

# **Mesaieed Petrochemical Holding Company 2023 Corporate Governance Report**

## Table of Contents

### **Introduction**

**Scope of implementation of the governance and compliance with its principles**

### **Board of Directors**

**Board structure**

**Board composition**

**Key roles and responsibilities of the Board**

**Board Chairman**

**Board Directors**

**Board meetings**

**Board resolutions**

**Board Secretary**

**Board Committees**

**Assessment of Board performance**

### **Company's control system**

**Risk management**

**Audit**

**Compliance**

**Disclosure and Transparency are included in the appendix to this report**

**Disclosure**

**Conflict of interest**

**Transparency and upholding the interest of the Company**

**Disclosure of share trading**

### **Stakeholder rights**

**Equal rights of shareholders**

**Register of shareholders**

**Shareholder rights to access information**

**Shareholder rights to General Assembly**

**Conducting major transactions**

**Stakeholders rights (non-shareholders)**

**Community right**

**Appendix: Board of Directors Bios**

## **1. Introduction**

Mesaieed Petrochemical Holding Company (hereinafter referred to as “MPHC” or “the Company”), a Qatari public shareholding company listed on Qatar Stock Exchange, was established on 29<sup>th</sup> of May 2013 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. MPHC then brought its Articles of Association into conformity with the provisions of the Commercial Companies Law promulgated by Law no. 11 of 2015 as amended by Law no. 8 of 2021, having regard to the peculiar nature of its incorporation.

QatarEnergy, the founder, Special Shareholder and 57.85% majority shareholder, provides Mesaieed Petrochemical Holding Company with all the required financial and head office services under a service-level agreement. MPHC therefore applies some of QatarEnergy’s established rules and procedures as a service provider. As part of its Board of Directors’ efforts aimed at complying with the principles of corporate governance and applying industry-standard best practices, MPHC had fully and independently developed a Corporate Governance Framework in line with the peculiar nature of its incorporation. The Framework was approved by the Board on 25<sup>th</sup> of November 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 ensure and enhance value creation to shareholders, MPHC Board of Directors is firmly committed to implementing governance principals set forth 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 AoA.

In doing so, the Board defined the roles and responsibilities of the Board of Directors, Senior Executive Management and employees of the Company. It promotes the principals of justice and equality among stakeholders without discrimination and enables them to exercise and enjoy their rights, upholding values of protecting the minority. The Board maintains productive control and risk management, enhances transparency and disclosure and provides information to the stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly.

Moreover, the Board of Directors upholds the values of corporate social responsibility, puts the interest of the Company and its stakeholders ahead of any

other interest, carries out its roles and responsibilities in good faith, integrity, honor and sincerity and takes the responsibility arising therefrom to the 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 applications, as and when required. In addition, the Board of Directors endeavors to maintain a Code of Conduct that reflects the values held by the Company and ensures the establishment of the principals of transparency, upholding the values of self-control and integrity and acknowledging responsibility.

In addition, as the head office service provider, QatarEnergy ensures that its concerned staff are made aware of and trained on risk management, self-control and professional code of conduct, anti-bribery and corruption, conflict of interest and information classification and security, among others.

Taking into account the provisions of Article no. 2 of QFMA Governance Code, the Company strictly observes the provisions of QFMA Governance Code and endeavors to maintain its official documents in conformity with such Code to ensure full and proper application of the provisions thereof.

### **3. Board of Directors**

#### **3-1 Board Structure**

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 operate in a strategic and critical sector (petrochemical industries). The Company went public by QatarEnergy in 2013. MPHC was founded by QatarEnergy to help achieve the main objectives of the economic policy in terms of supporting the economic diversification pursued by the state, which in turn contributes to the industrial development in Qatar, while playing a major role in the development of the relevant sectors. In addition, Qatari nationals were given investment opportunity, as MPHC went public and listed on Qatar Stock Exchange by QatarEnergy to share the generated profits with them. All shareholders receive annual dividends in proportion to their shareholdings.

MPHC listing on Qatar Stock Exchange was of a specific and unique nature, as shareholders would be given free incentive shares equivalent to %100 of their allocated shares, helping promote saving culture among Qatari nationals, while

ensuring that they receive maximum benefit from MPHC activities. In addition, an Amiri grant was given to the underprivileged.

Recognizing the peculiar nature of MPHC's activities and incorporation, the Company's strategic position as one of the main pillars of Qatar's economy, and taking into account the public interest, it was therefore critical, to make sure state assets and production facilities are properly managed in a manner that ensures sustainability and creates value for the Company's shareholders, that QatarEnergy, the founder of the Company, retains special privileges, including the Special Share. These special privileges are provided for in article no. 77 of the Commercial Companies Law promulgated by Law no. 5 of 2002 at that time, which are still in effect as part of the provisions of the Commercial Companies Law promulgated by Law no. 11 of 2015 as amended by Law no. 8 of 2021. In addition, article no.152 states that the Company's articles of association may provide for the determination of some privileges for a class of shares, provided that the shares of the same class are equal in rights, advantages and restrictions.

Due to many 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, QatarEnergy, the Special Shareholder, had to reserve the right to appoint Board Directors and senior and executive management teams who are sufficiently qualified and experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. The reasons are summarized as follows:

- QatarEnergy is the founder, Special Shareholder and 57.85% majority shareholder.
- The contractual obligations on QatarEnergy provided for in the agreements signed with foreign partners in the joint ventures, which were the basis for the establishment of the Company and transfer of QatarEnergy's stakes in the joint ventures to MPHC.
- Mesaieed Petrochemical Holding Company and its joint ventures depend on QatarEnergy for supply of feedstock and infrastructure.
- Mesaieed Petrochemical Holding Company and its joint ventures depend on QatarEnergy for technical, technological and marketing support.
- QatarEnergy provides all financial and head office services to the Company under a comprehensive service-level agreement. These services are provided as and when requested to ensure that the operations of Mesaieed Petrochemical Holding Company are fully supported.

Therefore, the Board, in accordance with the Company's amended Articles of Association, consists of no less than five (5) and no more than eleven (11) Directors, all of whom shall be appointed by the Special Shareholder (QatarEnergy). 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.

Except for those matters that are decided by shareholders as provided for in 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 QatarEnergy's resolution no. 11 of 2021 passed on 17<sup>th</sup> of March 2021, MPHC Board of Directors was reconstituted in accordance with Article no. 22 of the Company's Articles of Association. Accordingly, seven (7) Directors were appointed by QatarEnergy with effect from 15<sup>th</sup> of March 2021. In accordance with the definition of the independent Director in QFMA Governance Code, MPHC Non-Executive Directors are Non-Independents, as they are representatives of a legal person that owns more than 5% of the Company's share capital. MPHC Board of Directors does not include executive Directors, as QatarEnergy provides the Company with all the executive services under a service - level agreement.

In accordance with the composition of the Board and its roles and responsibilities provided for in 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. In addition, QatarEnergy ensures that all of its representatives in group companies 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.

MPHC will disclose Qatar Energy's decision on the formation of the Company's Board of Directors for its next term (2024-2027), including its decision on any change thereto in due course (Directors' bios are included in the appendix to this report).

### **3-3 Key roles and responsibilities of the Board**

The Board has overall responsibility for the performance of the company including establishments of policies, strategies, risk framework, governance framework and corporate values. The board is also responsible for overseeing the sound implementation of these, in addition to overseeing of the performance of executive management. The board assumes professional and legal responsibility towards Company shareholders and all stakeholders, embodied in the duties of trust, loyalty, objectivity, and dedication to achieving the company's objectives and protecting the rights of shareholders and stakeholders.

Considering this, the company's board of directors has prepared, within the governance framework, a charter for its board in accordance with recognized best governance practices. This is in recognition of its role as one of the most important pillars of governance and its application at the company level. The Board of Directors is accountable to shareholders for exercising due care and 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 and the public interest. Accordingly, the Board developed a Board Charter within the Corporate Governance Framework in accordance with the industry-standard best corporate governance practices. The roles and responsibilities of the Board and the duties which must be fully performed by Directors are specifically identified in the Charter, which is reviewed and amended following any relevant new changes made by regulators. In addition, the Governance Framework developed by the Board contains the job descriptions of all Board Directors according to their classification and positions they may have in any Board Committee. The Framework also contains the job description of the Board Secretary.

As part of the Company's Board of Directors' efforts aimed at determining its roles and responsibilities in accordance with QFMA Governance Code and ensuring adherence, MPHC, based on the approval of the Company's Extraordinary General Assembly meeting held on 15<sup>th</sup> of March 2022, amended article no. 27 "Directors' Responsibilities and Liabilities" of its Articles of Association to read as follows: "The Board shall prepare a Charter called "Board Charter" detailing the Board's functions, and rights, duties and responsibilities of the Chairman and Directors. The functions and responsibilities of the Board are

defined in accordance with the provisions of the Law and the Governance Code for Listed Companies issued by Qatar Financial Markets Authority.”

In accordance with Board Charter, which is available on the Company's website, the Board, among other responsibilities, provides strategic guidance in line with the Company's vision and mission through approving the Company's strategic directions, main objectives and business plans and supervising their implementation. It also develops and supervises proper internal control systems and risk management, appoints the Company's Senior Executive Management and approves the succession planning concerning the management. It establishes mechanisms for dealing and cooperating with providers of financial services, financial analysis, credit rating and other service providers, supervises and ensures the appropriateness of internal control systems of the risk management, conducts periodic review of the Company's internal control procedures mainly by the Board Audit Committee and approves the training and education in the Company that includes programs introducing the Company, its activities and governance in accordance with the Governance Code for Companies and Legal Entities Listed on the Main Market issued by the QFMA.

The Board of Directors puts in place a corporate governance framework consistent with the provisions of QFMA Governance Code and oversees all the framework, monitors its effectiveness and makes amendments as required. The Board also reviews the Company's policies and procedures to ensure compliance with the relevant laws, regulations, MPHC Memorandum of Association and 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 under written and clear instructions. In accordance with the Company's Manual of Authority, the Board shall determine the authorities it may delegate to the executive management and the procedures for decision-making. The Board may also determine the matters that it retains the right to decide on. In all cases, the Board remains liable for all of its functions or authorities so delegated.

The Board carries out its functions and duties in accordance with the provisions of Article (9) of QFMA Governance Code, amongst which the Board shall not enter into loans that spans more than three years and shall not sell or mortgage real estate of the Company, or drop the Company's debts, unless it is authorized to do so by the Company's Articles of Association, which so authorize to the Company's Board of Directors. In addition, under MPHC internal regulations, including Board Charter, the Board shall ensure that the Company adheres to its



Articles of Association and the applicable laws and regulations, including QFMA regulations. Also, the Board may not act or make transactions that do not comply with the relevant laws and regulations, and that such actions or transactions must be approved by the relevant authorities, including the Company's General Assembly.

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 Directors 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 providing the strategic guidance to MPHC, protecting shareholders' rights and achieving the Company's vision and strategic objectives profitably and sustainably.

In accordance with the Company's Articles of Association, the Chairman shall represent the Company towards Third Parties. The Vice Chairman shall substitute for the Chairman in his absence.

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, MPHC, based on the approval of the Company's Extraordinary General Assembly meeting held on 15<sup>th</sup> of March 2022, amended article no. 41 "Role of Chairman and Deputy Chairman" of its Articles of Association to read as follows: "The Chairman shall represent the Company towards Third Parties and Judiciary, and his signature shall be regarded by Third Parties and Judiciary as indicating approval by the Board of any transaction to which it relates. The Chairman shall implement the resolutions passed by the Board and abide by the recommendations thereof. The Chairman may delegate some of his powers to other Directors or members of the senior executive management. The delegation shall be of definite period and subject. The Deputy Chairman (if any) shall substitute for the Chairman in his/her absence. The Chairman, or in his/her absence the Deputy Chairman (if any) or in the absence of both of them any other Director appointed by the Directors to serve as Chairman, shall act as the Chairman of meetings of the Board and of the General Assembly."

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 or influence on decision making at the time of developing the Company's Manual of Authority and the relevant regulations.
- The Chairman in his capacity is not a member in any of the Board Committees or Special Committees, while ensuring that committees' Manuals of Authority and Terms of Reference are developed for effective functioning, members of the Committees are properly selected, and that committees' Manuals of Authority and Terms of Reference are in line with best practices of governance.
- The roles and responsibilities of the Chairman are separated from those of the rest of Board Directors and members of the Company's executive management.

### **3-5 Board Directors**

Directors are committed to exercising due care and making full use of their diverse skills and experience 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. In accordance with the Company's Articles of Association and Conflict of Interest Policy, Directors shall declare any financial and commercial transactions and judicial proceedings that may adversely affect the performance of their assigned duties and responsibilities.

### **3-6 Board meetings**

The Board of Directors convenes for the conduct of business, adjourn and otherwise regulates its meetings as it thinks fit. In accordance with Article no. 30-1 of the Company's Articles of Association, the Board shall meet at least six (6) times during the Company's fiscal year, and a three-month period may not lapse without a meeting of Board. Board meeting shall not be valid unless attended by the majority of Directors thereof (with the exception of the Independent Directors), provided that the Chairman or the Vice Chairman is amongst them. In accordance with the amended Articles of Association, the Board fulfilled the minimum required number of meetings (6 meetings) during 2023.

In accordance with Board Charter and the Company's Articles of Association, all Board meetings are convened 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. A meeting of the Board shall, with a notice of less than seven (7) days, be deemed to have been appropriately convened in the absence of any objection by Directors and as agreed by those Directors to attend.

MPHC, based on the approval of the Company's Extraordinary General Assembly meeting held on 15<sup>th</sup> of March 2022, amended article no. 35 "Business Not on Agenda" of its Articles of Association to read as follows: "No resolution may be proposed to the Board at a meeting unless the matter is on the agenda for that meeting or at least two (2) Directors (or the proxy of such Directors) (excluding Independent Directors) agree to a request by a Director that one or more items may be added to the agenda."

In accordance with the Company's Articles of Association, an absent Director may appoint in writing a Director to represent him in attendance and voting, provided that no Director may represent more than one Director. 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 without an excuse being accepted by the Board.

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 internal regulations, Board resolutions 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. 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 Director shall enter his objection in the minutes of meeting.

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**

In accordance with the Company's Articles of Association, the Board or the Special Shareholder may take a decision to appoint a Secretary of the Board 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/her annual remuneration.

The detailed roles and responsibilities of the Board Secretary are included in the Board of Directors Job Descriptions within the Corporate Governance Framework. These roles and responsibilities are aligned with the main 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 Directors in a timely and appropriate manner.

The Secretary, in accordance with Board Charter and his/her job description, is responsible for arranging the logistics of the meetings, taking and recording the minutes of Board meetings and resolutions, maintaining and safekeeping of Board documentation, minutes of meetings, resolutions and correspondence and distributing of Board meeting agendas, invitations, other required documentation, full coordination among Directors, the Board and relevant stakeholders, enabling Directors to have quick access to all the Company's documents, as well as its information and data. He/she is also responsible for keeping official forms, correspondence, official documents, lists of names of Board Directors and their membership, and fulfilling other official requirements. In addition, he/she provides orientation material and scheduling orientation sessions for new Board Directors.

The current Board Secretary has a legal experience that spans more than 20 years. In addition, the Secretary has long expertise on the affairs of a listed company.

The Secretary may, as he/she deems appropriate and upon approval of the Chairman, delegate to a representative any of his/her 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**

As part of implementing governance, the Board of Directors established some Board Committees and Special Committees delegated with 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:

### **3-9-1 Audit Committee**

The Board Audit Committee (BAC) was constituted pursuant to Board resolution no. 8 of the second 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 currently consists of 3 Board Directors, all of whom have the required experience necessary to effectively perform their duties and exercise all the authorities and powers vested in or exercisable by 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 57.85%). 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.

The Corporate Governance Framework, which was developed in line with QFMA Governance Code and industry-standard best governance practices, contains BAC Terms of Reference. Committee responsibilities include financial aspects, external and internal audits, internal controls, compliance, risk management and any other aspect within the competence and mandate of the Committee.

BAC reports periodically to the Board of Directors on its activities, issues and raises recommendations, particularly with regard to the review and endorsement of the quarterly, half-year and year-end financial statements, as well as internal and external audit reports, internal control system and risk management.

During its meetings of 2023, Committee considered several matters and resolved the following

1. Approve the External Auditor's report on financial statements for the financial year ended 31<sup>st</sup> of December 2022.
2. Review and endorse the financial statements for the financial year ended 31<sup>st</sup> of December 2022 and present the executive summary report.
3. Endorse the appointment of the External Auditor for the financial year ended 31<sup>st</sup> of December 2023 and determine their fees.
4. Endorse 2022 Corporate Governance Report.
5. Review and endorse the financial statements for the financial period ended 31<sup>st</sup> of March 2023 and present the executive summary report.
6. Present executive summary report (Year-to-Date April 2023)
7. Review and endorse financial statements for the financial period ended 30<sup>th</sup> of June 2023 and present the executive summary report.
8. Review and endorse the financial statements for the financial period ended 30<sup>th</sup> of September 2023 and present the executive summary report.
9. Review internal audit activities of previous internal auditor, including risk assessment update, audit plan for the Company and its joint ventures, conclusions, recommendations and related corrective actions.
10. Conduct annual self-assessment of the Committee's performance.
11. Follow up with the newly appointed internal auditor assigned to carry out the internal audit mandate for the company for a period of five years starting from January 1, 2023. This includes budgetary considerations, the required working hours for the activities, risk assessment criteria, and the development of an audit plan covering both the company and its Joint ventures. Additionally, it involves quality review of the internal audit function of the joint ventures and conducting follow-ups on observations from the previous internal audit.
12. Review potential conflict of interest issue related to the newly appointed internal auditor. In this regard, the committee decided on the extent of the internal auditor's independence in performing his internal audit duties in accordance with internal audit standards to avoid any potential conflict of interest, while assigning the executive management to consider other contracting options.
13. Present MPHIC 2023 BAC meeting timetable for acknowledgement.

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. In accordance with the Committee's amended Terms of Reference, Committee

holds at least (6) meetings during the financial year. During 2023, Committee met the minimum required number of meetings (6 meetings).

The Board Audit Committee currently consists of three Board Directors. The table below shows the current members of the Board Audit Committee:

Name	Position
Mr. Abdulrahman Ahmad Al-Shaibi	Chairman
Mr. Abdulaziz Jassim Al-Muftah	Member
Mr. Mohammed Essa Al-Mannai	Member

### 3-9-2 Remuneration Committee

The Company established a Remuneration Committee pursuant to Board resolution no. 2 of 2018. Committee has been reconstituted pursuant to Board resolution no. 3 of 2022. Committee currently consists of three members, including a Board Director as Chairman, all of whom have the required experience to efficiently perform their duties and exercise all the authorities and powers vested in or exercisable by the Committee. Committee Chairman is not a Chairman of any other Board Committee, and the BAC Chairman is not a member of the Remuneration Committee.

Committee's Terms of Reference were developed in line with QFMA Governance Code and the industry-standard best corporate governance practices. Committee responsibilities include outlining the general policy for granting remunerations on an annual basis, taking into consideration the requirements of relevant regulators. Committee sets the foundations for granting remunerations and allowances to Board Directors and the Senior Executive Management and submits proposals on the remunerations of the joint ventures' Boards of Directors.

In determining the proposed remuneration, Committee takes into account the duties and responsibilities of Board Directors and members of the Senior Executive Management, the Company's performance and benchmarks with the best practices of the similar companies listed on Qatar Stock Exchange. In addition, Committee reviews the self-assessment of Board Directors, which includes a comprehensive analysis of Board performance and related proposals, taking into consideration many factors that serve the long-term interests of the Company's shareholders and meet their expectations. Committee reports to the Board of Directors on its activities, issues and raises recommendations.

In 2023, Committee held a meeting on 12<sup>th</sup> of February 2023, during which it considered several matters and resolved the following:

1. Review self-assessment of Board Directors –Directors made positive assessments at various levels, such as independence, objectivity, knowledge and experience, teamwork, leadership, goals, contributions, participation and inputs.
2. Propose the remuneration of Board Directors for the financial year ended 31<sup>st</sup> of December 2022.
3. Review the proposed remunerations of the joint ventures’ Boards of Directors - ensuring that these remunerations were determined based on the operational and financial performance of the subsidiaries with a fair estimate.

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. Committee shall meet as and when necessary. Prior to Board meeting for reviewing the year-end financial statements, Committee shall meet to make recommendation on the proposed remuneration of Board Directors that should be presented to and approved by the Annual General Assembly.

### **Remuneration of Board of Directors**

The Company developed a periodically revisited remuneration and allowance policy for Board Directors. The policy has fixed component for Board Directorship and attending meetings and a variable component (remuneration) based on the performance of the Company and the extent to which it achieves its medium- and long-term objectives, provided that the total of both components - in any case - should not exceed the maximum "ceiling" amount determined by the policy as approved by QatarEnergy. The main principles of this policy are included in the Corporate Governance Framework. In accordance with the Company’s Articles of Association, the proposed remuneration of Directors shall be presented to and approved by the General Assembly.

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, MPH, based on the approval of the Company’s Extraordinary General Assembly meeting held on 15<sup>th</sup> of March 2022, amended Article no. 44 “Remuneration of Directors” of its Articles of Association to read as follows: “The Directors shall be paid such remuneration as may be determined by applicable Law and regulations, subject to approval by a resolution of the General Assembly. Directors may receive a lump sum in the event that the Company does not make any profits, subject to the approval of the Company’s General Assembly.”



In its remuneration policy, the Company complies with the limits provided for in Article no. 119 of the Commercial Companies Law promulgated by Law no. 11 of 2015 as well as the letter received from QFMA dated 11/6/2023 regarding the method of determining the compensation for the members of the board of directors that such remuneration does not exceed (5%) of the net profit after deducting reserves, legal deductions and distributing dividends of not less than (5%) of the Company's paid-up capital.

### **Remuneration of senior management**

All financial, administrative and head office services are provided by resources from QatarEnergy under a service-level agreement. Accordingly, the Company's staffing structure does not include any senior executive position. Therefore, no senior executive management remuneration was approved for 2023.

Committee currently consists of three members. A meeting was held on 12<sup>th</sup> of February 2023 to consider the proposed remuneration of the Board of Directors for the financial year ended 31<sup>st</sup> of December 2022. A recommended remuneration of QR 5,900,000 for all Board Directors was presented to and approved by the General Assembly held on 12<sup>th</sup> of March 2023. As for Board Committees, no remuneration or allowance is paid for membership or attending meetings. The table below shows the current members of the Committee:

<b>Name</b>	<b>position</b>
Mr. Abdulaziz Mohamed Al-Mannai	Chairman
Mr. Abdulla Yaqoob Al-Hay	Member
Mr. Ahmed Aly Mohamed	Member

Committee Chairman is a Board Director. The other two members have long and extensive experience required to properly perform their duties and effectively exercise all the authorities and powers vested in or exercisable by the Committee. Mr. Abdulla Yaqoob Al-Hay is the Acting Manager of the Privatized Companies Affairs Department, QatarEnergy. Mr. Ahmed Aly Mohamed serves as Head of Governance and Compliance, Privatized Companies Affairs Department, QatarEnergy.

### **3-9-3 Nomination Committee**

No Nomination Committee was established at the Company level (contrary to Article no. 18 of QFMA Governance Code), as MPHC Board of Directors, in accordance with the Company's Articles of Association, consists of no less than five (5) and no more than eleven (11) Directors, all of whom are appointed by the Special Shareholder for the previously mentioned reasons which show how

closely the Company's financial and operational performance is connected to QatarEnergy, given the peculiar nature of the Company's incorporation and activity as noted earlier (item no. 3-1 of this report).

### **3-10 Assessment of Board Performance**

The Board of Directors conducts an annual self-assessment for its performance and all sub-committees performance 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 best serve the long-term interests of the shareholders and meet their expectation as follows:

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.

The Remuneration Committee, at its first meeting of 2023 held on 12<sup>th</sup> of February 2023, reviewed the self-assessments of Board Directors for the financial year ended 31st of December 2021. Directors made positive assessments at various levels, such as independence, objectivity, knowledge and experience, teamwork, leadership, goals, contributions, participation and inputs. Assessment results were then submitted to the Company' Board of Directors at its first meeting of 2023 held on 15<sup>th</sup> of February 2023.

In its first meeting of 2024, the Remuneration Committee will review 2023 Board self-assessment and will make its recommendations in this regard as part of its report to the meeting of the Board of Directors.

During 2023, the Board performed the tasks and dispensed business decisions within its authorities as provided for in the Board Charter. Directors had no grievances or complaints. All proposals were discussed during Board meetings and necessary relevant actions were taken, whether corrective or reinforcing. The

Board is satisfied that it has effectively discharged all of their duties and obligations.

#### **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 includes the development of internal controls over financial reporting, 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 system is designed and implemented by the Senior Executive Management, overseen by the Audit Committee and the Board of Directors discussing 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, the management adopted COSO Internal Control – Integrated Framework (2013) as a benchmark framework for preparing the Company's internal control system. COSO Internal Control – Integrated Framework (2013) consists of inter-related components, including control environment, risk assessment, control activities, information, communications 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 at 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.

Moreover, having a benchmark framework, such as COSO Framework, will enable the management to establish and maintain an internal control system. The External Auditor can also use it as a benchmark framework to perform their duties in accordance with article no. 24 of QFMA Governance Code for Companies & Legal Entities Listed on the Main Market issued pursuant to QFMA's Board Decision no. 5 of 2016, in particular with regard to the assessment of the appropriateness and effectiveness of internal control systems implemented in the Company.

To ensure compliance 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's internal controls over financial reporting were assessed based on the Company's 2022 standalone financial statements. 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 controls over financial reporting.

Business risks were assessed using the Company's 2022 standalone financial statements. The risk assessment, which involved application of "Materiality" on MPHC's 2022 standalone financial statements (considering the qualitative and quantitative factors) based on the inputs of the External Auditor and the best practices, was made to determine the significant accounts, disclosures, their relevant assertions and applicable business processes within the Company for controls identification, evaluation and testing.

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 relevant to the identified significant accounts, disclosures and assertions based on risk assessment and select for testing those controls that sufficiently address the assessed risk of misstatement to each relevant assertion. This process can be detailed as follows:

Risk assessment:

1. Identifying and assessing the risks of material misstatement in the financial statements.

2. Determining materiality (considering the qualitative and quantitative factors), external audit input, and other factors relating to the determination of material weaknesses.
3. Identifying classes of transactions, significant account balances, disclosures, their relevant assertions and applicable business processes based on determined materiality. The financial statement assertions include existence or occurrence, completeness, valuation or allocation, rights and obligations, presentation and disclosures.

Perform walkthrough:

Following the risk assessment, the relevant internal controls which mitigate the risk of material misstatements for applicable business processes are identified through walkthroughs by reviewing the established policies and procedures, enquiries with management and process owners and understanding the flow of transactions.

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 (applicable IT applications and infrastructure relevant to identified business process) 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.

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.

Test of internal controls:

Following the risk assessment and controls identification, the Internal Auditor conducts control testing on each of the identified controls to assess if they are designed adequately and operating effectively. Control testing encompasses three

components: test of design effectiveness, test of operating effectiveness, and ongoing monitoring.

Test 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 system of internal controls over financial reporting.

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

Test of Operating effectiveness:

Testing the operating effectiveness of controls involves obtaining evidence about whether the control is operating as designed throughout the relevant financial reporting period. For each control selected for testing operating effectiveness, the evidence necessary to conclude that the control is effective depends upon the risk associated with the control, which is assessed based on factors such as nature and materiality of misstatement the control is intended to prevent, history of errors, frequency with which control operates, effectiveness of entity level controls, competency of personnel performing the control, nature of control i.e., automated or manual.

Evaluating identified deficiencies:

A 'deficiency' in internal 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 in 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.

A deficiency in operating effectiveness exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

### 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 and Operating Effectiveness, the management believes that the Company has developed an appropriate internal control framework that meets the requirements of the internal control over financial reporting. Moreover, the management considers the developed framework as appropriate to form the basis for compliance with the requirements of Qatar Financial Markets Authority in this regard.

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, QatarEnergy' established risk management rules and regulations are applied. However, the Board of Directors endeavors to maintain an appropriate risk management framework at Company level, as risk management is an integral part of company governance, which the shareholders expect from the Board of Directors.

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. Risks 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, i.e., 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 tendering procedures. Offers are received by a formed Tender Committee. After an evaluation of the technical and commercial offers is made, the Tender Committee makes its recommendations to the Board Audit Committee on the selection of the appropriate consultant.

During 2022, a tender was floated to appoint an Internal Auditor to provide the Company and its joint ventures, as instructed by the BAC and in accordance with the audit plan, with internal audit services as a “service provider”.

The Committee, by its resolution no. 2 of 2022, endorsed the appointment of the Internal Auditor for a period of five years, starting 1<sup>st</sup> of January 2023 after reviewing the procedures for floating the tender and making relevant assessments. However, the internal audit engagement of the outsourced internal auditor has been kept on hold to evaluate his independence to the internal audit activities in the Company to avoid any potential conflicts of interest.

The appointed Internal Auditor makes risk assessment at the Company and joint ventures level, draw up appropriate audit plan, get BAC approval, conduct audit in accordance with the approved audit plan, submit their periodic reports to the



BAC and follow up on the implementation of the outstanding observations and related corrective action plans.

The Internal Auditor has access to all business functions and all data are provided as and when requested. The Internal Auditor verifies control systems, financial oversight and risk management, reviews the development of risk factors at the Company and the appropriateness and effectiveness of the applicable systems to address the related risks. 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.

The internal audit reports are prepared by the Internal Auditor at the Company and subsidiaries level according to the approved audit plan and in line 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. In general, the report includes assessment results of risks and applied systems at the Company, control and risk management procedures, updates on audit work and related results and an assessment of the Company's performance as to applying the internal controls to ensure adherence to and compliance with the regulations set by the regulators, a follow up and the current status of the executive management's plans of corrective actions to address any weaknesses in the internal controls and any other tasks as recommended by the Audit Committee. The executive management receives a copy of the report to take the necessary corrective actions as instructed by the Board Audit Committee.

The internal audit plans, which are based on risk assessment, generally cover areas such as main operations (maintenance, projects, industrial control systems) and support functions (corporate governance and compliance, finance and accounts, management reports, human resources, information technology, HSE and enterprise risk management etc.)

#### **4-2-2 External Audit**

The External Auditor provides assurance that the financial statements were properly and fairly prepared in accordance with the international accounting and auditing standards. They report on observations made on significant financial issues and implemented financial controls. Taking into account the requirements of article no. 24 of QFMA Governance Code, the scope of work of the External Auditor includes undertaking control works and assessment of the Company

performance, especially relating to appropriateness and effectiveness of internal control systems implemented in the Company, including internal controls over financial reporting, the Company's compliance to its Articles of Associations and the provisions of the Law and QFMA's relevant legislations, including the provisions of QFMA Governance Code.

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, MPHC, based on the approval of the Company's Extraordinary General Assembly meeting held on 15<sup>th</sup> of March 2022, amended article no. 57 "Auditors" of its Articles of Association to read as follows: "The Auditors of the Company, who shall be a reputable internationally recognized firm of independent accountants registered to do business in the state of Qatar, shall be recommended by the Board and appointed annually for a term of one (1) year by the General Assembly. Auditors may not be appointed for more than three (3) consecutive terms unless otherwise decided by the General Assembly. The Board shall provide the Auditors with all information reasonably required by them to compile their reports within two (2) months of the Company's Financial Year end. The Auditors shall have full access to the Company's books and records. The Auditors shall provide a report on the Company's accounts prior to the relevant meetings of the Board and the General Assembly in accordance with applicable rules and regulations. The Auditors shall attend the Annual General Assembly (to be convened within four (4) months of the Company's year-end), and give their report in relation to the accounts of the Company laid before such Annual General Assembly."

The Board Audit Committee examines and evaluates offers received from external auditors registered in QFMA external auditors' list. Accordingly, the Committee makes its recommendation to the Board on the appointment of the External Auditor. Once approved by the Board, the recommendation shall be included in the agenda of the Company's General Assembly. The General Assembly appoints the 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 their 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 Company floated a tender for the appointment of an External Auditor for a period of five (5) years, starting 2022. The recommendation on the proposed appointment by the committee, which is formed in accordance with Company's tendering procedures, is annually presented to the Company's Ordinary General Assembly for approval. In 2023, the Company's General Assembly, at its meeting for 2022 held on 12<sup>th</sup> of March 2023, approved the appointment of Deloitte Qatar as the Company's External Auditor for 2023 for an annual fee of QR 198.500 inclusive of the external audit work and additional work of ICoFR and corporate governance assessment as instructed by QFMA, as well as the Company's compliance with QFMA Governance Code.

During 2023, the External Auditor, Deloitte, attended the meeting of the Company's General Assembly for the financial year ended 31<sup>st</sup> of December 2022 held on 12<sup>th</sup> of March 2023, and submitted their independent assurance report on: (A) Audit of the financial statements, (B) Suitability of design and operating effectiveness of the Company's internal controls over financial reporting of significant operations, and (C) Compliance with Qatar Financial Markets Authority's law and related legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant the QFMA's decision no. 5 of 2016.

As for the financial year ended 31<sup>st</sup> of December 2023, the External Auditor, Deloitte Qatar will attend the Company's General Assembly meeting for the financial year 2023 to be held on 05<sup>th</sup> of March, 2024, and will submit the independent assurance report to the Company's shareholders on:

- a) **Audit of the financial statements.** In their opinion, the External Auditor pointed out that the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').
- b) **Board of Directors' Report on the Design, Implementation and Operating Effectiveness of Internal Control over Financial Reporting.** In their opinion, the External Auditor pointed out that the Directors' ICFR Report, in fairly stated, in all material respects, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as at 31 December 2023. They draw attention to the fact that the assurance report relates to Mesaieed Petrochemical Holding Company on a stand-alone basis and not to its operations of Joint Ventures (the "Group") as a whole, based on the exceptions as provided by the QFMA. The External Auditor's report is not modified in this respect.

- c) **Board of Directors’ Statements on Compliance with the Qatar Financial Markets Authority relevant Regulations including the Corporate Governance Code “Code” for Companies & Legal Entities Listed on the Main Market as at 31 December 2022.** In their opinion, the External Auditor pointed out that, based on their limited assurance procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that the Directors’ Statements of Compliance is not compliant with the applicable QFMA regulations as at 31 December 2023.

The External Auditor’s full independent reports mentioned above, which include responsibilities, inherent limitations, scope and its determinants, criteria, results and the basis for conclusion/opinion, were published as part of the Company's annual report available on the Company’s website ([www.mphc.com.qa](http://www.mphc.com.qa)).

### **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 in line with the uniqueness of its establishment.

Areas of non-compliance with particular provisions of QFMA Code, including the reasons for any such non-compliance, were highlighted in this report. These reasons are attributed to the unique nature of the company's establishment. The Company makes every effort to be in compliance with the provisions of the applicable QFMA law and relevant legislations, including the Code.

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 non-compliance risks.

The Compliance Section continuously monitors changes to governance regulations and best practices, and periodically updates the Company Management on 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.

To this end, as additional layer, a mechanism is being developed to review, monitor and ensure that the Company is compliant with applicable laws, rules and regulations, and to enhance the Company's self-revision of risk management. The mechanism generally aims to:

- Provide a reasonable assurance of the Company's compliance with the relevant applicable laws and regulations.
- Detect cases of non-compliance, whether accidental or intentional.
- Take the necessary disciplinary actions in accordance with the Company's regulations in cases of noncompliant behavior.
- Take the necessary corrective actions to address the consequences of noncompliance.
- Develop proposals to avoid non-compliance in the future.

Each and every joint venture of MPHC joint ventures, which are not the main focus of this report, is fully aware of the importance of establishing the principles of good governance, including transparency, accountability and responsibility to support efforts geared towards achieving strategic goals and objectives, financial stability and integrity, and thus enhancing operational excellence. Each company, in accordance with the agreements under which it was established with other partners, is managed independently by a Board of Directors having the necessary powers to manage and exercise its duties in full accordance with its fiduciary responsibility, ensuring the protection of all shareholders' rights of different classes. Each company also has its own systems and internal controls, including risk management systems, which are overseen by the its Board of Directors, Board committees and other relevant executive committees, such as audit committees, institutional risk management committees, governance and compliance committees, crisis management and commercial risks committee, tender committees, HSE committee, Qatarization and human resources committee, discipline committee, information technology and cyber security committee and steering committees for projects and major turnarounds, contributing positively to creating a control environment in line with the best standards and practices.

The Company's Board of Directors ensures that the financial and operational performance of its joint ventures is periodically discussed, and conducts comparative analysis of the external risk factors such as prices and sales volumes etc. In addition, Mesaieed Petrochemical Holding Company appoints only qualified and eligible Directors – its representatives to joint ventures - who are sufficiently experienced to perform their duties effectively in the best interest of the joint venture 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 meeting of the General Assembly, 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](http://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.

On the other hand, during 2023, no penalties were imposed on the Company as a result of violations committed during the year, including violations and sanctions imposed because of non-compliance with the implementation of any of principals or provisions of QFMA Governance Code. In addition, there were no settlements of any actual, pending, or threatened litigation during this period against the Company, and that there are no unasserted claims and assessments to be probable of assertion.

Disclosure is made in accordance with specific procedures approved by the Company's 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 legislations.

As part of the Company's dedication to transparency and constructive engagement with the internal and external stakeholders, providing them with informative summaries of its businesses from the perspective of governance, economic, social, and environmental aspects, the Company have issued its sustainability report which summarizes and presents these aspects at a consolidated level for the Group. Through the sustainability report, the Company is provided the opportunity to enlighten its stakeholders about the Group's journey with sustainability, while emphasizing its philosophy on sustainability that is

focused on operating at highest standards of safety, preserving the environment, and promoting economic growth with community well-being.

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 Company developed a policy on Related Party transactions in its Corporate Governance Framework. This policy takes into consideration 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 approving 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.

The Board complies with QFMA Governance Code principals for the disclosure of any dealing and transaction 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 transaction with Related Parties is 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 requisite procedures for conclusion.

In all cases, all relationships held by the Company with others must serve the Company's interest, as well as all transactions shall be made according to market prices and on arm's length basis and shall not involve terms that are contrary to the Company's interest.

During 2023, Related Party transactions at the Company level (on a stand-alone basis) included:

- Annual expenses paid to QatarEnergy for providing the Company with all financial and head office services under a service-level agreement.
- Income tax amounts received from joint ventures.
- Annual dividends approved by the joint ventures' General Assemblies.
- Foreign exchange transactions made between MPHIC, its joint ventures and related entities as part of managing cash and working capital needs. These transactions were made at the official exchange rates.

### **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.

In accordance with the Company's internal 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 interests of the Company.

Moreover, Directors and employees / service providers understand that all information related to Mesaieed Petrochemical Holding Company, its joint ventures and customers is confidential for internal purposes only. Using this information for personal, family or any other purpose 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 due to holding a position in the Company, or temporarily as a result of carrying out specific tasks for the Company. This 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 Stock Exchange.

The Company updates Edaa with the details of the insiders, Directors and members of the Company's executive management to ban their tradings according to the applicable rules, and to disclose their tradings of the Company's shares on a daily basis by Qatar Stock Exchange.

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.

## **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 and internal regulations 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.

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, MPH, based on the approval of the Company's Extraordinary General Assembly meeting held on 15<sup>th</sup> of March 2022, amended article no. 13 "Rights Attaching to Shares" of its Articles

of Association to read as follows: “Shareholders holding shares of the same class are equal and have all the rights, privileges and restrictions arising from share ownership. Each Share shall, except the Special Share, give its holder equal rights in the Company’s assets and Shareholder distributions as well as rights to vote on a one-share- one-vote basis. The rights of the holders of Shares (other than the Special Share) are subject to the rights of the holder of the Special Share as set out in these Articles.”

## **6-2 Register of shareholders**

The register of shareholders is managed in accordance with QE applicable rules and procedures. The register of shareholders is kept and updated by Edaa. Under the agreement between Mesaieed Petrochemical Holding Company and Edaa, 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 allowed to be disclosed to enable them to exercise their full rights without prejudice to other shareholders’ rights or adversely affect the interests of the Company.

The Board of Directors and the Company’s employees are making continuous efforts to establish constructive relationship and maintain communication with shareholders and investors so that they can make sound investment decisions 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) Publishing a quarterly analytical report that includes details and analysis of the Company's financial and operational performance.
- (c) Publishing a presentation and holding a quarterly virtual earning call.
- (d) Dedicating a professional team to meet shareholders and discuss their inquiries regarding the company's financial and operating performance.
- (e) Attending events and conferences.
- (f) Updating the Company’s website ([www.mphc.com.qa](http://www.mphc.com.qa)) in line with the modern display techniques to better serve the shareholders of the Company and all related parties. The website contains a dedicated section for investor relations through which all information subject to regular and immediate release, including, financial reports, press releases and corporate governance reports and their requirements.

- (g) Making and maintaining strong partnerships with newspapers and other media.

Qatar Stock Exchange and Qatar Financial Markets Authority are provided with the details of the contact person. Further, an email account (mphc@qp.com.qa) is dedicated for receiving inquiries or questions from the Company's shareholders. The Company also seeks views and consider assessments and suggestions from the institutional and individual shareholders, with whom it maintains regular communication.

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

MPHC, based on the approval of the Company's Extraordinary General Assembly meeting held on 15<sup>th</sup> of March 2022, amended article no. 60 "Access to Books of Account" of its Articles of Association to read as follows: "The books of account of the Company shall be kept at its head office. Subject to such confidentiality and such other restrictions as the Board may from time to time agree, the Shareholders and their respective auditors and the Directors shall have full access to such books of account and all information that enable them to exercise their full rights without prejudice to other shareholders' rights or harm the Company's interest, provided; however, that prior to undertaking any review of the Company's books or records, the Shareholders shall first use their best efforts to obtain the information sought to be obtained from such review by making inquiry of the Company's Auditors."

## **6-4 Shareholder rights to General Assembly**

### **6-4-1 Attendance and invitation**

The Annual General Assembly considers and approves the Board of Directors' report on the Company's activity and financial performance during the financial year, External Auditor's report, Company's financial statements, governance report, Board's recommendation on dividend distributions, absolving Directors from their liability and approving their remuneration, and appointing the External Auditor and approving their fees.

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, MPHC, taking into account the instructions made by QFMA on regulating shareholders' rights to the Company's General Assembly meeting held on 15<sup>th</sup> of March 2022, amended the following articles of its Articles of Association:

- a) Article no. 48 “Place of General Assembly Meetings” now reads as follows: “All meetings of the General Assembly shall be held in Qatar. The meetings of the General Assembly may be held by means of modern technology in accordance with the controls set by the Ministry of Commerce and Industry.
- b) Article no. 49 “Notice of General Assembly” now reads as follows: “A General Assembly shall be convened by a notice from (and shall be chaired by) the Chairman or, in his absence, the Deputy Chairman (if any) or such other Director as may have been authorised to do so by the Chairman. A notice to attend the meeting of the General Assembly shall be electronically made to all shareholders on the websites of Qatar Stock Exchange and the Company and shall be published in a Qatari daily newspaper published in Arabic or otherwise by any other means of notification before not less than twenty-one (21) days prior to the proposed date of the General Assembly.
- c) Article no. 50 “Requisition of General assembly” now reads as follows: “A Shareholder or Shareholders together holding at least (10%) of the Company’s share capital may require that a General Assembly be convened. Shareholders representing at least (25%) of the Company's share capital may require that an Extraordinary General Assembly be convened in accordance with the provisions of the Law and the regulations in this regard.
- d) Article no. 52 “Right to Attend and Vote” now reads as follows: “Except as otherwise provided in these Articles, each Shareholder (including minors and interdicted persons), whose name is entered in the Shareholders Register at the end of trading session on the day on which the General Assembly is convened and who is present in person or duly represented by proxy, shall be entitled to attend the General Assembly, participate in deliberations and raise questions to Directors who shall respond to the questions to the extent that this does not harm the interest of the Company. A shareholder may refer to the General Assembly if they believe the response to their question is not sufficient. Shareholder shall have the right to vote on such matters on the meeting agenda. Such Shareholder shall have one vote for each Share held.”

In accordance with the Company’s AoA, a Shareholder may appoint any one Shareholder to act in his place at any General Assembly meeting (in such form as the Board may approve). This person so authorized by proxy shall be entitled to exercise the same powers on behalf of the Shareholder he represents. A Shareholder may act as proxy to one or more Shareholders, provided that such Shareholder shall not own more than (5%) of the Company’ share capital.

### 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 well 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. This is achieved through announcing the meeting agenda in the local newspapers and posting it on the Company's own website. It also communicates the agenda to Qatar Stock Exchange for announcement on its website.
- Enables shareholders to directly pose questions to the Board Directors, 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 a mechanism through which shareholders can attend and vote in person or in proxy. Equal effect should be given to votes whether cast in person or in proxy.

In accordance with the Company's Articles of Association, 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 the Articles of Association in this regard.

As for the financial year ended 31<sup>st</sup> of December 2022, the Company's Ordinary General Assembly meeting was held on 12<sup>th</sup> of March 2023. The agenda of the Ordinary General Assembly was discussed and approved.

As for the financial year ended 31<sup>st</sup> of December 2023, the following agenda of the Company's Ordinary General Assembly meeting will be considered:

1. Listen to Chairman's message for the financial year ended 31<sup>st</sup> of December 2023.
2. Listen and approve Board of Directors' Report on MPHC's operations and financial performance for the financial year ended 31<sup>st</sup> of December 2023.

3. Listen and approve the External Auditor's Report on MPHC's financial statements for the financial year ended 31<sup>st</sup> of December 2023.
4. Discuss and approve MPHC's financial statements for the financial year ended 31<sup>st</sup> of December 2023.
5. Approve 2023 Corporate Governance Report.
6. Approve the Board's recommendation for a dividend of QR 0.086 per share for the financial year ended 31<sup>st</sup> of December 2023, representing 8.6% of the nominal share value.
7. Absolve the Directors of the Board from liability for the financial year ended 31<sup>st</sup> of December 2023 and approve their remuneration with a total of QR 5,900,000 for all Directors.
8. Appoint Deloitte Qatar as the Company's External Auditor for the financial year ending 31<sup>st</sup> of December 2024 and approve their fees.

#### **6-4-3 Election of Board Directors**

As previously indicated, MPHC Board of Directors, in accordance with the Company's amended Articles of Association, consists 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 QatarEnergy. Accordingly, the Company's AoA make no explicit provisions on the election of Directors and the procedures for nomination, disclosure of candidates, voting and appointment.

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 makes timely disclosure of any and all 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 6<sup>th</sup> of March 2017 and pursuant to the resolution of the Extraordinary General Assembly held on 6<sup>th</sup> of March 2018 and without prejudice to the Company's ability to fulfill its obligations towards third parties and pursuant to a resolution by 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 dividends shall not exceed the amount recommended by the Board.

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

In general, the dividend policy requires the Company to balance shareholders' expectations with its operational and investment needs. This is achieved through investigating the following factors before a recommendation on the dividend distribution could be presented to the General Assembly:

- Cash flow constraints: It is not obligatory on MPHC to distribute full profit to the shareholders. MPHC shall keep sufficient cash for its operational requirements before dividend distribution.
- Lenders Constraints: MPHC 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 MPHC 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 is subject to the final approval of the General Assembly. The Company, through its agreement with a local bank, Commercial Bank, makes it easier for the shareholders to claim their dividends for the year or previous years in cash at all Commercial Bank branches, or make transfers to the accounts of the shareholders who provided their bank account details to Edaa. The Company's website is updated with the required documents and all related details to claim dividends

As for the resolution of Company's General Assembly passed in 2023 for the financial year ended 31<sup>st</sup> of December 2022, the General Assembly approved Board recommendation for a dividend of QR 0.11 per share, representing 11% of the nominal share value.

As for the financial year ended 31<sup>st</sup> of December 2023, the Board of Directors' recommendation for a dividend payment of QR 0.086 per share for 2023, representing 8.6% of the nominal value of share will be presented at the Company's General Assembly meeting that will be held on 5<sup>th</sup> of March 2024.

## **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.

In accordance with the Company's Articles of Association 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 share capital. Pursuant to Board resolution no. 5 of 2018 passed on 2<sup>nd</sup> of April 2018, the maximum ownership of the company's share capital is 2%. Edaa, the entity entrusted with managing the register of the Company's shareholders, ensures that this maximum ownership limit is maintained.

MPHC, based on the approval of the Company's Extraordinary General Assembly meeting held on 15<sup>th</sup> of March 2022, amended Article no. 20 "Restrictions on shareholding" of its Articles of Association to read as follows: "In the event that the Company is listed on Qatar Stock Exchange or on any regulated stock market, the Board of Directors may, by a Board resolution considering the applicable rules and regulations, determine the ownership percentage of non-Qatari shareholders up to one hundred percent (100%) of the shares listed on Qatar Stock Exchange or on any regulated stock market."

Accordingly, a decision was made by the Company's Board of Directors at its meeting held in April 2022 to increase the ownership limit for non-Qatari shareholders to 100%. All necessary measures were then taken in this regard with the relevant authorities. Pursuant to a decision made by the Council of Ministers



in its meeting held on 12 October 2022, it was approved to increase the percentage of ownership of a non-Qatari investor in the Company's capital up to 100%.

Details of shareholdings in MPHC share capital could be obtained from Edaa as per the register of shareholders. Details of major shareholdings as at 31<sup>st</sup> of December 2023 are as follows:

Shareholder	Percentage of Shares (%)
QatarEnergy	57.85%
Qatar Investment Authority	0.97%
Al Watani Fund 3	0.57%
Vanguard Emerging Markets Stock Index Fund	0.48%
Military Pension Fund	0.48%
Vanguard Total International Stock Index Fund	0.47%
Government of the Republic of Singapore	0.44%
Ishares Core MSCI Emerging Markets ETF	0.35%
Pension Fund	0.29%
Other Shareholders	38.10%
Total	100%

MPHC relies on Edaa to obtain valid up-to-date record of shareholdings. As per the information obtained from Edaa as of 31<sup>st</sup> of December 2023, 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)**

MPHC safeguards and ensures respect for the rights of the Company's stakeholders in accordance with QFMA Code. Each stakeholder may request the information related to his interest upon submitting a proof of identity. 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 to disclose any wrongdoing that may adversely impact the Company, its customers, shareholders, employees or the public at large. 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.

These procedures are also a key defense against management override of internal controls and thus can help improve corporate governance.

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. MPHC 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**

MPHC listing on Qatar Stock Exchange was of a specific and unique nature, as shareholders would be given free incentive shares equivalent to %100 of their allocated shares in accordance with the mechanism outlined in the IPO prospectus, helping promote saving culture among Qatari nationals while ensuring that they receive maximum benefit from MPHC activities.

QatarEnergy, the founder, Special Shareholder and majority shareholder, completed the distribution of the first tranche of free incentive shares equivalent to 50% of the allocated shares to eligible shareholders who have fulfilled eligibility criteria as at the close of trading in Qatar Stock Exchange on Monday 31<sup>st</sup> of December 2018 in accordance with the mechanisms set forth in MPHC IPO Prospectus.

The free shares were allocated from QatarEnergy's stake, which decreased from 74.2% to 65.5%, a reduction of 8.7%. QatarEnergy relinquished approximately 109.3 million shares with a market value of QR 1.6 billion as at the close of trading in Qatar Stock Exchange on Monday 31<sup>st</sup> of December 2018. In addition, QatarEnergy waived the proposed dividends attached to these shares by the Board for the financial year ended 31<sup>st</sup> of December 2018.

Additionally, Qatar Energy completed, in the second grant date, the distribution of free incentive shares to the company's eligible shareholders who met the entitlement condition as at the close of Sunday, December 31, 2023 on the Qatar Stock Exchange, at the rate of 50% of the shares allocated to them upon subscription and in accordance with the mechanisms stipulated in the company's public offering prospectus.

Accordingly, the free shares were allocated from Qatar Energy's share, which decreased from 65.4% to 57.9%, i.e., 7.5%. Qatar Energy waived number of shares, approximately 948 million shares, with a market value of 1.7 billion Qatari riyals, as at closing of December 31, 2023, in addition to Qatar Energy's waiver of dividends in those shares as decided by the company's Board of Directors for the financial year ending on December 31, 2023.

It is worth noting that the percentage of shareholders eligible to obtain bonus shares on the date of the second grant is estimated at approximately 65.4%, that means, that they held at least 50% of the subscription shares for a period of ten years from the date of the company's founding, which makes them eligible to obtain incentive shares on the date of the second grant, and this demonstrates the success of Qatar Energy's strategy that it adopted during the IPO of the Company, which was carried out according to a mechanism for granting free incentive shares of 100% of the shares allocated to shareholders upon subscription and in accordance with the mechanisms stipulated in the company's public offering prospectus, with the aim of encouraging a culture of savings among Qatari citizens and ensuring that they get the maximum benefit from the company's activities.

Mesaieed Petrochemical Holding Company works towards achieving economic and operational integration among its group companies in support of the State's strategy of national economic development.

Through its joint ventures, the Company contributes significantly to the comprehensive economic development, social welfare, environmental protection, job creation through initiatives in the areas such as:

- a) Health, Safety and Environment: health awareness campaign, process safety management programs, enhancing process safety and promoting safety culture, HSE training, operational excellence, environment awareness programs and trainings, compliance with applicable laws and regulations, optimizing resources and minimizing emissions and waste through ongoing investment in environmental projects etc.
- b) People: Qatarization programs in line with QNV 2030 (partnership with educational institutions, internships, career fairs, trainings), employee retention, training and development, promoting health and fitness, sports activities and blood donation campaigns etc.
- c) Community: Enriching society and uplifting local communities are vital part of the Company's objectives. MPHC made efforts to promote community partnership, providing Qatari young people with educational opportunities and initiatives, fundraising campaigns, added value for business partners, ensuring

customer satisfaction and approximately 90% of the total spending went for local procurement.

As part of the Company's dedication to constructive engagement with the stakeholders and reaffirming its continued commitment to the environmental and economic development, MPHC issues sustainability reports, which are available on the Company's website ([www.mphc.com.qa](http://www.mphc.com.qa)). The sustainability aspects in the report are summarized and presented at a consolidated level for MPHC and its Group companies. The report represented an opportunity for MPHC to enlighten its stakeholders about the Group's sustainability journey and provided them with informative summaries of the Group's businesses from the perspective of governance, economic, social, and environmental aspects.

Group was able to achieve reduction in energy consumption and GHG emissions during the reporting period compared to previous year mainly due to turnaround activities and process improvement initiatives undertaken during the year. The group also optimized water consumption and improved its recycling during the year. Operations are conducted in a reliable and safe approach with zero tier 1 & tier 2 process safety events and zero Company responsible environment events. The Group is further committed to enhance the culture of safety and well-being of its employees and contractors, while maintaining efficiency and reliability of its operations and therefore prioritizes the same with proactive risk management and improvement practices to maintain a safe and healthy workplace.

The Group's sustainability solutions 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.

### **The Social and Sport Contribution Fund**

Pursuant to Law no. 13 of 2008 as amended by Law no. 8 of 2011, a 2.5% of the Company's annual net profit is allocated to support sports, cultural, social and charitable activities. For the financial year ended 31<sup>st</sup> of December 2022, the 2.5% amounted to QR 44 million was contributed to support these activities (2021: QR 47 million). The deducted amount was credited in full to the account of the General Tax Authority on 20<sup>th</sup> of April 2023.

For the financial year ended 31<sup>st</sup> of December 2023, the Company has allocated QR 27 million, representing 2.5% of net profits, to support these activities.

### **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 2023 as set out in its Charter and relevant legislation. The Board exercises due care and diligence 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**

## Appendix: Board of Directors Bios

Name	Brief bio
<p><b>Mr. Ahmad Saif Al-Sulaiti</b></p> <p><b>Chairman</b></p> <p><b>Non-Executive member / Non-Independent</b></p>	<p><b>Qualifications and Experience:</b> Mr. Ahmad Saif Al-Sulaiti graduated from Carlette Park College – UK in 1984 with a Higher Diploma in Mechanical Engineering.</p> <p>Mr. Al-Sulaiti joined QatarEnergy in 1976. He has extensive management experience of large oil and gas fields operations in QatarEnergy. He has 38 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.</p> <p>Mr. Ahmad Saif Al-Sulaiti is currently Executive Vice President - Operations in QatarEnergy.</p> <p><b>Other positions*:</b> Chairman, Woqod Vice Chairman, Nakilat</p> <p><b>Number of shares in MPHC:</b> 24500</p>
<p><b>Mr. Mohamed Salem Al-Marri</b></p> <p><b>Vice Chairman</b></p> <p><b>Non-Executive member / Non-Independent</b></p>	<p><b>Qualifications and Experience:</b> Mr. Mohamed Salem Al-Marri earned a Bachelor of Science Degree in Natural Gas Engineering in 1991.</p> <p>Mr. Al-Marri began his career in QatarEnergy in 1991 and held various engineering positions and was a member in projects task forces in</p>

	<p>Qatargas-1 LNG Venture and NGL-4 Project.</p> <p>In 2002, he joined QatarEnergy Oil &amp; Gas Ventures Directorate where he held several positions including Manager, Oil &amp; 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</p> <p><b>Other positions*:</b> Nil</p> <p><b>Number of shares in MPHC:</b> Nil</p>
<p><b>Mr. Abdulaziz Jassim Al-Muftah</b></p> <p><b>BAC Member</b></p> <p><b>Non-Executive member / Non-Independent</b></p>	<p><b>Qualifications and Experience:</b></p> <p>Mr. Abdulaziz Jassim Al-Muftah currently holds the position of EVP. Industrial Cities of QatarEnergy. He is the Chairman of the Board of Directors of Qatar Gas Transport Company (NAKILAT), Qatar Petrochemical Company (QAPCO), Qatofin Company, and Qatar Vinyl Company (QVC). In addition, he serves as Deputy Chairman in Woqod.</p> <p>He previously held various positions in the Boards of Directors of each of Oryx GTL, Qatar Fuel Additives Company (QAFAC), AMWAJ Company, and ASTAD Company. He graduated from Miami University – USA with a Bachelor of Science in Electrical Engineering.</p> <p><b>Other positions*:</b></p> <ul style="list-style-type: none"> <li>- Chairman of the Board of Directors of Qatar Gas</li> </ul>

	<p>Transport Company (NAKILAT) - Deputy Chairman, Woqod</p> <p><b>Number of shares in MPHC:</b> 181940</p>
<p><b>Mr. Abdulaziz Mohammed Al-Mannai</b></p> <p><b>Chairman of the Remuneration Committee</b></p> <p><b>Non-Executive member / Non-Independent</b></p>	<p><b>Qualifications and Experience:</b> Mr. Al-Mannai holds the position of Executive Vice President – Human Capital at QatarEnergy since 2014. He is also a board member of QatarEnergy LNG, and the Vice Chairman of Industries Qatar. His current role in QatarEnergy focuses on all People-related aspects, in addition to providing oversight over Information Technology.</p> <p>He graduated as an Aeronautical Engineer and prior to joining QatarEnergy, Mr. Al-Mannai worked for QatarEnergy LNG as Human Resources Manager for 5 years and filled various leadership roles in the LNG expansion projects. During his time at Qatar Energy LNG, he also represented the industry and Qatar as a member and Vice Chairman of the International Gas Union (IGU) Human Capital Development Committee between 2011 and 2014. He was also a member of a number of working committees and groups locally and internationally that focused on Human Capital Development in the Oil and Gas sector.</p> <p><b>Other positions*:</b> Vice Chairman, Industries Qatar</p> <p><b>Number of shares in MPHC:</b> 98000</p>



<p><b>Mr. Abdulrahman Ahmad Al-Shaibi</b></p> <p><b>BAC Chairman</b></p> <p><b>Non-Executive member / Non-Independent</b></p>	<p><b>Qualifications and Experience:</b></p> <p>Mr. Abdulrahman Ahmad Al-Shaibi obtained B.SC. in Finance and Business Administration from the University of Arizona in 1988.</p> <p>Mr. Abdulrahman Ahmad Al-Shaibi joined QatarEnergy in 1989 as Financial Analyst. He also held the position of Manager, Project Finance / Director Finance – QatarEnergy.</p> <p>Mr. Al-Shaibi is currently the Executive Vice President – Finance &amp; Planning of QatarEnergy. He is responsible for developing and implementing finance strategies and practices in line with International Best Practice.</p> <p><b>Other positions*:</b> Chairman, QAMCO</p> <p><b>Number of shares in MPHC:</b> 171500</p>
<p><b>Mr. Mohammed Essa Al-Mannai</b></p> <p><b>BAC Member</b></p> <p><b>Non-Executive member / Non-Independent</b></p>	<p><b>Qualifications and Experience:</b></p> <p>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.</p> <p>Mr. Al-Mannai joined QatarEnergy in 2007 as Counsel within the Projects division within the Legal Department.</p> <p>Mr. Al-Mannai currently holds the position of General Counsel and Board Secretary at QatarEnergy.</p> <p><b>Other positions*:</b> Board Director, QAMCO</p>

	<p><b>Number of shares in MPHC:</b> 800</p>
<p><b>Mr. Ali Nasser Telfat</b></p> <p><b>Non-Executive member / Non-Independent</b></p>	<p><b>Qualifications and Experience:</b></p> <p>Mr. Ali Nasser A. Telfat holds a Bachelor of Science in Electrical Engineering from Tri-State University, USA - February 1990.</p> <p>Mr. Telfat joined QatarEnergy in 1990 as Telecommunication Engineer and held the positions of Head of Telecommunications Service (Offshore), and Field Support Manager.</p> <p>Between January 2010 and September 2012, he served as Corporate Training Manager.</p> <p>He also served as A/Manager of Public Relations and Communications, and as Director, Office of QatarEnergy’s Chairman and Managing Director.</p> <p>Mr. Telfat currently holds the position of Corporate Manager, Office of QatarEnergy’s President and CEO. He is also the Director of the office of the Minister of State for Energy Affairs.</p> <p><b>Other Positions*:</b></p> <p>Nil</p> <p><b>Number of shares in MPHC:</b> 132670</p>

\*Positions on the Boards of other public shareholding companies. MPHC Board Directors may also have positions in other entities / companies.