directly linked to the success of the Company's employees. QAPCO has spent on an average 19 hours per employee on training in 2020.

Community:

QAPCO (operator of QVC) put its focus on Employee engagement as it is an important part of how the Company learn from and listen to its employees. It is an essential part of its stakeholder engagement. At QAPCO, the Company relies on a number of channels to grow and enhance relationships with its employees, as well as the types of services it provides. QAPCO employees are part of a community that extend beyond work. From events and celebrations to regular communication through the company intranet, to more formal mechanisms, such as employee feedback and satisfaction surveys, the Company is connected to the needs and concerns of its employees. However, 2020 was a bit challenging as it required a special treatment for social gathering and networking measures. So there was a huge shift on how the Company can achieve its goal, that's why the Company put an extreme effort to ensure the safety and well-being of its employees. Hence, all sponsorship were put on hold and throughout the year the Company focused on creating a healthy working environment by engaging more with technology and utilizing all resources to achieve full business continuity.

QVC - Governance

Corporate Governance

Transparency, accountability, and responsibility are three values that drive and enable corporate governance and decision-making structure. QAPCO's Board of Directors is committed to upholding strong governance standards and ensuring the best interest of QAPCO and its shareholders.

QAPCO follows a structured Table of Financial & Non-Financial Authorities segregation process to ensure decision making, thresholds, authorities and endorsements are clearly defined to avoid ambiguity and redundancies, and to mitigate decision related business risks; QAPCO is also committed to promoting a culture of accountability within the organization by empowering its teams through effective delegation of authorities, and limitation of the personal "Span Of Control" thus ensuring structured and focused decision making properties.

QAPCO (Operator of QVC), constantly works to earn the trust of its shareholders and stakeholders through transparency and good corporate government. The Company recognizes that these measures are essential to delivering value to its shareholders and maintaining trust with its stakeholders. The Company is committed to upholding strong governance standards and implementing sound practices to ensure that its business is operated with integrity. The Board of Directors (BoD) is the highest governing body at QVC and represents the interests of QVC and its shareholders, always maintaining balance and fairness. BoD credentials have prepared them to guide the strategic direction of QVC. Their ability to challenge and add value to management is an asset to QVC. They are appointed by primary shareholders, Mesaieed Petrochemical Holding Company and Qatar Petrochemical Company (QAPCO), based on relevant expertise and knowledge.

QVC's BoD Charter developed outline the basis for the sound management of its performance, risk and operation. As per the charter, all members of the BoD must sign a conflict of interest declaration on a yearly basis. Further embedding its commitment to transparency within the company, all employees, including management, are required to declare any conflicts of interest. These declarations are then addressed through the Conflict of Interest Committee, which issue annual reports pertaining to conflict of interest investigations and actions taken. In 2020 all members of the BoD submitted their Declaration of Interest.

Board Committees

1. Audit Committee
2. Governance Risk and Compliance (GRC) Committee
3. Cross Company Executive Operating Committee
4. Tender Committee 1

Corporate Committees

1. Health, Safety, Security and Environment (HSSE) Committee
2. Human Resource (HR) & Qatarization Committee
3. Disciplinary Committee
4. Information Technology (IT) & Cyber Security Committee
5. Event, Club, Sport and Technical Committee
6. Tender Committee 2
7. Turnaround Steering Committee

Strategy and corporate excellence: QAPCO and QVC successfully integrated in July 2017. During the 6-month period, QAPCO delivered higher performance through the sharing of leadership, talent, resources and capabilities, realizing significant synergies across multiple business and functional areas. The Company took this journey, to strategize QAPCO's development to grow in line with its shareholder Growth strategy. This integration took its relationship one step further, creating one high-talent organization with a shared culture, governance, procurement framework, IT system and budget process. This exercise has already achieved substantial cost reduction for the three entities operated by QAPCO, as well as allowed for better budgeting processes and unified cost allocation. Under one governance with one delegation of authorities, the Company has experienced increased productivity with synergized operations. QAPCO's strategy has been developed in accordance with Qatar National Vision 2030, its shareholders vision and strategy. Company's mission and vision are driven by five main pillars: Operational Performance, Safety, Sustainability, Financial Performance and Stakeholder Satisfaction. One of the most important initiatives that will continue to be its focus is QAPCO Full Potential (QFP). QFP's Operational focus in 2020 was on efficiency, margin improvements and variable cost reduction. The scope of this program will continue to expand as the Company maintains regular assessment of its performance against industry benchmarks and strives to be in the first quartile. Vital improvement opportunities will also be captured alongside other improvement initiatives. Another area of focus in 2020 was the optimization of ethylene allocation based on contribution margins. Through this initiative QAPCO was able to achieve substantial bottom-line improvement by maximizing derivatives with highest contribution.

Approach to Risk Management: QAPCO manages, monitors and reports on the principal risks and uncertainties that can impact the Company's ability to deliver strategy and achieve its strategic objectives. QAPCO's management systems, organizational structures, processes, standards, code of conduct and behaviors together form a system of internal control that governs how the Company conducts its business and manages associated risks. The Board of Directors is ultimately accountable for risk and is committed to sustaining effective risk management processes while pursuing the Company's strategic objectives. On a quarterly basis, management, the leadership team, the board and relevant committees provide oversight of how significant risks to QAPCO are identified, assessed and managed. They help to ensure that risks are governed by relevant policies and are managed appropriately. Such oversight may include reviews of the outcomes of business processes including strategy, planning and resource and capital allocation.

Combined Assurance And The Three Lines Of Defense: QAPCO incorporates the Three Lines of Defense model into its ERM Framework to enable continuous assurance on key risk exposures and the ongoing effectiveness of controls. To further advance its ERM Maturity, QAPCO also conducted its first combined assurance exercise on the top three enterprise level risks. This was done to provide a comprehensive view of the enterprise risks, assurance on existing controls (control effectiveness) and more effective oversight over the 1st and 2nd line of defense.

First Line of Defense - QAPCO's operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

Second Line of Defense - QAPCO's several components of internal governance (HSE, Compliance, Risk management, Quality, IT and other control departments) provide functional assurance to the organization in their area of expertise.

Third Line of Defense - QAPCO's Internal Audit (IA) forms the third line of defense. As an independent function QAPCO's IA, through a risk-based approach to its work, provides assurance to the Board of Directors and Senior Management. This assurance typically covers how effectively QAPCO assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defense. QAPCO's Internal Audit function operates in line with international auditing standards and continuously improves its functional capabilities to achieve world class assurance best practices.

Projects & Future Plans



Preparing the Company for long-term success, sustainability management is crucial to risk management. In line with the Qatar National Vision 2030, QAPCO (operator of QVC) is concerned not only with its success in the current market, but also with securing sustained, long-term growth for QAPCO, the State of Qatar, and its citizens. Climate change, globalization, and pandemic uncertainty provide significant challenges for QAPCO business, but also significant opportunities for improvement and innovation. QAPCO strives to always act responsibly, continuously improving its efforts to mitigate environmental impacts, while also contributing positively to Qatar's rich economy and society.

QAPCO established a complete renovation and upgrade project of its Wastewater Treatment facilities and replace it with new, state of the art unit based on latest Water treatment technology from SIEMENS international.

The project was executed in close coordination with QatarEnergy, MME and direct guidance of QAPCO's management. The project objective was to meet Qatar's environmental regulation related to waste water treatment with challenging targets set for the performance of the new unit including recovery of more than 85% of the treated waste water stream and reuse it inside existing production facilities.

KPI	Target 2021
Improve Regulatory Compliance	
Conditional CTO Compliance (%)	96%
Improve Environmental Compliance	
Flaring _Hydrocarbons (MT/Hour)	≤3
Increase National Manpower Retention & Improve Competency	
Qatarization (%)	≥24%
National attrition (%)	≤5%

Index of ESG Key performance indicators

KPI #	ESG Key Performance Indicators	Measurement	Q-Chem	Q-Chem II	RLOC	QVC
1	Environmental Policy	Does the Company publish and follow an environmental policy?	Yes	Yes	Yes	Yes
2	Environmental Impact	Any legal or regulatory responsibility for an environmental impact?	Regulated by Ministry of Municipality and Environment. Bound by legal requirements (implied under 'Consent To Operate' License) to Assess, Report & Mitigate any environmental impacts associated with direct or indirect effects of Plant operations under the Group.			
3	Energy Consumption	Total amount of energy usage in MWh or GJ (Million GJ)	18.426	1.559	27.173	15.006
4	Energy Intensity	Amount of energy used per M3 of space, and per FTE. (GJ/Tonne)	15.87	2.51	23.35	20.40
5	GHG Emissions	Total amount of greenhouse gas emissions (MT)	776,920	34923	837,410	808,755
6	Primary energy source	Specify the primary source of energy used by the company	Electricity, Natural gas and Tail Gas (Mainly Hydrogen)	Electricity, Natural gas and Tail Gas (Mainly Hydrogen)	Electricity, Natural gas and Tail Gas (Mainly Hydrogen)	Electricity and Natural gas
7	Renewable energy intensity	Specify the percentage of energy used that is generated from renewable sources	Nil	Nil	Nil	Nil
8	Water Management	Total amount of water consumption in m3	1,076,352	147,725	730,225	956,184
		The total volume of water recycled/reused in m3 by the organization per year	115,294	226,776	Nil	Nil
9	Waste management - Total waste produced/generated, recycled or reclaimed, by type and weight	Production (MT per year)	7916	3734	33679	241
		Recycled (MT per year)	407	410	1488	Nil
		Treated (MT per year)	254	538	12755	Nil
		Disposed/Incinerated (MT per Year)	6037	1435	18377	Nil
10	Full time employees	Total workforce	1035			Not applicable as QVC operated by QAPCO
11	Employee Benefits	Total amount of employee wages and benefits (in Mn QAR)	NR			Not applicable as QVC operated by QAPCO

KPI #	ESG Key Performance Indicators	Measurement	Q-Chem	Q-Chem II	RLOC	QVC
12	Employee turnover	Percentage of employee turnover.	1.4%			Not applicable as QVC operated by QAPCO
13	Employee Training	Average hours of training per employee (Total hours of training for employees divided by the number of employees)	172			Not applicable as QVC operated by QAPCO
		Training Hours	1785			Not applicable as QVC operated by QAPCO
14	Health	Does the company publish and follow a policy for occupational and global health issues?	Yes			Yes
15	Injury rate	Total number of injuries and fatal accidents (employees)	Injuries varies but less than 1 recordables per year and fatalities are Zero			Nil
		Total number of injuries and fatal accidents (contractors)	Injuries varies but 1-2 recordables per year and fatalities are Zero			Nil
		Total number of injuries and fatal accidents (employees and contractors)	Injuries varies but average 2-3 recordables per year and fatalities are Zero			Nil
16	Human rights policy	Disclosure and adherence to a Human Rights Policy? Yes/No	Yes			Yes
17	Human rights Violations	Number of grievances about human rights issues filed, addressed and resolved	Nil			Nil
18	Child and Forced labor	Does the company prohibit the use of child or forced labor throughout the supply chain? Yes/No	Yes			Yes
19	Women in the work force	Women in the workforce (% age and number)	7%			Not applicable as QVC operated by QAPCO
		Total Women Employees	71			Not applicable as QVC operated by QAPCO
20	Qatarization	Nationalisation rate (%) (percentage of Qatari nationals in the workforce) (also provide number of nationals in workforce)	22.3%			Not applicable as QVC operated by QAPCO
		No. of Qatari in workforce	217			Not applicable as QVC operated by QAPCO

KPI #	ESG Key Performance Indicators	Measurement	Q-Chem	Q-Chem II	RLOC	QVC
21	Community work	No. of hours spent, and/or Pre-tax profits invested in the community (%age, number of hours spent and/or amount of pre-tax profits invested)	258 hours			Nil
22	Local procurement	Spending on locally based suppliers (%age)	79%			QAPCO spends 75% on local procurement which includes procurement for QVC
23	Board Diversity	Percentage of Board seats taken by women	Nil	Nil	Nil	Nil
24	Board Independence	Percentage of Board seats taken by independent directors (No. and %age)	Nil	Nil	Nil	Nil
25	Board separation of powers	Role separation of CEO and Chairman	Yes	Yes	Yes	Yes
26	Voting results	Disclosure of the voting results of the latest AGM (Yes/No)	NA	NA	NA	NA
27	CEO pay ratio	CEO pay ratio - Ratio of CEO salary and bonus against the median FTE salary and bonus	NR			Not applicable as QVC operated by QAPCO
28	Gender pay ratio	Ratio of Median male salary to median female salary.	NR			Not applicable as QVC operated by QAPCO
29	Incentivized pay	Specify the links between (executive) remuneration and performance targets (Yes/No)	NR			Not applicable as QVC operated by QAPCO
30	Ethics code of conduct	Does the company publish and follow an Ethics Code of Conduct? (Yes/No)	Yes	Yes	Yes	Yes
31	Supplier code of conduct	Does the company publish and follow a Supplier Code of Conduct? (Yes/No)	Yes	Yes	Yes	Yes
32	Bribery/Anti-corruption code	Does the company publish and follow a Bribery/Anti-Corruption Code? (Yes/No)	Yes	Yes	Yes	Yes

NR – Not Reported

NA – Not Applicable